



# Victorian Budget

2012-13 Statement of Finances  
(incorporating Quarterly Financial Report No. 3)

**Budget Paper No. 5**

Presented by Kim Wells MP  
Treasurer of the State of Victoria

The Secretary  
Department of Treasury and Finance  
1 Treasury Place  
Melbourne, Victoria, 3002  
Australia

Telephone: +61 3 9651 5111  
Facsimile: +61 3 9651 5298  
Website: [www.budget.vic.gov.au](http://www.budget.vic.gov.au)

Authorised by the Victorian Government  
1 Treasury Place, Melbourne, 3002

Printed managed by Finsbury Green,  
Level 9, 124 Exhibition Street, Melbourne 3000

This publication makes reference to the  
2012-13 Budget Paper set which includes:  
Budget Paper No. 1 – Treasurer’s Speech  
Budget Paper No. 2 – Strategy and Outlook  
Budget Paper No. 3 – Service Delivery  
Budget Paper No. 4 – State Capital Program  
Budget Paper No. 5 – Statement of Finances  
(incorporating Quarterly Financial Report No. 3)

© Copyright State of Victoria 2012

This book is copyright. No part may be  
reproduced by any process except in  
accordance with the provisions of the  
*Copyright Act 1968*.

ISSN 1440-6969

Published May 2012

Printed on recycled paper

# Statement of Finances

---

## 2012-13



Presented by

**Kim Wells MP**

Treasurer of the State of Victoria  
for the information of Honourable Members

**Budget Paper No. 5**



# TABLE OF CONTENTS

---

<b>Chapter 1 – Estimated Financial Statements and notes .....</b>	<b>1</b>
Auditor-General’s report .....	2
Department of Treasury and Finance statement in relation to the Estimated Financial Statements.....	4
Notes to the Estimated Financial Statements.....	12
<b>Chapter 2 – Supplementary uniform presentation framework tables .....</b>	<b>41</b>
Victoria’s 2012-13 Loan Council Allocation.....	73
<b>Chapter 3 – Departmental financial statements.....</b>	<b>75</b>
Department of Business and Innovation .....	76
Department of Education and Early Childhood Development .....	84
Department of Health.....	91
Department of Human Services.....	98
Department of Justice.....	105
Department of Planning and Community Development .....	113
Department of Premier and Cabinet .....	120
Department of Primary Industries .....	126
Department of Sustainability and Environment .....	132
Department of Transport.....	140
Department of Treasury and Finance .....	147
Parliament.....	155
<b>Chapter 4 – State revenue .....</b>	<b>161</b>
Summary of general government revenue.....	161
State sourced revenue.....	163
Commonwealth sourced revenue.....	173
<b>Chapter 5 – Tax expenditures and concessions .....</b>	<b>187</b>
Tax expenditures.....	187
Concessions.....	193
<b>Chapter 6 – Contingent assets and contingent liabilities .....</b>	<b>195</b>
Contingent assets.....	195
Contingent liabilities .....	196
<b>Appendix A – Public Account .....</b>	<b>205</b>

**Table of contents (*continued*)**

**Appendix B – 2011-12 Budget outcome incorporating the financial report for the March quarter 2012 ..... 221**

- Financial results for the general government sector ..... 221
- Notes to the financial statements..... 230
- Results quarter by quarter – Victorian general government sector ..... 247

**Appendix C – Compliance index – Requirements of the *Financial Management Act 1994*..... 253**

**Style conventions..... 257**

# CHAPTER 1 – ESTIMATED FINANCIAL STATEMENTS AND NOTES

---

The following Estimated Financial Statements and accompanying explanatory notes set out the forecast financial results for the Victorian general government sector for the period 2012-13 to 2015-16.

The prospective nature of these statements reflects a number of judgements about the most likely operating and financial conditions for the Victorian general government sector. Variations in these assumed conditions, such as international developments and other risks to the national economy, from which Victoria would not be immune, may cause the Victorian general government sector actual result to differ from the projections. Accordingly, no guarantee is given that the financial results will be achieved. However, appropriate professional judgement has been applied in preparing the Estimated Financial Statements.

The Estimated Financial Statements have been prepared in accordance with the provisions of the *Financial Management Act 1994*. This Act requires the Estimated Financial Statements to be consistent with the financial policy objectives and strategies statement (see Budget Paper No. 2, Chapter 1 *Economic and Fiscal Overview*), in a manner and form determined by the Minister, having regard to appropriate financial reporting frameworks.

The statements, including the estimated Victorian general government sector's investment in other sectors, have been prepared having regard to applicable Australian Accounting Standards. As there is no specific Australian accounting standard or other authoritative pronouncement that prescribes the preparation and presentation of prospective financial statements, the Estimated Financial Statements have been prepared based on the principles set out in the New Zealand Financial Reporting Standard 42 *Prospective Financial Statements* (FRS-42).

The statements are presented in a manner consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This standard also complies with the Uniform Presentation Framework (UPF) as it relates to the general government sector. Additional disclosures in relation to the UPF are included in Chapter 2 *Supplementary Uniform Presentation Framework Tables*.

The Victorian Auditor-General has reviewed the Estimated Financial Statements and his review report follows.

# AUDITOR-GENERAL'S REPORT



Victorian Auditor-General's Office

## INDEPENDENT REVIEW REPORT

### Estimated Financial Statements

#### To the Members of the Parliament of Victoria

##### *The Estimated Financial Statements*

The accompanying estimated financial statements for the year ending 30 June 2013 and the three forward years ending 30 June 2014, 2015 and 2016 of the Victorian General Government Sector, which comprises the estimated comprehensive operating statement, estimated balance sheet, estimated cash flow statement, estimated statement of changes in equity, a statement of significant accounting policies and forecast assumptions and other explanatory information, and the supporting declaration, has been reviewed. The accompanying revised 2012 estimated balance sheet has also been reviewed. The remaining parts of the Budget Papers have not been subject to my review.

##### *Treasurer's Responsibility for the Estimated Financial Statements*

The Treasurer of Victoria, through the Secretary of the Department of Treasury and Finance, is responsible for the preparation and presentation of the estimated financial statements in accordance with sections 23H-23K of the *Financial Management Act 1994*.

##### *Auditor's Responsibility*

As required under section 16B of the *Audit Act 1994*, my responsibility is to express a conclusion on the estimated financial statements based on my review. The review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to the review of financial reports and prospective financial information in order to state whether, on the basis of the procedures described, anything has come to my attention that would cause me to not believe that the estimated financial statements:

- have been prepared on a basis consistent with the accounting policies on which they are stated to be based,
- are consistent with the target established for the key financial measure specified in Note 1,
- have been properly prepared on the basis of the assumptions stated in Note 1 and
- the methodologies used to determine those assumptions are reasonable.

Those standards require compliance with the ethical requirements relevant to the review of financial reports.

The review has been limited primarily to inquiries of relevant personnel, analytical procedures and assessments of the reasonableness of the key methodologies, assumptions and processes upon which the estimated financial statements are based. A review is substantially less in scope than an audit and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, an audit opinion is not expressed.

Prospective financial information relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions and underlying data upon which prospective financial information is based, such evidence is generally future oriented and therefore less certain in nature. Accordingly, an opinion is not expressed on whether the forecasts will be achieved.

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7030 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*



# VAGO

Victorian Auditor-General's Office

## INDEPENDENT REVIEW REPORT (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the review, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Review Conclusion*

Based on my review, which is not an audit, nothing has come to my attention that causes me to not believe that:

- the estimated financial statements have been prepared on a basis consistent with the accounting policies on which they are stated to be based;
- the estimated financial statements are consistent with the target established for the key financial measure specified in Note 1;
- the estimated financial statements have been properly prepared on the basis of the assumptions contained in Note 1; and
- the methodologies used to determine those assumptions are reasonable.

Actual results achieved by the Victorian General Government Sector may differ from those forecast in the estimated financial statements and the variation may be material. Accordingly, I express no opinion as to whether the forecasts will be achieved.

### *Matters Relating to the Electronic Publication of the Estimated Financial Statements*

This review report relates to the estimated financial statements of the Victorian General Government Sector for the years ending 30 June 2013, 2014, 2015 and 2016 included both in the Budget Papers and on the Victorian Budget website. The Secretary of the Department of Treasury and Finance is responsible for the integrity of the website. I have not been engaged to report on the integrity of the Victorian Budget website. The review report refers only to the subject matter described above. It does not provide a conclusion on any other information which may have been hyperlinked to/from these statements. If users of the estimated financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed estimated financial statements to confirm the information contained in the website version of the estimated financial statements.

MELBOURNE  
27 April 2012



Dr Peter Frost  
Acting Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000

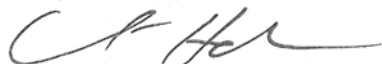
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7030 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

## DEPARTMENT OF TREASURY AND FINANCE STATEMENT IN RELATION TO THE ESTIMATED FINANCIAL STATEMENTS

The Estimated Financial Statements for the Victorian general government sector have been prepared on the basis of the economic and fiscal information available to the Department of Treasury and Finance. Given the prospective nature of the Estimated Financial Statements, it has been necessary to apply the best professional judgement in preparing the Estimated Financial Statements.

In my opinion, the Estimated Financial Statements have been properly prepared consistent with the requirements of sections 23H–23K of the *Financial Management Act 1994* and take into account government decisions and other circumstances that have a material effect.



Grant Hehir  
Secretary

Department of Treasury and Finance

27 April 2012

**Table 1.1: Estimated comprehensive operating statement for the general government sector for the financial year ending 30 June**

(\$ million)

	Notes	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Revenue from transactions</b>					
Taxation revenue	2	15 782.8	16 585.3	17 611.1	18 472.9
Interest		709.5	884.6	886.7	882.5
Dividends and income tax equivalent and rate equivalent revenue	3	1 001.9	591.5	712.4	861.3
Sales of goods and services	4	6 753.1	6 668.6	6 903.6	7 105.0
Grants	5	22 220.0	23 844.8	24 378.0	25 751.5
Other revenue	6	1 889.4	1 883.8	1 893.1	1 928.6
<b>Total revenue from transactions</b>		<b>48 356.7</b>	<b>50 458.7</b>	<b>52 384.9</b>	<b>55 001.6</b>
<b>Expenses from transactions</b>					
Employee expenses		17 257.2	17 768.0	18 418.6	19 098.5
Superannuation interest expense	7a	729.2	722.9	713.6	700.7
Other superannuation expenses	7a	1 811.2	1 821.2	1 834.1	1 863.0
Depreciation	8	2 385.9	2 535.7	2 674.3	2 795.3
Interest expense	9	1 725.6	2 189.7	2 271.1	2 303.6
Other operating expenses	10	15 913.7	16 109.2	16 694.6	16 895.6
Grants and other transfers	11	8 379.0	8 451.0	8 702.2	8 817.2
<b>Total expenses from transactions</b>	12	<b>48 201.8</b>	<b>49 597.6</b>	<b>51 308.4</b>	<b>52 473.8</b>
<b>Net result from transactions – net operating balance</b>		<b>154.9</b>	<b>861.1</b>	<b>1 076.4</b>	<b>2 527.8</b>
<b>Other economic flows included in net result</b>					
Net gain on sale of non-financial assets		264.8	150.5	110.9	110.9
Net gain on financial assets or liabilities at fair value		1.7	1.7	1.7	1.7
Other gains/(losses) from other economic flows	13	(329.0)	(357.3)	(387.5)	(413.0)
<b>Total other economic flows included in net result</b>		<b>(62.5)</b>	<b>(205.1)</b>	<b>(274.8)</b>	<b>(300.3)</b>
<b>Net result</b>		<b>92.4</b>	<b>656.0</b>	<b>801.7</b>	<b>2 227.5</b>
<b>Other economic flows – other movements in equity</b>					
Movement of non-financial asset reserves		526.2	3 919.2	3 190.7	2 284.8
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	14	(746.6)	1 902.5	170.2	2 682.1
Other movements in equity		(1.0)	2.0	1.8	(18.8)
<b>Total other economic flows – other movements in equity</b>		<b>(221.3)</b>	<b>5 823.6</b>	<b>3 362.7</b>	<b>4 948.2</b>
<b>Comprehensive result – total change in net worth</b>		<b>(128.9)</b>	<b>6 479.7</b>	<b>4 164.4</b>	<b>7 175.7</b>

**Table 1.1: Estimated comprehensive operating statement for the general government sector for the financial year ending 30 June (continued)**

(\$ million)

		2012-13	2013-14	2014-15	2015-16
	Notes	Budget	Estimate	Estimate	Estimate
<b>FISCAL AGGREGATES</b>					
<b>Net operating balance</b>		<b>154.9</b>	<b>861.1</b>	<b>1 076.4</b>	<b>2 527.8</b>
Less: Net acquisition of non-financial assets from transactions	15	1 436.2	1 343.2	(82.9)	1 454.5
<b>Net lending/(borrowing)</b>		<b>(1 281.3)</b>	<b>(482.1)</b>	<b>1 159.4</b>	<b>1 073.3</b>

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

**Table 1.2: Estimated balance sheet for the general government sector for the financial year ending 30 June**

(\$ million)						
	Notes	2012 Revised	2013 Budget	2014 Estimate	2015 Estimate	2016 Estimate
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits		4 146.4	4 369.0	4 613.3	4 933.1	5 326.2
Advances paid <sup>(a)</sup>	16	307.3	4 446.1	4 407.0	4 361.6	4 309.3
Receivables <sup>(b)</sup>		3 748.3	4 479.6	4 345.5	4 232.5	4 080.8
Investments, loans and placements	16	2 560.6	2 678.0	2 884.2	3 060.0	3 222.4
Investments accounted for using equity method		35.1	35.1	35.1	35.1	35.1
Investments in other sector entities	14	67 088.7	69 291.3	72 985.7	74 570.3	77 898.7
<b>Total financial assets</b>		<b>77 886.3</b>	<b>85 299.1</b>	<b>89 270.6</b>	<b>91 192.6</b>	<b>94 872.4</b>
<b>Non-financial assets</b>						
Inventories		263.3	232.5	258.2	295.1	325.3
Non-financial assets held for sale		64.7	58.1	51.5	44.9	38.3
Land, buildings, infrastructure, plant and equipment	17, 18	100 215.6	102 356.4	107 689.7	110 841.0	114 650.5
Other non-financial assets		807.5	804.7	771.2	744.2	690.2
<b>Total non-financial assets</b>		<b>101 351.1</b>	<b>103 451.6</b>	<b>108 770.7</b>	<b>111 925.1</b>	<b>115 704.3</b>
<b>Total assets</b>	19c	<b>179 237.4</b>	<b>188 750.7</b>	<b>198 041.3</b>	<b>203 117.8</b>	<b>210 576.7</b>
<b>Liabilities</b>						
Deposits held and advances received		426.9	431.0	438.0	438.1	438.2
Payables		5 330.7	5 636.3	5 488.1	5 265.7	5 043.5
Borrowings <sup>(a)</sup>	20	22 670.4	31 767.6	34 588.5	35 707.2	36 115.5
Employee benefits	21	4 716.0	4 895.9	5 083.7	5 276.1	5 477.2
Superannuation	7d	29 071.8	29 111.5	29 035.6	28 838.4	28 712.2
Other provisions		585.3	600.9	620.3	640.9	662.9
<b>Total liabilities</b>		<b>62 801.1</b>	<b>72 443.2</b>	<b>75 254.2</b>	<b>76 166.3</b>	<b>76 449.5</b>
<b>Net assets</b>		<b>116 436.4</b>	<b>116 307.4</b>	<b>122 787.1</b>	<b>126 951.5</b>	<b>134 127.1</b>
Accumulated surplus/(deficit)		38 029.0	38 101.4	38 739.8	39 525.3	41 715.9
Reserves	22	78 358.9	78 157.5	83 998.8	87 377.6	92 362.8
Non-controlling interest		48.5	48.5	48.5	48.5	48.5
<b>Net worth</b>		<b>116 436.4</b>	<b>116 307.4</b>	<b>122 787.1</b>	<b>126 951.5</b>	<b>134 127.1</b>
<b>FISCAL AGGREGATES</b>						
Net financial worth		15 085.3	12 855.8	14 016.4	15 026.3	18 422.9
Net financial liabilities		52 003.4	56 435.5	58 969.3	59 544.0	59 475.8
Net debt		16 082.9	20 705.5	23 122.1	23 790.5	23 695.8

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

Notes:

(a) The 2013 estimate and beyond reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.

(b) Balances from 2013 and beyond include the revenue receivable associated with the issue of electronic gaming licences.

**Table 1.3: Estimated cash flow statement for the general government sector for the financial year ending 30 June**

(\$ million)

	Notes	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received		15 840.3	16 602.2	17 630.8	18 532.8
Grants		22 220.0	23 844.8	24 378.0	25 751.5
Sales of goods and services <sup>(a)</sup>		7 078.1	7 314.2	7 551.8	7 776.8
Interest received		653.7	862.3	865.8	863.4
Dividends and income tax equivalent and rate equivalent receipts		1 023.0	583.9	702.8	860.9
Other receipts		1 573.6	1 554.7	1 534.3	1 529.1
<b>Total receipts</b>		<b>48 388.6</b>	<b>50 762.1</b>	<b>52 663.5</b>	<b>55 314.4</b>
<b>Payments</b>					
Payments for employees		(17 078.2)	(17 581.1)	(18 227.2)	(18 898.2)
Superannuation		(2 500.7)	(2 619.9)	(2 744.9)	(2 689.8)
Interest paid		(1 677.3)	(2 144.9)	(2 229.3)	(2 265.2)
Grants and subsidies		(8 491.4)	(8 552.9)	(8 769.7)	(8 881.8)
Goods and services <sup>(a)</sup>		(16 039.3)	(16 059.7)	(16 738.6)	(16 928.6)
Other payments		(596.0)	(631.3)	(669.1)	(700.0)
<b>Total payments</b>		<b>(46 382.8)</b>	<b>(47 589.9)</b>	<b>(49 378.7)</b>	<b>(50 363.7)</b>
<b>Net cash flows from operating activities <sup>(a)</sup></b>		<b>2 005.8</b>	<b>3 172.2</b>	<b>3 284.8</b>	<b>4 950.7</b>
<b>Cash flows from investing activities</b>					
Purchases of non-financial assets	19a,b	(3 529.6)	(3 963.7)	(2 887.1)	(3 488.2)
Sales of non-financial assets		552.5	372.2	353.6	353.7
Cash flows from investments in non-financial assets <sup>(b)</sup>		(2 977.1)	(3 591.5)	(2 533.6)	(3 134.6)
Net cash flows from investments in financial assets for policy purposes <sup>(b)</sup>		(2 817.2)	(1 716.7)	(1 369.0)	(614.5)
<b>Subtotal</b>		<b>(5 794.3)</b>	<b>(5 308.2)</b>	<b>(3 902.6)</b>	<b>(3 749.1)</b>
Net cash flows from investments in financial assets for liquidity management purposes		(115.7)	(203.8)	(174.3)	(160.8)
<b>Net cash flows from investing activities</b>		<b>(5 910.0)</b>	<b>(5 512.0)</b>	<b>(4 076.8)</b>	<b>(3 909.9)</b>
<b>Cash flows from financing activities</b>					
Net borrowings		4 122.8	2 577.0	1 111.8	(647.9)
Deposits received (net)		4.1	7.0	0.1	0.1
<b>Net cash flows from financing activities</b>		<b>4 126.9</b>	<b>2 584.0</b>	<b>1 111.9</b>	<b>(647.7)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>222.7</b>	<b>244.2</b>	<b>319.8</b>	<b>393.1</b>

**Table 1.3: Estimated cash flow statement for the general government sector for the financial year ending 30 June (continued)**

(\$ million)

	Notes	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
Cash and cash equivalents at beginning of reporting period		4 146.4	4 369.0	4 613.3	4 933.1
<b>Cash and cash equivalents at end of reporting period</b>		<b>4 369.0</b>	<b>4 613.3</b>	<b>4 933.1</b>	<b>5 326.2</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities		<b>2 005.8</b>	<b>3 172.2</b>	<b>3 284.8</b>	<b>4 950.7</b>
Net cash flows from investments in non-financial assets		<b>(2 977.1)</b>	<b>(3 591.5)</b>	<b>(2 533.6)</b>	<b>(3 134.6)</b>
<b>Cash surplus/(deficit)</b>		<b>(971.3)</b>	<b>(419.3)</b>	<b>751.2</b>	<b>1 816.2</b>

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

Notes:

- (a) Inclusive of goods and services tax.
- (b) As disclosed in Note 25 Controlled entities, the Public Transport Development Authority (Public Transport Victoria) commenced operations in April 2012. As the funding arrangements between the Authority and other transport portfolio entities are yet to be finalised at the time of publication, the classification of cash flows between these entities may change between 'cash flows from investments in non-financial assets' and 'net cash flows from investments in financial assets for policy purposes', once those arrangements are finalised.

**Table 1.4: Estimated statement of changes in equity for the financial year ending 30 June**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non- controlling Interest</i>
<b>2012-13</b>		
Balance at 1 July 2012	38 029.0	48.5
Net result for the year	92.4	..
Other comprehensive income for the year	(20.0)	..
<b>Balance as at 30 June 2013</b>	<b>38 101.4</b>	<b>48.5</b>
<b>2013-14</b>		
Balance at 1 July 2013	38 101.4	48.5
Net result for the year	656.0	..
Other comprehensive income for the year	(17.7)	..
<b>Balance as at 30 June 2014</b>	<b>38 739.8</b>	<b>48.5</b>
<b>2014-15</b>		
Balance at 1 July 2014	38 739.8	48.5
Net result for the year	801.7	..
Other comprehensive income for the year	(16.1)	..
<b>Balance as at 30 June 2015</b>	<b>39 525.3</b>	<b>48.5</b>
<b>2015-16</b>		
Balance at 1 July 2015	39 525.3	48.5
Net result for the year	2 227.5	..
Other comprehensive income for the year	(37.0)	..
<b>Balance as at 30 June 2016</b>	<b>41 715.9</b>	<b>48.5</b>

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.



<i>Property, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
38 655.5	38 675.2	1 028.2	116 436.4
..	..	..	92.4
526.2	(746.6)	19.0	(221.3)
<b>39 181.7</b>	<b>37 928.6</b>	<b>1 047.2</b>	<b>116 307.4</b>
39 181.7	37 928.6	1 047.2	116 307.4
..	..	..	656.0
3 919.2	1 902.5	19.6	5 823.6
<b>43 100.9</b>	<b>39 831.1</b>	<b>1 066.8</b>	<b>122 787.1</b>
43 100.9	39 831.1	1 066.8	122 787.1
..	..	..	801.7
3 190.7	170.2	17.9	3 362.7
<b>46 291.6</b>	<b>40 001.3</b>	<b>1 084.7</b>	<b>126 951.5</b>
46 291.6	40 001.3	1 084.7	126 951.5
..	..	..	2 227.5
2 284.8	2 682.1	18.2	4 948.2
<b>48 576.4</b>	<b>42 683.4</b>	<b>1 102.9</b>	<b>134 127.1</b>

## NOTES TO THE ESTIMATED FINANCIAL STATEMENTS

Note 1:	Statement of significant accounting policies and forecast assumptions .....	13
Note 2:	Taxation .....	23
Note 3:	Dividends and income tax equivalent and rate equivalent revenue .....	24
Note 4:	Sales of goods and services .....	24
Note 5:	Grants.....	24
Note 6:	Other revenue.....	25
Note 7:	Superannuation .....	25
Note 8:	Depreciation .....	27
Note 9:	Interest expense .....	28
Note 10:	Other operating expenses .....	28
Note 11:	Grants and other transfers .....	29
Note 12:	Expenses by government purpose and by department .....	29
Note 13:	Other gains/(losses) from other economic flows.....	31
Note 14:	Reconciliation of net gain/(loss) on equity investments in other sector entities at proportional share of net assets .....	31
Note 15:	Net acquisition of non-financial assets.....	31
Note 16:	Advances paid and investments, loans and placements.....	32
Note 17:	Land, buildings, infrastructure, plant and equipment.....	32
Note 18:	Reconciliation of movements in land, buildings, infrastructure, plant and equipment .....	33
Note 19:	Assets classified by government purpose classification and by department.....	33
Note 20:	Borrowings.....	35
Note 21:	Employee benefits .....	36
Note 22:	Reserves.....	36
Note 23:	Reconciliations to Government Finance Statistics – derivation of GFS cash surplus/(deficit) .....	37
Note 24:	Financial instruments – financial risk management objectives and policies .....	37
Note 25:	Controlled entities .....	38

## **Note 1: Statement of significant accounting policies and forecast assumptions**

The following summary sets out the basis applied in the preparation and presentation of these Estimated Financial Statements, which includes the budget year and the estimates for the three subsequent years.

### **(A) Statement of compliance**

These Estimated Financial Statements have been prepared in accordance with sections 23H-23K of the *Financial Management Act 1994*, having regard to Australian Accounting Standards (AAS). AAS include Interpretations issued by the Australian Accounting Standards Board (AASB).

The Estimated Financial Statements are presented in a manner consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049). However, the prospective nature of these Estimated Financial Statements means that some AAS disclosures are neither relevant nor practical and have been omitted. Where appropriate, those AAS paragraphs relevant to not-for-profit entities have been applied. Because AAS do not include pronouncements that prescribe the preparation and presentation of prospective financial statements, the Estimated Financial Statements have been prepared having regard to the principles set out in New Zealand Financial Reporting Standard 42 *Prospective Financial Statements*.

The Government Finance Statistics (GFS) information included in this report is based on the GFS manual published by the Australian Bureau of Statistics (ABS), *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 Cat. No. 5514.0*.

The information presented in the Estimated Financial Statements takes into account all policy decisions taken by the Victorian Government, as well as known Commonwealth Government funding revisions and circumstances that may have a material effect on the Estimated Financial Statements as at 23 April 2012.

### **(B) Basis of accounting, preparation and measurement**

The Estimated Financial Statements have been prepared for the 2012-13 budget year in accordance with accounting policies expected to be used in preparing historically oriented general purpose financial statements for that year, and the same accounting policies have been used for the subsequent forecast years.

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

The Estimated Financial Statements are presented in Australian dollars which is also the functional currency of the Victorian general government sector.

## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The Estimated Financial Statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- general government sector investments in other sector entities which are measured at the proportional share of net asset value;
- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- productive trees in commercial native forests, which are recognised at their fair value less costs to sell;
- derivative financial instruments, managed investment schemes, certain debt securities and investment properties after initial recognition, which are measured at fair value with changes reflected in the estimated consolidated comprehensive operating statement (fair value through profit and loss);
- certain liabilities, most notably unfunded superannuation and some insurance claim provisions, which are subject to an actuarial assessment; and
- available-for-sale investments which are measured at fair value with movements reflected in 'Other economic flows – other movements in equity'.

As required by AASB 1049, the estimated comprehensive operating statement distinguishes between 'transactions' and 'other economic flows' based on the principles in the ABS GFS manual. Transactions are defined as economic flows that arise as a result of government policy decisions, usually an interaction between two entities by mutual agreement. Taxation is regarded under GFS as mutually agreed between the government and the taxpayer. Transactions also include flows within an organisation such as depreciation because the owner is seen as simultaneously acting as the owner of the depreciating asset and the consumer of the service provided by the asset. Transactions may be settled in kind or for cash.

## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

Economic flows are changes arising from market remeasurements or other changes in the volume of assets. They include gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

The detailed accounting policies applied in the preparation of the Estimated Financial Statements are consistent with those stated in the audited *2010-11 Annual Financial Report* published in the *2010-11 Financial Report* as presented to Parliament, unless otherwise stated.

To gain a better understanding of the terminology and key aggregates used in this report, a glossary of terms can be found in Note 38 of the *2010-11 Annual Financial Report*.

### **(C) Reporting entity**

The Estimated Financial Statements are prepared for the Victorian general government sector which includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of entities within the Victorian general government sector is to provide public services (outputs), which are mainly non-market in nature, for the collective consumption of the community, and involve the transfer or redistribution of revenue that is financed mainly through taxes and other compulsory levies.

The Victorian general government sector is not a separate entity but represents a sector within the State of Victoria whole of government reporting entity. Unless otherwise noted, accounting policies applied by the State apply equally to the Victorian general government sector.

### **(D) Basis of consolidation**

The Estimated Financial Statements present the consolidated assets and liabilities of all reporting entities in the Victorian general government sector, and their revenue, gains and expenses for the respective period, consistent with the principles of AASB 1049 and AASB 127 *Consolidated and Separate Financial Statements*.

Entities in the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors are not consolidated into the financial statements of the Victorian general government sector, but are accounted for as equity investments measured at the Government's proportional share of the carrying amount of net assets of the PNFC and PFC sector entities before consolidation eliminations. Where the carrying amount of the entities' net assets before consolidation eliminations is less than zero, the amount is not included.

## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner consistent with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1049.

Where control of an entity is expected to be obtained during the financial period, its results are included in the estimated comprehensive operating statement from the date on which control will commence. Where control is expected to cease during a financial period, the entity's results are included for that part of the period for which control would exist. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in the Estimated Financial Statements.

In the process of reporting the Victorian general government sector, all material transactions and balances between entities within the sector are eliminated.

The significant entities consolidated within the sector comprise those entities listed in the *2010-11 Annual Financial Report*, except as stated in Note 25 of the Estimated Financial Statements.

### **(E) Rounding**

All amounts in the Estimated Financial Statements have been rounded to the nearest \$100 000 unless otherwise stated. Figures in the Estimated Financial Statements may not add due to rounding.

### **(F) Key financial measure**

The Government expects to achieve a net operating surplus (net result from transactions) of at least \$100 million each year over the budget and forward estimates period that is consistent with the infrastructure and debt parameters, as set out in Budget Paper No. 2, Chapter 1 *Economic and Fiscal Overview*.

### **(G) Material economic and other assumptions**

The Estimated Financial Statements have been prepared using the material economic and other assumptions listed below.

## Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)

### Key economic assumptions <sup>(a)(b)</sup>

	2012-13	2013-14	2014-15	2015-16
	Forecast	Forecast	Forecast	Forecast
	(\$ billion)			
Nominal gross state product	340.3	357.1	375.2	393.7
	(percentage change) <sup>(c)</sup>			
Real gross state product	1.75	2.75	2.75	2.75
Employment	0.25	2.00	1.75	1.75
Unemployment rate <sup>(d)</sup>	5.75	5.50	5.25	5.00
Consumer price index	2.75	2.50	2.50	2.50
Consumer price index (excluding carbon price)	2.25	2.25	2.50	2.50
Wage price index <sup>(e)</sup>	3.00	3.25	3.50	3.50
Population <sup>(f)</sup>	1.60	1.60	1.60	1.60

Source: Department of Treasury and Finance

#### Notes:

- (a) All economic projections, except where otherwise indicated, include the impact from the Commonwealth Government's carbon price scheme commencing in 2012-13.
- (b) Key assumptions underlying the economic projections include interest rates that follow the forecasts prepared by the Treasury Corporation of Victoria up to the December quarter 2012 and held constant thereafter, constant exchange rates and oil prices that follow the path suggested by oil futures.
- (c) Year-average per cent change on previous year. All economic projections are rounded to the nearest 0.25 percentage point, except population projections, which are rounded to the nearest 0.1 percentage point.
- (d) Year-average, per cent.
- (e) Total hourly rate excluding bonuses.
- (f) June quarter, per cent change on previous June quarter.

### Summary of other key assumptions

The following section outlines the other key assumptions used in the preparation of the Estimated Financial Statements, having regard to the materiality of the relevant items in the context of the overall financial position of the State and the sensitivity of those items to changes in key economic assumptions.

### Taxation revenue

The State's taxation revenue is forecast by a process that involves:

- an assessment of economic and other factors influencing the tax bases from which taxes are sourced (e.g. for payroll tax, an assessment of the outlook for employment and wages; for motor vehicle taxes, an assessment of the outlook for demand for vehicles; for gambling taxes, an assessment of the outlook for consumer spending);
- analysis of historical information and relationships using econometric and other statistical methods; and
- consultation with private sector economists, industry associations, and relevant government authorities.

## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

### *Grant revenue and expenses*

The forecast receipt of financial assistance from the Commonwealth is determined on the latest available information at the time of preparation of the Estimated Financial Statements, taking into account the payment schedules and escalation factors relevant to each type of grant.

Forecasts of goods and services tax (GST) grants are based on Victoria's assessment of the latest Commonwealth forecasts of the national GST pool. Victoria's share of GST for 2012-13 is based on Victoria's assessed relativity for that year published by the Commonwealth Grants Commission and the Commonwealth Government's population projections. The Commonwealth Grants Commission calculates an assessed relativity as the average of the past three annual per capita relativities.

Beyond 2012-13, Victoria's share of GST is based on its estimated assessed relativity in a particular year (calculated as the average of the previous three annual per capita relativities) and the Commonwealth Government's population projections. Victoria's forecast per capita relativities are based on the projected fiscal capacity of each state and territory estimated using information sourced from each jurisdiction's latest budget (revenue, expenses, capital and lending requirements and non-GST Commonwealth payments).

Grants and other transfer payments are forecast on the basis of known activity and adjusted by the appropriate economic parameters. Where payments are tied to third party revenue, such as Commonwealth grants for on-passing, forecasts are in line with estimated receipts.

### *Sales of goods and services*

Revenue from the sale of goods and the supply of services is forecast taking into account all known factors, such as proposed fee increases imposed by departments and budget sector agencies in line with the *Cost Recovery Guidelines* (issued by the Department of Treasury and Finance) and/or indexation as provided for under the *Monetary Units Act 2004*.

### *Employee expenses*

Employee expenses are forecast on the basis of staffing profiles and current salaries, conditions and on-costs. For the forecast period, employee expenses are adjusted for approved wage agreements, with allowance made for further adjustments consistent with wages policy beyond the period of the agreements. Employee expenses forecasts also reflect the impact of new initiatives.



## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

### *Depreciation*

Depreciation is forecast on the basis of known asset profiles, asset sales programs and approved new asset investment programs. The expense is based on the assumption that there will be no change in depreciation rates over the forecast period, but includes the estimated impact of future revaluation of assets. However, any future changes in useful lives, carrying value, residual value or methodology would result in a change in future depreciation expense.

### *Interest expense*

Estimates for interest expense are based on the forecast level of outstanding Victorian general government sector debt and expected changes in non-current financial liabilities and provisions. Victorian general government sector debt is expected to mainly comprise fixed rate facilities from the Treasury Corporation of Victoria. Interest expenses associated with new borrowings are based on information provided by the Treasury Corporation of Victoria on forward contracts for Victorian government bonds.

### *Other operating expenses*

Other operating expenses mainly include the cost of supplies and services. Supplies and services expenses are forecast on the basis of experience and known activity changes, including the application of government policy such as efficiency measures, changes in the method of service delivery, and the application of the appropriate economic parameters.

An allowance is made for emerging demand that may arise over the budget and forward estimates period.

### *Superannuation*

Future defined contribution superannuation expenses are based on assumptions regarding future salaries and contribution rates.

Future defined benefit superannuation expenses, and the superannuation liability at future balance dates, are estimated by the actuaries of the various defined benefit superannuation plans. These estimates are based on a number of demographic and financial assumptions.

The table below sets out the major financial assumptions used to estimate the superannuation expense and liability in respect of each defined benefit superannuation plan for the budget and forward estimates period.

The expected return on assets is based on long-term actuarial assumptions and is assumed to remain constant across the budget and forward estimates period. The discount and inflation rates that are adopted are based on prevailing long-term Commonwealth Government bonds (both nominal and inflation linked) which are also assumed to remain constant across the forward estimates period. Actual experience may differ significantly

## Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)

from assumptions which may cause significant variations in the reported superannuation liability. Any such variation would primarily be reported under 'other economic flows' in the consolidated comprehensive operating statement.

A revised version of AASB 119 *Employee Benefits* was issued in September 2011 and will apply from 1 January 2013. The revised AASB 119 will change the way defined benefit superannuation expenses are presented in the comprehensive operating statement. More specifically, the revised AASB 119 requires a net interest cost to be calculated using the discount rate (a long-term Commonwealth Government bond rate) without reference to the expected rate of investment return to assets, as is currently the case. This is expected to increase the reported net interest cost and negatively impact the general government sector's net result from transactions.

However, the overall reported defined benefit superannuation expense is not expected to change under the revised standard as any increase in net interest cost will be offset by a corresponding increase in actuarial gains or losses that are included in the comprehensive result. The reported superannuation liability will also be unchanged under the revised standard.

Consistent with previous budgets, the accounting policies expected to be used for the relevant budget year have been applied consistently across the forward estimates, so the impact of the revised standard has not been estimated nor included in the Estimated Financial Statements.

### Superannuation assumptions

<i>Underlying assumptions for all listed schemes</i> <sup>(a)</sup>	<i>Per cent</i>
Discount rate <sup>(b)</sup>	4.4
Wages growth <sup>(c)</sup>	4.3
Inflation rate <sup>(d)</sup>	2.8
<i>Expected return on assets</i> <sup>(e)</sup>	
Emergency Services and State Super	8.0
Parliamentary Contributory Superannuation Fund	8.0
Health Super Fund Defined Benefit Scheme	7.2
Constitutionally protected schemes <sup>(f)</sup>	n.a.

Source: Department of Treasury and Finance

#### Notes:

- (a) All rates are nominal annual rates and are applicable to all the listed schemes.
- (b) The discount rate is based on the longest dated fixed interest Commonwealth Government bond rate. The rate stated above is an annual effective rate, gross of tax.
- (c) Wages growth is based on actuarial expectations.
- (d) The inflation rate assumed by the actuary reflects market expectations of price inflation as implied based on the relationship between the yields on Commonwealth Government bonds, both nominal and inflation linked. This ensures consistency with the prescribed (i.e. market-based) discount rate.
- (e) The expected return on assets stated is gross of tax. Estimated tax payments are explicitly allowed for in the calculation process.
- (f) Pensions payable from constitutionally protected schemes are paid from the Consolidated Fund. These schemes hold no assets so there is no expected return on assets.

## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

### *Investments in other sector entities*

Investments in other sector entities are estimated based on their audited net assets as at 30 June 2011, adjusted by management estimates of subsequent operating results, capital investments and distributions.

### *Land, buildings, infrastructure, plant and equipment*

The value of non-financial physical assets will change during the forecast period to account for acquisitions, disposals and the impact of depreciation and revaluation.

New investments in assets are valued at the forecast purchase price or, where appropriate, recognised progressively over the estimated construction period.

The forward estimates include the estimated impact of revaluations of non-financial physical assets. These estimates have been derived based on examination and extrapolation of historical trends in asset revaluations by major asset class.

### *Borrowings*

Estimates for borrowings are based on the ability to repay maturing debt and the need to finance capital expenditure. The forecast for finance lease liabilities across the forward estimates period relates primarily to the expected commissioning of public private partnerships.

### *Payables*

Payables consist of accounts payable, unearned revenue including deferred revenue from concession arrangements and taxes such as goods and services tax and fringe benefit tax.

Estimates of accounts payables are based on known movements in contractual arrangements, other outstanding payables and historical experience.

Unearned income liability relating to concession arrangements will reduce each year as income is progressively brought to account over the remaining period of the concession term. The estimated changes in other components are based on historical experience.

The indemnity payable to the State Electricity Commission of Victoria, which relates to the electricity supply arrangements with the aluminium smelters at Point Henry and Portland, is estimated based on forecast electricity prices and expected market aluminium prices.

## **Note 1: Statement of significant accounting policies and forecast assumptions (*continued*)**

### *Employee benefits*

Employee benefits are forecast on the basis of staffing profiles and current salaries and conditions. For the forecast period, employee benefits are adjusted for approved wage agreements with an allowance made for future movements.

### *Service concession arrangements (otherwise referred to as public private partnerships)*

The State sometimes enters into arrangements with the private sector to design, construct or upgrade assets used to provide public services. These arrangements may include operational and maintenance services for a specified period of time.

Prior to finalisation of tender arrangements, the forecasts assume that a project will be built directly by government. At the end of a tender phase, the forecasts are revised to reflect the actual provisions of the contracts. This typically includes payments by government allocated between a finance lease component for the asset use and a component accounted for as a commitment for the future operating and maintenance costs.

Some service concessions arrangements, such as user pays toll roads, also include the right of the State to receive the asset at the end of the lease period. As there is currently no authoritative accounting guidance to forecast the recognition and measurement of these assets, they are not recognised in the Estimated Financial Statements.

### **(H) Sensitivity analysis**

Appendix A *Sensitivity analysis table* contained in Budget Paper No. 2 provides an estimate of the impact on income, expenses, the net result from transactions and the net result associated with variations to forecasts of selected economic and financial variables.

## Note 2: Taxation

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Taxes on employers' payroll and labour force</b>	<b>4 812.2</b>	<b>5 108.7</b>	<b>5 426.1</b>	<b>5 762.9</b>
<b>Taxes on property</b>				
<b>Taxes on immovable property</b>				
Land tax	1 541.1	1 501.3	1 647.1	1 606.4
Congestion levy	46.8	48.1	49.3	50.6
Metropolitan improvement levy	134.2	138.6	143.1	143.1
Property owner contributions to fire brigades	31.9	33.7	35.3	35.3
<b>Total taxes on immovable property</b>	<b>1 754.0</b>	<b>1 721.7</b>	<b>1 874.8</b>	<b>1 835.3</b>
<b>Financial and capital transactions</b>				
Land transfer duty	3 447.2	3 674.6	3 953.7	4 262.3
Growth areas infrastructure contribution	54.4	56.8	67.0	68.4
Other property duties	8.1	8.3	8.5	8.7
Financial accommodation levy	101.5	116.0	126.1	135.1
<b>Total financial and capital transactions</b>	<b>3 611.2</b>	<b>3 855.6</b>	<b>4 155.3</b>	<b>4 474.5</b>
<b>Total taxes on property</b>	<b>5 365.3</b>	<b>5 577.3</b>	<b>6 030.1</b>	<b>6 309.9</b>
<b>Taxes on the provision of goods and services</b>				
<b>Gambling taxes</b>				
Private lotteries	387.3	395.8	406.7	419.1
Electronic gaming machines	1 121.6	1 185.5	1 220.8	1 268.2
Casino	199.9	220.1	246.8	266.3
Racing	95.2	91.3	92.1	92.9
Other	18.6	23.3	30.6	34.9
<b>Total gambling taxes</b>	<b>1 822.6</b>	<b>1 915.9</b>	<b>1 997.0</b>	<b>2 081.3</b>
<b>Levies on statutory corporations</b>	<b>70.2</b>	<b>117.5</b>	<b>116.3</b>	<b>114.7</b>
<b>Taxes on insurance<sup>(a)</sup></b>	<b>1 605.8</b>	<b>1 668.4</b>	<b>1 741.1</b>	<b>1 805.7</b>
<b>Total taxes on the provision of goods and services</b>	<b>3 498.5</b>	<b>3 701.8</b>	<b>3 854.4</b>	<b>4 001.7</b>
<b>Taxes on the use of goods and performance of activities</b>				
<b>Motor vehicle taxes</b>				
Vehicle registration fees	1 169.2	1 222.3	1 279.4	1 339.4
Duty on vehicle registrations and transfers	647.6	679.3	710.2	748.2
<b>Total motor vehicle taxes</b>	<b>1 816.8</b>	<b>1 901.6</b>	<b>1 989.6</b>	<b>2 087.5</b>
<b>Liquor licence fees</b>	<b>21.8</b>	<b>22.2</b>	<b>21.5</b>	<b>20.7</b>
<b>Other</b>	<b>268.2</b>	<b>273.7</b>	<b>289.5</b>	<b>290.2</b>
<b>Total taxes on the use of goods and performance of activities</b>	<b>2 106.9</b>	<b>2 197.5</b>	<b>2 300.5</b>	<b>2 398.4</b>
<b>Total taxation</b>	<b>15 782.8</b>	<b>16 585.3</b>	<b>17 611.1</b>	<b>18 472.9</b>

Note:

(a) The estimates for 'Taxes on insurance' do not currently reflect the Government's commitment to replace the insurance contributions to the fire brigades with a property-based levy, commencing 1 July 2013. The Government will announce the details of the new property-based levy shortly, which will be fully reflected in the 2012-13 Victorian Budget Update.

### Note 3: Dividends and income tax equivalent and rate equivalent revenue

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
Dividends	843.6	405.6	491.2	634.4
Income tax equivalent revenue	153.0	180.5	215.5	220.9
Local government rate equivalent revenue	5.2	5.5	5.7	6.0
<b>Total dividends and income tax equivalent and rate equivalent revenue</b>	<b>1 001.9</b>	<b>591.5</b>	<b>712.4</b>	<b>861.3</b>

### Note 4: Sales of goods and services

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
Motor vehicle regulatory fees	162.9	176.4	162.4	161.7
Other regulatory fees	365.5	366.4	376.2	375.9
Sale of goods	123.1	91.7	83.4	84.4
Provision of services <sup>(a)</sup>	4 562.1	4 396.3	4 584.9	4 738.4
Rental	51.4	51.4	52.3	52.3
Refunds and reimbursements	66.9	68.3	69.7	71.2
Inter-sector capital asset charge	1 421.2	1 518.1	1 574.7	1 621.1
<b>Total sales of goods and services</b>	<b>6 753.1</b>	<b>6 668.6</b>	<b>6 903.6</b>	<b>7 105.0</b>

Note:

(a) Further disclosure on provision of services by department is available on the DTF website.

### Note 5: Grants

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
General purpose grants	11 041.7	11 592.4	12 144.3	12 997.3
Specific purpose grants for on-passing	2 784.9	2 963.5	3 159.1	3 371.1
Grants for specific purposes	8 289.8	9 182.6	8 968.1	9 295.6
<b>Total</b>	<b>22 116.4</b>	<b>23 738.4</b>	<b>24 271.5</b>	<b>25 664.1</b>
Other contributions and grants	103.6	106.4	106.6	87.4
<b>Total grants</b>	<b>22 220.0</b>	<b>23 844.8</b>	<b>24 378.0</b>	<b>25 751.5</b>

## Note 6: Other revenue

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
Fair value of assets received free of charge or for nominal consideration	1.3	1.3	1.0	1.0
Fines	662.5	687.0	708.9	715.9
Royalties	46.3	47.4	48.6	49.8
Donations and gifts	217.2	220.4	229.1	242.9
Other non-property rental	19.9	20.0	20.2	20.3
Other miscellaneous revenue	942.1	907.7	885.2	898.6
<b>Total other revenue</b>	<b>1 889.4</b>	<b>1 883.8</b>	<b>1 893.1</b>	<b>1 928.6</b>

## Note 7: Superannuation

### (a) Superannuation expense recognised in the operating statement

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Defined benefit plans</b>				
Interest cost	1 887.8	1 902.2	1 910.6	1 913.1
Expected return on plan assets (net of expenses)	(1 158.6)	(1 179.3)	(1 197.0)	(1 212.4)
<b>Superannuation interest expense</b>	<b>729.2</b>	<b>722.9</b>	<b>713.6</b>	<b>700.7</b>
Current service cost	708.0	687.3	664.6	630.7
<b>Total expense recognised in respect of defined benefit plans</b>	<b>1 437.1</b>	<b>1 410.2</b>	<b>1 378.2</b>	<b>1 331.4</b>
<b>Defined contribution plans</b>				
Employer contributions to defined contribution plans	1 032.3	1 061.5	1 095.3	1 157.7
Other (including pensions)	70.9	72.4	74.1	74.6
<b>Total expense recognised in respect of defined contribution plans</b>	<b>1 103.2</b>	<b>1 133.9</b>	<b>1 169.5</b>	<b>1 232.3</b>
<b>Total superannuation expense recognised in operating statement</b>	<b>2 540.3</b>	<b>2 544.1</b>	<b>2 547.6</b>	<b>2 563.7</b>
<b>Represented by:</b>				
Superannuation interest expense	729.2	722.9	713.6	700.7
Other superannuation	1 811.2	1 821.2	1 834.1	1 863.0
<b>Total superannuation expense recognised in operating statement</b>	<b>2 540.3</b>	<b>2 544.1</b>	<b>2 547.6</b>	<b>2 563.7</b>

## Note 7: Superannuation (*continued*)

### (b) Reconciliation of the present value of the defined benefit obligation

(\$ million)

	2012-13 <i>Budget</i>	2013-14 <i>Estimate</i>	2014-15 <i>Estimate</i>	2015-16 <i>Estimate</i>
<b>Opening balance of defined benefit obligation</b>	<b>44 688.9</b>	<b>45 037.4</b>	<b>45 267.7</b>	<b>45 339.1</b>
Current service cost	708.0	687.3	664.6	630.7
Interest cost	1 887.8	1 902.2	1 910.6	1 913.1
Contributions by plan participants	201.0	193.6	186.2	179.0
Benefits paid	(2 448.3)	(2 552.8)	(2 689.9)	(2 769.5)
<b>Closing balance of defined benefit obligation</b>	<b>45 037.4</b>	<b>45 267.7</b>	<b>45 339.1</b>	<b>45 292.4</b>

### (c) Reconciliation of the fair value of superannuation plan assets

(\$ million)

	2012-13 <i>Budget</i>	2013-14 <i>Estimate</i>	2014-15 <i>Estimate</i>	2015-16 <i>Estimate</i>
<b>Opening balance of plan assets</b>	<b>15 622.7</b>	<b>15 925.9</b>	<b>16 232.1</b>	<b>16 500.7</b>
Expected return on plan assets	1 158.6	1 179.3	1 197.0	1 212.4
Employer contributions	1 391.8	1 486.0	1 575.4	1 457.5
Contributions by plan participants	201.0	193.6	186.2	179.0
Benefits paid (including tax paid)	(2 448.3)	(2 552.8)	(2 689.9)	(2 769.5)
<b>Closing balance of plan assets</b>	<b>15 925.9</b>	<b>16 232.1</b>	<b>16 500.7</b>	<b>16 580.2</b>



## Note 7: Superannuation (continued)

### (d) Reconciliation of the superannuation liabilities

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Emergency Services and State Super</b>				
Defined benefit obligation	39 309.6	39 506.9	39 596.2	39 582.5
Tax liability <sup>(a)</sup>	3 336.7	3 344.2	3 311.6	3 277.3
Plan assets	(14 634.9)	(14 931.5)	(15 199.8)	(15 285.8)
<b>Net liability/(asset)</b>	<b>28 011.4</b>	<b>27 919.7</b>	<b>27 708.0</b>	<b>27 574.1</b>
<b>Other funds <sup>(b)</sup></b>				
Defined benefit obligation	2 386.0	2 413.4	2 430.1	2 432.9
Tax liability <sup>(a)</sup>	5.0	3.1	1.2	(0.4)
Plan assets	(1 290.9)	(1 300.5)	(1 300.9)	(1 294.4)
<b>Net liability/(asset)</b>	<b>1 100.1</b>	<b>1 116.0</b>	<b>1 130.4</b>	<b>1 138.2</b>
<b>Total superannuation</b>				
Defined benefit obligation	41 695.7	41 920.3	42 026.2	42 015.4
Tax liability <sup>(a)</sup>	3 341.7	3 347.3	3 312.9	3 276.9
Plan assets	(15 925.9)	(16 232.1)	(16 500.7)	(16 580.2)
<b>Superannuation liability</b>	<b>29 111.5</b>	<b>29 035.6</b>	<b>28 838.4</b>	<b>28 712.2</b>
<b>Represented by:</b>				
Current liability	1 000.0	1 100.0	1 000.0	1 247.1
Non-current liability	28 111.5	27 935.6	27 838.3	27 465.1

Notes:

- (a) Tax liability represents the present value of future tax payments on investment income generated by superannuation assets plus the present value of future tax payments on expected future employer contributions.
- (b) Other funds include constitutionally protected schemes, the Parliamentary Contributory Superannuation Fund and the State's share of liabilities of the Defined Benefit Scheme of the Health Super Fund.

## Note 8: Depreciation

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
Buildings <sup>(a)</sup>	993.7	1 093.9	1 163.0	1 224.8
Plant, equipment and infrastructure systems	660.6	664.8	669.3	667.7
Roads and road networks	565.4	590.2	666.5	718.4
Other assets (including cultural assets)	17.5	18.0	18.3	18.3
Leased plant and equipment	26.7	26.7	26.6	26.5
Leasehold buildings	89.4	100.8	95.3	95.1
Intangible produced assets <sup>(b)</sup>	32.5	41.3	35.4	44.4
<b>Total depreciation</b>	<b>2 385.9</b>	<b>2 535.7</b>	<b>2 674.3</b>	<b>2 795.3</b>

Notes:

- (a) Includes estimated depreciation on amounts not yet allocated to projects in 2012-13 to 2015-16.
- (b) Amortisation of intangible non-produced assets is included under other economic flows.

## Note 9: Interest expense

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Interest on long-term interest-bearing liabilities	1 130.8	1 324.4	1 442.3	1 487.9
Interest on short-term interest-bearing liabilities	51.7	52.7	52.6	52.6
Finance charges on finance leases	495.0	768.1	734.7	724.9
Discount interest on payables	48.0	44.5	41.5	38.2
<b>Total interest expense</b>	<b>1 725.6</b>	<b>2 189.7</b>	<b>2 271.1</b>	<b>2 303.6</b>

## Note 10: Other operating expenses

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Purchase of supplies and consumables	7 560.2	7 611.5	7 901.6	7 899.5
Cost of goods sold	119.9	90.7	48.7	49.0
Finance expenses and fees	22.4	23.7	24.5	25.2
Purchase of services	6 482.4	6 592.0	6 844.5	7 016.8
Maintenance	878.6	901.4	938.2	933.1
Operating lease payments	232.7	242.0	251.7	255.5
Other	617.6	647.8	685.5	716.4
<b>Total other operating expenses</b>	<b>15 913.7</b>	<b>16 109.2</b>	<b>16 694.6</b>	<b>16 895.6</b>

## Note 11: Grants and other transfers

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Current grants and other transfers expense</b>				
Commonwealth Government	167.4	270.2	155.3	155.4
Local government (including grants for on-passing)	952.1	751.3	752.6	679.9
Private sector and not-for-profit on-passing	4 091.3	4 339.5	4 591.2	4 830.9
Other private sector and not-for-profit	374.3	379.7	400.3	398.0
Grants within the Victorian Government	2 631.0	2 612.9	2 716.7	2 670.0
Grants to other state governments	13.5	13.8	14.0	14.1
<b>Total current grants and other transfers</b>	<b>8 229.5</b>	<b>8 367.4</b>	<b>8 630.0</b>	<b>8 748.3</b>
<b>Capital grants expense</b>				
Local government (including grants for on-passing)	23.9	24.1	24.1	24.1
Private sector and not-for-profit on-passing	61.3	50.1	44.0	40.8
Other private sector and not-for-profit	64.2	9.4	4.0	4.0
Other grants	..	..	..	..
<b>Total capital grants and other transfers</b>	<b>149.5</b>	<b>83.6</b>	<b>72.1</b>	<b>68.9</b>
<b>Total grants and other transfers</b>	<b>8 379.0</b>	<b>8 451.0</b>	<b>8 702.2</b>	<b>8 817.2</b>

## Note 12: Expenses by government purpose and by department

### (a) Expenses by government purpose classification

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Expenses</b>				
General public services	566.9	578.8	668.3	666.1
Public order and safety	5 398.7	5 445.0	5 596.0	5 714.5
Education	13 987.5	14 054.7	14 400.7	14 791.0
Health	13 341.7	13 724.8	14 084.1	14 436.4
Social security and welfare	3 027.0	3 133.1	3 168.7	3 254.3
Housing and community amenities	2 247.6	2 294.7	2 649.7	2 641.0
Recreation and culture	648.3	661.9	764.3	761.8
Fuel and energy	22.2	22.6	26.1	26.0
Agriculture, forestry, fishing, and hunting	691.8	717.9	761.1	749.5
Mining, manufacturing, and construction	17.2	17.5	20.3	20.2
Transport and communications	5 064.7	5 446.0	5 508.4	5 732.5
Other economic affairs	561.2	573.0	661.7	659.5
Other purposes	2 627.1	2 927.6	2 998.9	3 021.0
<b>Total expenses by government purpose classification<sup>(a)</sup></b>	<b>48 201.8</b>	<b>49 597.6</b>	<b>51 308.4</b>	<b>52 473.8</b>

Note:

(a) Classifications have been determined using ratios based on historical data and the impact of policy and non-policy estimate variations.

**Note 12: Expenses by government purpose and by department  
(continued)**

**(b) Expenses by department including administered items**

(\$ million)

	2012-13 Budget	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Expenses</b>				
Business and Innovation	672.7	522.7	430.2	382.4
Education and Early Childhood Development	13 887.6	13 929.4	14 352.8	14 743.1
Health	15 154.8	15 323.6	15 724.9	16 077.2
Human Services	3 576.1	3 517.1	3 603.7	3 689.2
Justice	7 362.7	7 540.1	7 846.8	7 965.3
Planning and Community Development	1 013.2	938.4	935.2	849.4
Premier and Cabinet	618.0	613.2	617.4	608.0
Primary Industries	710.6	674.2	705.9	694.2
Sustainability and Environment	2 728.1	3 097.1	3 137.9	3 061.9
Transport	8 013.1	8 205.7	8 436.3	8 660.3
Treasury and Finance	38 940.6	40 574.2	41 653.9	44 004.2
Parliament	181.6	177.2	170.5	172.9
Regulatory bodies and other part funded agencies <sup>(a)</sup>	2 005.7	2 039.3	2 151.5	2 100.1
Contingencies not allocated to departments <sup>(b)</sup>	(130.5)	1 025.9	1 582.3	2 132.3
<b>Total</b>	<b>94 734.2</b>	<b>98 178.0</b>	<b>101 349.2</b>	<b>105 140.6</b>
Less eliminations and adjustments <sup>(c)</sup>	(46 532.4)	(48 580.4)	(50 040.7)	(52 666.8)
<b>Total expenses</b>	<b>48 201.8</b>	<b>49 597.6</b>	<b>51 308.4</b>	<b>52 473.8</b>

Notes:

- (a) Other general government sector agencies, which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.
- (b) Contingencies include provisions available to be allocated to specific departments and projects, future demand growth, departmental underspending and items not yet formalised at the time of publication.
- (c) Mainly comprising payroll tax, capital asset charge and inter-departmental transfers.

### Note 13: Other gains/(losses) from other economic flows

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
Net (increase) in provision for doubtful receivables	(213.2)	(235.2)	(261.6)	(254.5)
Amortisation of intangible non-produced assets	(10.5)	(10.5)	(10.5)	(10.5)
Net (increase) in bad debts	(101.4)	(106.5)	(111.5)	(145.0)
Other (losses)	(3.9)	(5.1)	(3.9)	(3.0)
<b>Total other gains/(losses) from other economic flows</b>	<b>(329.0)</b>	<b>(357.3)</b>	<b>(387.5)</b>	<b>(413.0)</b>

### Note 14: Reconciliation of net gain/(loss) on equity investments in other sector entities at proportional share of net assets

(\$ million)

	2013	2014	2015	2016
	Budget	Estimate	Estimate	Estimate
Balance of investment in PNFC and PFC sectors at beginning of period	67 088.7	69 291.3	72 985.7	74 570.3
Net contributions to other sectors by owner	2 949.2	1 791.9	1 414.3	646.3
Revaluation gain/(loss) for period	(746.6)	1 902.5	170.2	2 682.1
<b>Investment in other sector entities at end of period</b>	<b>69 291.3</b>	<b>72 985.7</b>	<b>74 570.3</b>	<b>77 898.7</b>

### Note 15: Net acquisition of non-financial assets

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
Purchases of non-financial assets (including change in inventories)	3 529.6	3 963.7	2 887.1	3 488.2
Less: sale of non-financial assets	(552.5)	(372.2)	(353.6)	(353.7)
Less: depreciation	(2 385.9)	(2 535.7)	(2 674.3)	(2 795.3)
Plus: other movements in non-financial assets	845.1	287.4	57.9	1 115.3
<b>Total net acquisition of non-financial assets</b>	<b>1 436.2</b>	<b>1 343.2</b>	<b>(82.9)</b>	<b>1 454.5</b>

## Note 16: Advances paid and investments, loans and placements

(\$ million)

	2012	2013	2014	2015	2016
	Revised	Budget	Estimate	Estimate	Estimate
<b>Current advances paid and investments, loans and placements</b>					
Loans and advances receivable	8.7	8.7	8.7	8.7	8.7
Equities and managed investment schemes	109.6	134.5	160.1	186.4	192.9
Australian dollar term deposits	1 804.4	1 886.2	2 044.4	2 175.2	2 331.8
Debt securities	9.7	9.7	9.7	9.7	9.7
Derivative financial instruments	1.7	1.3	1.7	1.3	0.9
<b>Total current advances paid and investments, loans and placements</b>	<b>1 934.1</b>	<b>2 040.3</b>	<b>2 224.6</b>	<b>2 381.3</b>	<b>2 543.9</b>
<b>Non-current advances paid and investments, loans and placements</b>					
Loans and advances receivable <sup>(a)</sup>	298.6	4 437.4	4 398.3	4 353.0	4 300.6
Equities and managed investment schemes	484.3	501.5	526.7	553.1	560.2
Australian dollar term deposits	117.9	111.9	108.6	101.3	94.0
Debt securities	33.0	33.0	33.0	33.0	33.0
<b>Total non-current advances paid and investments, loans and placements</b>	<b>933.9</b>	<b>5 083.8</b>	<b>5 066.5</b>	<b>5 040.3</b>	<b>4 987.8</b>
<b>Total advances paid and investments, loans and placements</b>	<b>2 867.9</b>	<b>7 124.1</b>	<b>7 291.1</b>	<b>7 421.7</b>	<b>7 531.7</b>

Note:

(a) The 2013 estimate and beyond reflect the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.

## Note 17: Land, buildings, infrastructure, plant and equipment

(\$ million)

	2012	2013	2014	2015	2016
	Revised	Budget	Estimate	Estimate	Estimate
Buildings (written down value)	24 429.8	25 453.0	27 047.4	28 235.7	31 290.0
Land and national parks	36 654.4	36 730.7	36 954.9	37 789.7	38 465.8
Infrastructure systems (written down value)	1 718.7	1 694.3	1 698.7	1 682.0	1 704.1
Plant, equipment and vehicles (written down value)	2 606.5	2 469.9	2 214.9	1 887.4	1 550.0
Roads and road networks (written down value)	21 974.4	23 170.1	26 067.8	27 055.4	26 682.0
Earthworks	7 553.5	7 553.5	8 418.1	8 905.1	8 905.1
Cultural assets (written down value)	5 278.2	5 284.8	5 287.9	5 285.6	6 053.5
<b>Total land, buildings, infrastructure, plant and equipment</b>	<b>100 215.6</b>	<b>102 356.4</b>	<b>107 689.7</b>	<b>110 841.0</b>	<b>114 650.5</b>

## Note 18: Reconciliation of movements in land, buildings, infrastructure, plant and equipment

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
Carrying amount at the start of the year <sup>(a)</sup>	100 215.6	102 356.4	107 689.7	110 841.0
Additions <sup>(b)</sup>	8 494.4	4 163.4	2 839.3	4 515.4
Disposals at written down value <sup>(b)</sup>	(4 409.2)	(221.7)	(242.6)	(242.8)
Revaluations	526.0	3 918.9	3 190.4	2 304.6
Assets reclassified	(117.1)	(32.9)	3.1	(16.8)
Depreciation expense	(2 353.4)	(2 494.4)	(2 638.9)	(2 750.9)
<b>Carrying amount at the end of the year</b>	<b>102 356.4</b>	<b>107 689.7</b>	<b>110 841.0</b>	<b>114 650.5</b>

Notes:

- (a) Property, plant and equipment comprises land and buildings, infrastructure systems, plant, equipment, vehicles, road networks and cultural assets. Excludes movements in intangible assets, investment properties and other non-financial assets.
- (b) Includes assets acquired under finance lease arrangements. The 2012-13 estimate reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.

## Note 19: Assets classified by government purpose classification and by department

### (a) Purchase of non-financial assets by government purpose classification

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
General public services	301.5	179.6	153.9	142.0
Public order and safety	467.3	425.7	309.8	224.6
Education	524.7	334.0	166.9	167.4
Health	846.5	815.3	661.3	558.3
Social security and welfare	145.5	134.8	96.7	86.2
Housing and community amenities	187.3	111.5	95.6	88.2
Recreation and culture	189.6	112.9	96.8	89.3
Fuel and energy	6.4	3.8	3.3	3.0
Agriculture, forestry, fishing, and hunting	55.6	46.6	12.7	10.9
Mining, manufacturing, and construction	0.2	0.1	0.1	0.1
Transport and communications	910.7	1 443.3	365.5	223.9
Other economic affairs	36.8	21.9	18.8	17.3
Other purposes	1.1	0.6	0.5	0.5
Not allocated by purpose <sup>(a)</sup>	(143.7)	333.4	905.1	1 876.5
<b>Total purchases of non-financial assets <sup>(b)</sup></b>	<b>3 529.6</b>	<b>3 963.7</b>	<b>2 887.1</b>	<b>3 488.2</b>

Notes:

- (a) Estimated amount available to be allocated to departments and projects in future budgets. This includes departmental underspending, which may be subject to carryover.
- (b) Classifications have been determined using ratios based on historical data and the impact of policy and non-policy estimate variations.

**Note 19: Assets classified by government purpose classification and by department (*continued*)**

**(b) Purchase of non-financial assets by department**

(\$ million)

	2012-13 <i>Budget</i>	2013-14 <i>Estimate</i>	2014-15 <i>Estimate</i>	2015-16 <i>Estimate</i>
Business and Innovation	189.8	2.5	3.8	4.2
Education and Early Childhood Development	528.8	331.1	164.0	164.5
Health	955.2	872.6	718.6	615.6
Human Services	56.5	58.6	42.3	31.7
Justice	423.5	441.5	325.5	240.4
Planning and Community Development	59.0	57.1	6.3	6.5
Premier and Cabinet	43.4	33.9	22.6	22.8
Primary Industries	54.0	42.0	8.0	6.3
Sustainability and Environment	120.4	135.8	132.1	127.9
Transport	975.4	1 419.3	291.6	149.9
Treasury and Finance	58.4	36.9	36.2	17.7
Parliament	6.8	3.3	3.3	3.3
Regulatory bodies and other part budget funded agencies <sup>(a)</sup>	202.1	196.0	227.8	221.0
Contingencies not allocated to departments <sup>(b)</sup>	(143.7)	333.4	905.1	1 876.5
<b>Total purchases of non-financial assets</b>	<b>3 529.6</b>	<b>3 963.7</b>	<b>2 887.1</b>	<b>3 488.2</b>

Notes:

- (a) Other general government sector agencies, which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.
- (b) Estimated amount available to be allocated to departments and projects in future budgets. This includes departmental underspending, which may be subject to carryover.



## Note 19: Assets classified by government purpose classification and by department (*continued*)

### (c) Total assets by government purpose classification

(\$ million)

	2012-13	2013-14	2014-15	2015-16
	Budget	Estimate	Estimate	Estimate
General public services	772.0	730.2	696.6	874.2
Public order and safety	7 569.4	8 617.4	9 234.8	9 269.7
Education	19 063.5	20 521.2	21 520.3	21 281.3
Health	11 163.9	12 300.2	12 086.1	12 820.0
Social security and welfare	547.1	620.9	643.1	631.7
Housing and community amenities	7 672.5	7 257.5	6 923.4	8 689.2
Recreation and culture	8 293.8	7 845.2	7 484.0	9 392.8
Fuel and energy	5.1	4.8	4.6	5.8
Agriculture, forestry, fishing, and hunting	667.9	717.6	753.8	727.1
Mining, manufacturing, and construction	..	..	..	..
Transport and communications	47 347.4	49 825.7	52 263.6	51 617.2
Other economic affairs	346.0	327.3	312.2	391.8
Other purposes	3.0	2.8	2.7	3.4
Not allocated by purpose <sup>(a)</sup>	85 299.1	89 270.6	91 192.6	94 872.4
<b>Total assets <sup>(b)</sup></b>	<b>188 750.7</b>	<b>198 041.3</b>	<b>203 117.8</b>	<b>210 576.7</b>

Notes:

(a) Represents financial assets which are not able to be allocated by purpose.

(b) Classifications have been determined using ratios based on historical data.

## Note 20: Borrowings

(\$ million)

	2012	2013	2014	2015	2016
	Revised	Budget	Estimate	Estimate	Estimate
<b>Current borrowings</b>					
Domestic borrowings	230.0	233.0	236.0	239.0	242.0
Finance lease liabilities	65.9	88.5	117.9	128.2	150.4
Derivative financial instruments	1.9	1.5	1.9	1.5	1.1
<b>Total current borrowings</b>	<b>297.9</b>	<b>323.1</b>	<b>355.8</b>	<b>368.8</b>	<b>393.6</b>
<b>Non-current borrowings</b>					
Domestic borrowings	19 476.2	23 657.0	26 387.2	27 657.0	27 171.9
Finance lease liabilities	2 896.1	7 787.3	7 845.4	7 681.3	8 549.8
Derivative financial instruments	0.1	0.1	0.1	0.1	0.1
<b>Total non-current borrowings</b>	<b>22 372.5</b>	<b>31 444.5</b>	<b>34 232.7</b>	<b>35 338.4</b>	<b>35 721.9</b>
<b>Total borrowings</b>	<b>22 670.4</b>	<b>31 767.6</b>	<b>34 588.5</b>	<b>35 707.2</b>	<b>36 115.5</b>

## Note 21: Employee benefits

(\$ million)

	2012 Revised	2013 Budget	2014 Estimate	2015 Estimate	2016 Estimate
<b>Current</b>					
Accrued salaries and wages <sup>(a)</sup>	1 348.4	1 382.2	1 416.9	1 450.7	1 484.5
Long service leave	2 848.8	2 963.9	3 083.4	3 207.5	3 336.3
<b>Total current employee benefits</b>	<b>4 197.1</b>	<b>4 346.2</b>	<b>4 500.3</b>	<b>4 658.2</b>	<b>4 820.8</b>
<b>Non-current</b>					
Long service leave	518.9	549.8	583.4	617.9	656.4
<b>Total non-current employee benefits</b>	<b>518.9</b>	<b>549.8</b>	<b>583.4</b>	<b>617.9</b>	<b>656.4</b>
<b>Total employee benefits</b>	<b>4 716.0</b>	<b>4 895.9</b>	<b>5 083.7</b>	<b>5 276.1</b>	<b>5 477.2</b>

Note:

(a) Includes accrued annual leave, payroll tax and other similar on-costs.

## Note 22: Reserves

(\$ million)

	2012 Revised	2013 Budget	2014 Estimate	2015 Estimate	2016 Estimate
Property plant and equipment revaluation surplus	38 655.5	39 181.7	43 100.9	46 291.6	48 576.4
Available-for-sale investments revaluation surplus	38.3	38.3	38.3	38.3	38.3
Revaluation surplus for investments in PFC and PNFC entities	38 675.2	37 928.6	39 831.1	40 001.3	42 683.4
Other reserves	989.9	1 008.9	1 028.5	1 046.4	1 064.7
<b>Total reserves</b>	<b>78 358.9</b>	<b>78 157.5</b>	<b>83 998.8</b>	<b>87 377.6</b>	<b>92 362.8</b>

**Note 23: Reconciliations to Government Finance Statistics –  
derivation of GFS cash surplus/(deficit)<sup>(a)</sup>**

*(\$ million)*

	2012-13	2013-14	2014-15	2015-16
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
<b>Cash surplus/(deficit)</b>	<b>(971.3)</b>	<b>(419.3)</b>	<b>751.2</b>	<b>1 816.2</b>
<i>Convergence differences:</i>				
Less: Acquisitions under finance leases and similar arrangements	(844.8)	(235.8)	..	(1 050.4)
Total convergence differences	(844.8)	(235.8)	..	(1 050.4)
<b>GFS cash surplus/(deficit)</b>	<b>(1 816.1)</b>	<b>(655.1)</b>	<b>751.2</b>	<b>765.7</b>

*Note:*

*(a) Determined in accordance with the ABS GFS manual.*

**Note 24: Financial instruments – financial risk management objectives and policies**

The *2010-11 Financial Report* (Note 32) contains a comprehensive disclosure of the State's (including the general government sector's) financial risk management objectives and policies.

There has been no substantive change to the accounting classification of financial assets and liabilities for the general government sector as reported in the *2010-11 Financial Report*.

## Note 25: Controlled entities

Note 40 *Controlled entities* within the 2010-11 *Financial Report* contains a list of significant controlled entities which have been consolidated for the purposes of the financial report.

Following is a list of general government sector entities and entities included as investments by the general government sector that have changed since 1 July 2011. Unless otherwise noted below, all such entities are wholly owned.

<b>Controlled entities</b>	<b>Entities included as investments in other sectors</b>		
	<b>General government</b>	<b>Public non-financial corporation</b>	<b>Public financial corporation</b>
<b>Department of Health</b> <sup>(a)</sup>			
Benalla Health <sup>(b)</sup>	*		
Kerang District Health <sup>(b)</sup>	*		
Seymour Health <sup>(b)</sup>	*		
Yarrawonga Health <sup>(b)</sup>	*		
<b>Department of Justice</b>			
Independent Broad-based Anti-corruption Commission <sup>(c)</sup>	*		
Victorian Commission for Gambling and Liquor Regulation <sup>(d)</sup>	*		
<b>Department of Planning and Community Development</b>			
Urban Renewal Authority Victoria (Places Victoria) <sup>(b)</sup>		*	
<b>Department of Transport</b>			
Port of Hastings Development Authority <sup>(c)</sup>		*	
Taxi Services Commission <sup>(c)</sup>	*		
Public Transport Development Authority (Public Transport Victoria) <sup>(c)</sup>	*		

**Notes:**

(a) Effective from 1 July 2012, the following general government sector entities will be transferred from the Department of Health to the Australian Health Practitioner Regulation Agency, which is an agency of the Commonwealth Government:

- Chinese Medicine Registration Board of Victoria; and
- Medical Radiation Practitioners Board of Victoria.

(b) Entity name changes:

- on 7 July 2011, Benalla and District Memorial Hospital became Benalla Health;
- Kerang and District Hospital became Kerang District Health;
- on 14 July 2011, Seymour District Memorial Hospital became Seymour Health;
- on 22 September 2011, Yarrawonga District Health Service became Yarrawonga Health; and
- on 25 October 2011, Victorian Urban Development Authority (VicUrban) became Urban Renewal Authority Victoria (Places Victoria).

## **Note 25: Controlled entities *(continued)***

*Notes (continued):*

(c) *New entities:*

- *on 1 July 2012, the Independent Broad-based Anti-corruption Commission will be established under section 6 of the Independent Broad-based Anti-corruption Commission Act 2011 and will commence operation on the appointment of a Commissioner;*
- *on 1 January 2012, Port of Hastings Development Authority demerged from Port of Melbourne Corporation;*
- *on 19 July 2011, Taxi Services Commission commenced operations; and*
- *on 2 April 2012, Public Transport Development Authority (Public Transport Victoria) commenced operations.*

(d) *Machinery of government changes:*

- *on 6 February 2012, the Victorian Commission for Gambling Regulation and Responsible Alcohol Victoria were combined to create the Victorian Commission for Gambling and Liquor Regulation.*



## CHAPTER 2 – SUPPLEMENTARY UNIFORM PRESENTATION FRAMEWORK TABLES

---

Chapter 2 forms part of the Uniform Presentation Framework along with Chapter 1 and Appendix A. Chapter 2 provides additional sectoral financial statements for the public non-financial corporations sector, the non-financial public sector and the public financial corporations sector. In addition, information for the whole of state has been included, representing the consolidated estimates of the general government, the non-financial public corporations and the public financial corporations sectors.

These financial statements are also presented in a format consistent with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which has been adopted as the presentation framework under the Uniform Presentation Framework. The chapter includes Loan Council Allocation estimates (the Government's net call on financial markets in a given financial year to meet its budget obligations) and details of Victoria's infrastructure projects with private sector investment where contracts are expected to be signed in 2012-13.

**Table 2.1: Public non-financial corporations sector comprehensive operating statement**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Revenue</b>						
Interest	132.5	125.6	75.6	61.3	57.4	45.6
Dividends	69.7	79.3	79.8	84.0	87.9	89.4
Sales of goods and services	4 465.9	4 794.3	5 445.3	6 088.6	6 587.6	6 458.1
Grants	2 415.0	2 567.5	2 636.3	2 616.5	2 720.4	2 770.1
Other current revenue	614.5	661.9	594.3	577.8	575.5	594.0
<b>Total revenue</b>	<b>7 697.6</b>	<b>8 228.5</b>	<b>8 831.1</b>	<b>9 428.2</b>	<b>10 028.9</b>	<b>9 957.2</b>
<b>Expenses</b>						
Employee expenses	917.1	956.7	983.5	1 004.3	1 048.5	1 089.2
Other superannuation	92.7	75.4	78.8	78.9	83.5	83.0
Depreciation	1 565.9	1 696.9	1 859.4	1 981.0	2 054.8	2 110.3
Interest expense	661.3	719.4	1 116.2	1 344.7	1 405.0	1 418.1
Grants and other transfers	364.0	238.6	200.2	186.8	199.2	203.6
Other operating expenses	3 967.7	4 637.9	4 574.2	4 674.5	5 054.8	4 822.5
Other property expenses	138.0	222.1	136.6	162.3	195.8	199.7
<b>Total expenses</b>	<b>7 706.7</b>	<b>8 547.0</b>	<b>8 949.0</b>	<b>9 432.4</b>	<b>10 041.6</b>	<b>9 926.5</b>
<b>Net result from transactions – net operating balance</b>	<b>(9.1)</b>	<b>(318.5)</b>	<b>(117.9)</b>	<b>(4.2)</b>	<b>(12.7)</b>	<b>30.7</b>
<b>Other economic flows included in net result</b>						
Net gain/(loss) on sale of non-financial assets	(2.3)	5.9	(1.9)	..	(2.7)	(1.9)
Net gain/(loss) on financial assets or liabilities at fair value	199.3	(62.0)	1.6	1.4	1.2	1.0
Net actuarial gains/(losses) of superannuation defined benefits plans	(3.0)	(16.0)	(4.2)	(4.2)	(4.2)	(4.2)
Share of net profit/(loss) from associates/ joint venture entities, excluding dividends	69.0	..	..	..	..	..
Other gains/(losses) from other economic flows	(222.0)	(11.3)	(10.9)	(7.5)	(8.4)	(11.8)
<b>Total other economic flows included in net result</b>	<b>41.0</b>	<b>(83.4)</b>	<b>(15.4)</b>	<b>(10.3)</b>	<b>(14.2)</b>	<b>(17.0)</b>
<b>Net result</b>	<b>31.9</b>	<b>(401.9)</b>	<b>(133.3)</b>	<b>(14.6)</b>	<b>(26.9)</b>	<b>13.7</b>
<b>Other economic flows – other movements in equity</b>						
Net gain/(loss) on financial assets at fair value	(26.7)	24.2	14.4	14.7	10.2	9.2
Revaluations of non-financial assets	1 889.3	18.3	(113.6)	1 979.2	317.5	2 867.6
Other movements in equity	615.0	(17.2)	..	..	..	..
<b>Total other economic flows – other movements in equity</b>	<b>2 477.6</b>	<b>25.3</b>	<b>(99.2)</b>	<b>1 993.9</b>	<b>327.6</b>	<b>2 876.8</b>
<b>Comprehensive result – total change in net worth</b>	<b>2 509.5</b>	<b>(376.6)</b>	<b>(232.4)</b>	<b>1 979.3</b>	<b>300.7</b>	<b>2 890.4</b>
<b>FISCAL AGGREGATES</b>						
<b>Net operating balance</b>	<b>(9.1)</b>	<b>(318.5)</b>	<b>(117.9)</b>	<b>(4.2)</b>	<b>(12.7)</b>	<b>30.7</b>
Less: net acquisition of non-financial assets from transactions <sup>(a)</sup>	2 946.1	3 158.3	7 441.8	2 556.2	1 465.3	711.9
<b>Net lending/(borrowing)</b>	<b>(2 955.2)</b>	<b>(3 476.8)</b>	<b>(7 559.7)</b>	<b>(2 560.4)</b>	<b>(1 478.0)</b>	<b>(681.2)</b>

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.



**Table 2.2: Public non-financial corporations sector balance sheet**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits	768.7	602.2	238.9	210.8	327.7	319.2
Advances paid	82.9	64.4	61.3	60.4	58.7	58.1
Receivables	977.6	1 118.0	1 085.4	1 033.9	1 004.5	989.1
Investments, loans and placements	1 717.6	1 464.4	1 281.1	1 124.7	958.1	854.4
Investments accounted for using equity method	567.1	568.0	568.0	568.0	568.0	568.0
<b>Total financial assets</b>	<b>4 113.9</b>	<b>3 817.0</b>	<b>3 234.8</b>	<b>2 997.8</b>	<b>2 917.0</b>	<b>2 788.8</b>
<b>Non-financial assets</b>						
Inventories	768.3	720.2	812.0	865.9	575.6	490.8
Non-financial assets held for sale	3.2	..	..	..	..	..
Land, buildings, infrastructure, plant and equipment	79 672.7	82 881.8	90 181.3	94 621.6	96 649.6	101 509.8
Other non-financial assets	1 028.1	1 056.4	1 169.1	1 171.1	1 149.4	1 121.2
<b>Total non-financial assets</b>	<b>81 472.4</b>	<b>84 658.3</b>	<b>92 162.5</b>	<b>96 658.5</b>	<b>98 374.6</b>	<b>103 121.8</b>
<b>Total assets</b>	<b>85 586.3</b>	<b>88 475.3</b>	<b>95 397.2</b>	<b>99 656.3</b>	<b>101 291.6</b>	<b>105 910.6</b>
<b>Liabilities</b>						
Deposits held and advances received	363.6	382.9	397.7	410.8	422.3	435.4
Payables	1 260.1	1 434.5	1 483.2	1 448.6	1 446.5	1 413.6
Borrowings	10 097.9	11 252.7	16 249.3	17 243.6	17 611.1	18 033.3
Employee benefits	291.1	314.8	338.3	357.5	375.1	402.7
Superannuation	62.9	72.2	72.5	72.6	72.7	72.7
Other provisions	9 301.6	9 212.1	8 916.8	8 557.0	8 264.9	9 210.4
<b>Total liabilities</b>	<b>21 377.2</b>	<b>22 669.1</b>	<b>27 457.9</b>	<b>28 090.1</b>	<b>28 192.6</b>	<b>29 568.0</b>
<b>Net assets</b>	<b>64 209.1</b>	<b>65 806.2</b>	<b>67 939.4</b>	<b>71 566.3</b>	<b>73 099.0</b>	<b>76 342.6</b>
Accumulated surplus	6 603.0	5 773.2	5 083.9	4 946.2	4 753.6	4 490.8
Reserves	57 606.1	60 033.0	62 855.5	66 620.0	68 345.4	71 851.8
<b>Net worth</b>	<b>64 209.1</b>	<b>65 806.2</b>	<b>67 939.4</b>	<b>71 566.3</b>	<b>73 099.0</b>	<b>76 342.6</b>
<b>FISCAL AGGREGATES</b>						
Net financial worth	(17 263.2)	(18 852.1)	(24 223.1)	(25 092.2)	(25 275.6)	(26 779.1)
Net financial liabilities	17 263.2	18 852.1	24 223.1	25 092.2	25 275.6	26 779.1
Net debt <sup>(a)</sup>	7 892.3	9 504.6	15 065.7	16 258.4	16 688.9	17 236.9

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.

**Table 2.3: Public non-financial corporations sector cash flow statement**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Grants	2 405.1	2 633.4	2 746.6	2 713.1	2 783.9	2 831.6
Sales of goods and services <sup>(a)</sup>	4 882.4	5 218.2	5 907.4	6 642.4	7 209.4	7 046.1
Interest	82.5	78.0	49.6	46.6	48.4	46.4
Dividends	69.7	78.6	79.8	84.0	87.9	89.4
Other receipts	357.5	347.1	327.7	304.9	301.3	309.7
<b>Total receipts</b>	<b>7 797.2</b>	<b>8 355.4</b>	<b>9 111.1</b>	<b>9 790.9</b>	<b>10 430.8</b>	<b>10 323.1</b>
<b>Payments</b>						
Payments for employees	(894.6)	(936.7)	(962.4)	(987.6)	(1 033.6)	(1 063.6)
Superannuation	(96.3)	(82.2)	(82.7)	(83.1)	(87.7)	(87.1)
Interest	(601.6)	(663.3)	(1 050.8)	(1 294.0)	(1 361.0)	(1 390.3)
Grants	(290.9)	(183.4)	(59.3)	(41.0)	(50.8)	(52.4)
Goods and services <sup>(a)(b)</sup>	(3 207.4)	(3 712.5)	(3 700.9)	(3 767.1)	(4 142.9)	(3 847.5)
Other payments <sup>(b)</sup>	(1 253.3)	(1 647.5)	(1 779.4)	(1 879.1)	(1 970.8)	(2 035.1)
<b>Total payments</b>	<b>(6 344.0)</b>	<b>(7 225.6)</b>	<b>(7 635.5)</b>	<b>(8 051.9)</b>	<b>(8 646.8)</b>	<b>(8 476.0)</b>
<b>Net cash flows from operating activities</b>	<b>1 453.2</b>	<b>1 129.8</b>	<b>1 475.6</b>	<b>1 739.0</b>	<b>1 784.0</b>	<b>1 847.2</b>
<b>Cash flows from investing activities</b>						
Non-financial assets						
Purchases of non-financial assets	(4 402.5)	(4 682.9)	(4 988.7)	(4 348.1)	(3 323.8)	(2 622.6)
Sales of non-financial assets	157.6	106.3	62.3	71.5	68.7	69.5
Cash flows from investments in non-financial assets	(4 245.0)	(4 576.5)	(4 926.5)	(4 276.6)	(3 255.1)	(2 553.2)
Net cash flows from investments in financial assets for policy purposes	11.7	0.3	3.1	0.9	1.6	0.6
Net cash flows from investments in financial assets for liquidity purposes	143.9	123.8	(42.5)	(98.3)	(31.4)	(100.3)
<b>Net cash flows from investing activities</b>	<b>(4 089.4)</b>	<b>(4 452.5)</b>	<b>(4 965.8)</b>	<b>(4 374.0)</b>	<b>(3 284.8)</b>	<b>(2 652.9)</b>
<b>Cash flows from financing activities</b>						
Advances received (net)	18.6	9.3	18.0	12.9	12.9	12.9
Net borrowings	1 087.3	1 185.3	862.7	979.0	369.1	426.0
Deposits received (net)	(15.6)	9.9	(3.1)	0.1	(1.4)	0.1
Other financing (net)	1 636.7	1 950.4	2 248.2	1 612.5	1 234.3	355.5
<b>Net cash flows from financing activities</b>	<b>2 726.9</b>	<b>3 154.9</b>	<b>3 125.7</b>	<b>2 604.5</b>	<b>1 615.0</b>	<b>794.5</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>90.7</b>	<b>(167.7)</b>	<b>(364.5)</b>	<b>(30.5)</b>	<b>114.2</b>	<b>(11.2)</b>

**Table 2.3: Public non-financial corporations sector cash flow statement  
(continued)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash and cash equivalents at beginning of reporting period	677.9	768.7	600.9	236.4	205.9	320.2
<b>Cash and cash equivalents at end of reporting period <sup>(c)</sup></b>	<b>768.7</b>	<b>600.9</b>	<b>236.4</b>	<b>205.9</b>	<b>320.2</b>	<b>309.0</b>
<b>FISCAL AGGREGATES</b>						
Net cash flows from operating activities	1 453.2	1 129.8	1 475.6	1 739.0	1 784.0	1 847.2
Dividends paid	(91.6)	(410.6)	(556.1)	(122.0)	(163.4)	(274.2)
Cash flows from investments in non-financial assets	(4 245.0)	(4 576.5)	(4 926.5)	(4 276.6)	(3 255.1)	(2 553.2)
<b>Cash (deficit)</b>	<b>(2 883.4)</b>	<b>(3 857.4)</b>	<b>(4 007.0)</b>	<b>(2 659.7)</b>	<b>(1 634.4)</b>	<b>(980.2)</b>

Source: Department of Treasury and Finance

Notes:

- (a) Inclusive of goods and service tax.
- (b) Reclassification of income tax equivalent payable within 12 months from goods and services to other payments has required re-presentation of the 2010-11 actual results.
- (c) Cash and cash equivalents at the end of reporting period does not equal to cash and deposits on the balance sheet. This is due to the overdraft being included on the cash flow statement.

**Table 2.4: Public non-financial corporations sector statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contribution by owners</i>
<b>2010-11 Actual</b>		
Balance at 1 July 2010	6 084.1	23 717.0
Net result	31.9	..
Dividends paid	(91.6)	..
Other comprehensive income for the year	578.6	..
Transactions with owners in their capacity as owners	..	1 710.1
<b>Total equity at end of period</b>	<b>6 603.0</b>	<b>25 427.1</b>
<b>2011-12 Revised</b>		
Balance at 1 July 2011	6 603.0	25 427.1
Net result	(401.9)	..
Dividends paid	(410.6)	..
Other comprehensive income for the year	(17.2)	..
Transactions with owners in their capacity as owners	..	2 384.3
<b>Total equity at end of period</b>	<b>5 773.2</b>	<b>27 811.5</b>
<b>2012-13 Estimate</b>		
Balance at 1 July 2012	5 773.2	27 811.5
Net result	(133.3)	..
Dividends paid	(556.1)	..
Other comprehensive income for the year	..	..
Transactions with owners in their capacity as owners	..	2 921.7
<b>Total equity at end of period</b>	<b>5 083.9</b>	<b>30 733.2</b>
<b>2013-14 Estimate</b>		
Balance at 1 July 2013	5 083.9	30 733.2
Net result	(14.6)	..
Dividends paid	(123.1)	..
Other comprehensive income for the year	..	..
Transactions with owners in their capacity as owners	..	1 770.6
<b>Total equity at end of period</b>	<b>4 946.2</b>	<b>32 503.8</b>
<b>2014-15 Estimate</b>		
Balance at 1 July 2014	4 946.2	32 503.8
Net result	(26.9)	..
Dividends paid	(165.7)	..
Other comprehensive income for the year	..	..
Transactions with owners in their capacity as owners	..	1 397.7
<b>Total equity at end of period</b>	<b>4 753.6</b>	<b>33 901.5</b>
<b>2015-16 Estimate</b>		
Balance at 1 July 2015	4 753.6	33 901.5
Net result	13.7	..
Dividends paid	(276.4)	..
Other comprehensive income for the year	..	..
Transactions with owners in their capacity as owners	..	629.7
<b>Total equity at end of period</b>	<b>4 490.8</b>	<b>34 531.2</b>

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
29 389.5	890.4	60 081.1
..	..	31.9
..	..	(91.6)
1 889.3	9.7	2 477.6
..	..	1 710.1
<b>31 278.8</b>	<b>900.2</b>	<b>64 209.1</b>
31 278.8	900.2	64 209.1
..	..	(401.9)
..	..	(410.6)
18.3	24.2	25.3
..	..	2 384.3
<b>31 297.1</b>	<b>924.4</b>	<b>65 806.2</b>
31 297.1	924.4	65 806.2
..	..	(133.3)
..	..	(556.1)
(113.6)	14.4	(99.2)
..	..	2 921.7
<b>31 183.6</b>	<b>938.8</b>	<b>67 939.4</b>
31 183.6	938.8	67 939.4
..	..	(14.6)
..	..	(123.1)
1 979.2	14.7	1 993.9
..	..	1 770.6
<b>33 162.8</b>	<b>953.5</b>	<b>71 566.3</b>
33 162.8	953.5	71 566.3
..	..	(26.9)
..	..	(165.7)
317.5	10.2	327.6
..	..	1 397.7
<b>33 480.2</b>	<b>963.7</b>	<b>73 099.0</b>
33 480.2	963.7	73 099.0
..	..	13.7
..	..	(276.4)
2 867.6	9.2	2 876.8
..	..	629.7
<b>36 347.8</b>	<b>972.8</b>	<b>76 342.6</b>

**Table 2.5: Derivation of public non-financial corporations sector Government Finance Statistics (GFS) cash surplus/(deficit)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Cash surplus/(deficit)</b>	<b>(2 883.4)</b>	<b>(3 857.4)</b>	<b>(4 007.0)</b>	<b>(2 659.7)</b>	<b>(1 634.4)</b>	<b>(980.2)</b>
Convergence differences:						
Acquisitions under finance leases and similar arrangements <sup>(a)</sup>	(0.6)	..	(4 121.5)	..	..	..
<b>GFS cash surplus/(deficit) <sup>(b)</sup></b>	<b>(2 884.0)</b>	<b>(3 857.4)</b>	<b>(8 128.5)</b>	<b>(2 659.7)</b>	<b>(1 634.4)</b>	<b>(980.2)</b>

Source: Department of Treasury and Finance

Notes:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.

(b) Determined in accordance with ABS GFS manual.

**Table 2.6: Net acquisition of non-financial assets – public non-financial corporations sector**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	4 402.5	4 682.9	4 988.7	4 348.1	3 323.8	2 622.6
Less: Sales of non-financial assets	(157.6)	(106.3)	(62.3)	(71.5)	(68.7)	(69.5)
Less: Depreciation	(1 565.9)	(1 696.9)	(1 859.4)	(1 981.0)	(2 054.8)	(2 110.3)
Plus: Other movements in non-financial assets <sup>(a)</sup>	267.0	278.6	4 374.8	260.5	265.0	269.1
<b>Total net acquisition of non-financial assets</b>	<b>2 946.1</b>	<b>3 158.3</b>	<b>7 441.8</b>	<b>2 556.2</b>	<b>1 465.3</b>	<b>711.9</b>

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.

**Table 2.7: Non-financial public sector comprehensive operating statement**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Revenue</b>						
Taxation revenue	14 660.9	14 683.0	15 460.7	16 243.2	17 252.9	18 098.6
Interest	536.0	494.7	467.3	456.6	460.5	451.3
Dividends and income tax equivalents and rate equivalents	236.2	455.1	389.0	391.2	441.1	476.8
Sales of goods and services	9 164.1	9 617.4	10 201.8	10 964.0	11 630.6	11 653.2
Grants	22 419.3	21 871.2	22 210.6	23 830.3	24 363.6	25 752.0
Other current revenue	2 539.6	2 699.8	2 483.7	2 461.7	2 468.6	2 522.6
<b>Total revenue</b>	<b>49 556.1</b>	<b>49 821.2</b>	<b>51 213.0</b>	<b>54 346.9</b>	<b>56 617.3</b>	<b>58 954.4</b>
<b>Expenses</b>						
Employee expenses	17 247.1	17 755.2	18 198.0	18 728.9	19 422.0	20 140.2
Superannuation interest expense	932.0	808.6	729.2	722.9	713.6	700.7
Other superannuation	1 787.9	1 831.6	1 890.0	1 900.1	1 917.6	1 945.9
Depreciation	3 575.9	3 932.4	4 245.4	4 516.7	4 729.1	4 905.7
Interest expense	1 630.3	1 935.3	2 524.0	3 045.0	3 192.5	3 245.0
Grants and other transfers	6 427.2	5 809.6	5 792.7	5 861.0	6 018.1	6 100.0
Other operating expenses	17 542.5	18 351.6	18 672.3	18 837.6	19 724.0	19 632.6
<b>Total expenses</b>	<b>49 142.7</b>	<b>50 424.4</b>	<b>52 051.6</b>	<b>53 612.1</b>	<b>55 716.9</b>	<b>56 670.1</b>
<b>Net result from transactions – net operating balance</b>	<b>413.3</b>	<b>(603.2)</b>	<b>(838.6)</b>	<b>734.9</b>	<b>900.4</b>	<b>2 284.3</b>
<b>Other economic flows included in net result</b>						
Net gain/(loss) on sale of non-financial assets	(42.7)	148.1	262.9	150.5	108.2	109.0
Net gain/(loss) on financial assets or liabilities at fair value	206.5	(60.2)	3.4	3.2	2.9	2.7
Net actuarial gains/(losses) of superannuation defined benefits plans	303.0	(5 877.3)	(4.2)	(4.2)	(4.2)	(4.2)
Share of net profit/(loss) from associates/ joint venture entities, excluding dividends	68.3	..	..	..	..	..
Other (losses) from other economic flows	(325.0)	(405.5)	(369.1)	(400.5)	(428.0)	(457.7)
<b>Total other economic flows included in net result</b>	<b>210.3</b>	<b>(6 195.0)</b>	<b>(107.1)</b>	<b>(251.1)</b>	<b>(321.1)</b>	<b>(350.3)</b>
<b>Net result</b>	<b>623.6</b>	<b>(6 798.2)</b>	<b>(945.7)</b>	<b>483.8</b>	<b>579.2</b>	<b>1 934.0</b>

**Table 2.7: Non-financial public sector comprehensive operating statement  
(continued)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Other economic flows – other movements in equity</b>						
Net gain/(loss) on financial assets at fair value	(15.6)	24.2	14.4	14.7	10.2	9.2
Revaluations of non-financial assets	4 235.2	3 689.7	374.9	5 841.6	3 449.1	6 330.3
Net gain on equity investments in other sector entities at proportional share of net assets	710.4	163.4	42.0	46.2	35.2	68.1
Other movements in equity	536.9	421.3	(1.0)	2.0	1.8	(18.8)
<b>Total other economic flows – other movements in equity</b>	<b>5 466.9</b>	<b>4 298.6</b>	<b>430.3</b>	<b>5 904.5</b>	<b>3 496.3</b>	<b>6 388.9</b>
<b>Comprehensive result – total change in net worth</b>	<b>6 090.5</b>	<b>(2 499.6)</b>	<b>(515.5)</b>	<b>6 388.3</b>	<b>4 075.6</b>	<b>8 322.9</b>
<b>FISCAL AGGREGATES</b>						
<b>Net operating balance</b>	<b>413.3</b>	<b>(603.2)</b>	<b>(838.6)</b>	<b>734.9</b>	<b>900.4</b>	<b>2 284.3</b>
Less: net acquisition of non-financial assets from transactions <sup>(a)</sup>	5 717.0	5 580.6	8 878.0	3 848.0	1 324.7	2 101.8
<b>Net lending/(borrowing)</b>	<b>(5 303.7)</b>	<b>(6 183.8)</b>	<b>(9 716.6)</b>	<b>(3 113.2)</b>	<b>(424.4)</b>	<b>182.5</b>

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.



**Table 2.8: Non-financial public sector balance sheet**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits	4 436.2	4 748.6	4 608.0	4 824.1	5 260.8	5 645.4
Advances paid	99.7	91.5	87.7	86.1	83.8	82.5
Receivables	4 220.0	4 043.5	4 892.4	4 820.1	4 758.7	4 685.1
Investments, loans and placements	4 082.4	4 025.0	3 959.1	4 008.9	4 018.1	4 076.8
Investments accounted for using equity method	602.1	603.1	603.1	603.1	603.1	603.1
Investments in other sector entities	1 046.4	1 282.4	1 351.9	1 419.5	1 471.3	1 556.0
<b>Total financial assets</b>	<b>14 486.9</b>	<b>14 794.1</b>	<b>15 502.2</b>	<b>15 761.7</b>	<b>16 195.8</b>	<b>16 648.9</b>
<b>Non-financial assets</b>						
Inventories	1 041.8	983.4	1 044.5	1 124.1	870.7	816.1
Non-financial assets held for sale	76.4	64.7	58.1	51.5	44.9	38.3
Land, buildings, infrastructure, plant and equipment	173 606.7	183 097.3	192 537.7	202 311.3	207 490.6	216 160.2
Other non-financial assets	1 667.1	1 730.3	1 839.5	1 801.6	1 751.7	1 669.6
<b>Total non-financial assets</b>	<b>176 392.0</b>	<b>185 875.7</b>	<b>195 479.8</b>	<b>205 288.5</b>	<b>210 157.8</b>	<b>218 684.3</b>
<b>Total assets</b>	<b>190 878.9</b>	<b>200 669.9</b>	<b>210 982.0</b>	<b>221 050.2</b>	<b>226 353.7</b>	<b>235 333.2</b>
<b>Liabilities</b>						
Deposits held and advances received	520.1	529.5	530.5	537.6	536.3	536.6
Payables	5 798.0	5 625.1	6 449.2	6 379.6	6 236.1	6 074.5
Borrowings	27 830.8	33 920.9	43 893.2	47 759.9	49 303.7	50 198.7
Employee benefits	4 811.0	5 030.8	5 234.2	5 441.2	5 651.2	5 879.8
Superannuation	22 843.2	29 144.0	29 184.0	29 108.2	28 911.0	28 785.0
Other provisions	1 801.2	1 644.6	1 431.4	1 175.9	992.0	812.5
<b>Total liabilities</b>	<b>63 604.4</b>	<b>75 895.0</b>	<b>86 722.6</b>	<b>90 402.5</b>	<b>91 630.4</b>	<b>92 287.0</b>
<b>Net assets</b>	<b>127 274.6</b>	<b>124 774.9</b>	<b>124 259.5</b>	<b>130 647.7</b>	<b>134 723.3</b>	<b>143 046.2</b>
Accumulated surplus	51 816.8	45 421.8	44 456.1	44 922.2	45 485.4	47 382.4
Reserves	75 409.2	79 304.6	79 754.8	85 677.0	89 189.4	95 615.3
Non-controlling interest	48.5	48.5	48.5	48.5	48.5	48.5
<b>Net worth</b>	<b>127 274.6</b>	<b>124 774.9</b>	<b>124 259.5</b>	<b>130 647.7</b>	<b>134 723.3</b>	<b>143 046.2</b>
<b>FISCAL AGGREGATES</b>						
Net financial worth	(49 117.4)	(61 100.8)	(71 220.3)	(74 640.7)	(75 434.6)	(75 638.1)
Net financial liabilities	50 163.9	62 383.3	72 572.3	76 060.2	76 905.9	77 194.1
Net debt	19 732.6	25 585.4	35 769.0	39 378.4	40 477.3	40 930.5

Source: Department of Treasury and Finance

**Table 2.9: Non-financial public sector cash flow statement**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Taxes	14 232.1	15 039.4	15 518.2	16 260.1	17 272.5	18 158.5
Grants	22 172.0	21 990.0	22 221.1	23 834.8	24 366.9	25 752.0
Sales of goods and services <sup>(a)</sup>	10 084.6	10 359.8	11 308.4	12 163.4	12 900.5	12 913.0
Interest	485.9	424.7	385.6	419.6	430.7	433.0
Dividends and income tax equivalent and rate equivalents	235.1	453.6	388.5	390.8	440.7	476.4
Other receipts	1 972.6	2 280.1	1 874.4	1 831.2	1 805.4	1 806.8
<b>Total receipts</b>	<b>49 182.4</b>	<b>50 547.6</b>	<b>51 696.0</b>	<b>54 899.8</b>	<b>57 216.7</b>	<b>59 539.7</b>
<b>Payments</b>						
Payments for employees	(17 058.3)	(17 541.5)	(17 997.8)	(18 525.3)	(19 215.6)	(19 914.3)
Superannuation	(2 171.3)	(2 216.8)	(2 583.4)	(2 703.0)	(2 832.6)	(2 777.0)
Interest	(1 499.5)	(1 828.3)	(2 410.3)	(2 949.6)	(3 106.8)	(3 178.7)
Grants	(5 980.3)	(5 915.8)	(5 805.2)	(5 870.8)	(6 025.5)	(6 103.2)
Goods and services <sup>(a)</sup>	(17 884.0)	(19 338.0)	(19 355.8)	(19 407.5)	(20 439.3)	(20 320.3)
Other payments	(331.0)	(611.8)	(618.2)	(654.4)	(691.5)	(722.5)
<b>Total payments</b>	<b>(44 924.4)</b>	<b>(47 452.1)</b>	<b>(48 770.7)</b>	<b>(50 110.6)</b>	<b>(52 311.3)</b>	<b>(53 016.0)</b>
<b>Net cash flows from operating activities</b>	<b>4 257.9</b>	<b>3 095.5</b>	<b>2 925.3</b>	<b>4 789.2</b>	<b>4 905.4</b>	<b>6 523.7</b>
<b>Cash flows from investing activities</b>						
Purchases of non-financial assets	(9 288.9)	(8 435.7)	(8 518.4)	(8 311.9)	(6 210.9)	(6 110.9)
Sales of non-financial assets	341.8	409.5	614.8	443.7	422.3	423.1
Cash flows from investments in non-financial assets	(8 947.0)	(8 026.2)	(7 903.6)	(7 868.1)	(5 788.6)	(5 687.7)
Net cash flows from investments in financial assets for policy purposes	(179.0)	367.6	(23.8)	(19.7)	(14.3)	(35.9)
Net cash flows from investments in financial assets for liquidity purposes	464.8	(69.7)	(158.2)	(302.0)	(205.7)	(261.1)
<b>Net cash flows from investing activities</b>	<b>(8 661.2)</b>	<b>(7 728.3)</b>	<b>(8 085.6)</b>	<b>(8 189.9)</b>	<b>(6 008.6)</b>	<b>(5 984.8)</b>

**Table 2.9: Non-financial public sector cash flow statement (continued)**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Cash flows from financing activities</b>						
Advances received (net)	(1.9)	(0.5)	..	..	..	..
Net borrowings	5 007.9	4 934.5	5 017.4	3 607.4	1 538.5	(157.3)
Deposits received (net)	(65.8)	9.9	1.0	7.1	(1.3)	0.2
<b>Net cash flows from financing activities</b>	<b>4 940.3</b>	<b>4 943.9</b>	<b>5 018.4</b>	<b>3 614.5</b>	<b>1 537.3</b>	<b>(157.0)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>537.0</b>	<b>311.0</b>	<b>(141.9)</b>	<b>213.7</b>	<b>434.1</b>	<b>381.9</b>
Cash and cash equivalents at beginning of reporting period	3 899.3	4 436.2	4 747.3	4 605.4	4 819.2	5 253.3
<b>Cash and cash equivalents at end of reporting period <sup>(b)</sup></b>	<b>4 436.2</b>	<b>4 747.3</b>	<b>4 605.4</b>	<b>4 819.2</b>	<b>5 253.3</b>	<b>5 635.1</b>
<b>FISCAL AGGREGATES</b>						
Net cash flows from operating activities	4 257.9	3 095.5	2 925.3	4 789.2	4 905.4	6 523.7
Net cash flows from investments in non-financial assets	(8 947.0)	(8 026.2)	(7 903.6)	(7 868.1)	(5 788.6)	(5 687.7)
<b>Cash surplus/(deficit)</b>	<b>(4 689.1)</b>	<b>(4 930.7)</b>	<b>(4 978.3)</b>	<b>(3 079.0)</b>	<b>(883.2)</b>	<b>835.9</b>

Source: Department of Treasury and Finance

Notes:

(a) Inclusive of goods and service tax.

(b) Cash and cash equivalents at the end of reporting period does not equal to cash and deposits on the balance sheet. This is due to the overdraft being included on the cash flow statement.

**Table 2.10: Non-financial public sector statement of changes in equity***(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Non- controlling interest</i>
<b>2010-11 Actual</b>		
Balance at 1 July 2010	50 796.7	44.5
Net result	623.6	..
Other comprehensive income for the year	396.5	..
Transactions with owners in their capacity as owners	..	4.0
<b>Total equity at end of period</b>	<b>51 816.8</b>	<b>48.5</b>
<b>2011-12 Revised</b>		
Balance at 1 July 2011	51 816.8	48.5
Net result	(6 798.2)	..
Other comprehensive income for the year	403.2	..
<b>Total equity at end of period</b>	<b>45 421.8</b>	<b>48.5</b>
<b>2012-13 Estimate</b>		
Balance at 1 July 2012	45 421.8	48.5
Net result	(945.7)	..
Other comprehensive income for the year	(20.0)	..
<b>Total equity at end of period</b>	<b>44 456.1</b>	<b>48.5</b>
<b>2013-14 Estimate</b>		
Balance at 1 July 2013	44 456.1	48.5
Net result	483.8	..
Other comprehensive income for the year	(17.7)	..
<b>Total equity at end of period</b>	<b>44 922.2</b>	<b>48.5</b>
<b>2014-15 Estimate</b>		
Balance at 1 July 2014	44 922.2	48.5
Net result	579.2	..
Other comprehensive income for the year	(16.1)	..
<b>Total equity at end of period</b>	<b>45 485.4</b>	<b>48.5</b>
<b>2015-16 Estimate</b>		
Balance at 1 July 2015	45 485.4	48.5
Net result	1 934.0	..
Other comprehensive income for the year	(37.0)	..
<b>Total equity at end of period</b>	<b>47 382.4</b>	<b>48.5</b>

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
68 419.6	133.8	1 785.5	121 180.1
..	..	..	623.6
4 235.2	710.4	124.8	5 466.9
..	..	..	4.0
<b>72 654.8</b>	<b>844.2</b>	<b>1 910.3</b>	<b>127 274.6</b>
72 654.8	844.2	1 910.3	127 274.6
..	..	..	(6 798.2)
3 689.7	163.4	42.3	4 298.6
<b>76 344.5</b>	<b>1 007.6</b>	<b>1 952.6</b>	<b>124 774.9</b>
76 344.5	1 007.6	1 952.6	124 774.9
..	..	..	(945.7)
374.9	42.0	33.4	430.3
<b>76 719.4</b>	<b>1 049.5</b>	<b>1 986.0</b>	<b>124 259.5</b>
76 719.4	1 049.5	1 986.0	124 259.5
..	..	..	483.8
5 841.6	46.2	34.3	5 904.5
<b>82 560.9</b>	<b>1 095.7</b>	<b>2 020.3</b>	<b>130 647.7</b>
82 560.9	1 095.7	2 020.3	130 647.7
..	..	..	579.2
3 449.1	35.2	28.1	3 496.3
<b>86 010.1</b>	<b>1 131.0</b>	<b>2 048.4</b>	<b>134 723.3</b>
86 010.1	1 131.0	2 048.4	134 723.3
..	..	..	1 934.0
6 330.3	68.1	27.4	6 388.9
<b>92 340.4</b>	<b>1 199.1</b>	<b>2 075.8</b>	<b>143 046.2</b>

**Table 2.11: Derivation of non-financial public sector GFS cash surplus/(deficit)**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
<b>Cash surplus/(deficit)</b>	<b>(4 689.1)</b>	<b>(4 930.7)</b>	<b>(4 978.3)</b>	<b>(3 079.0)</b>	<b>(883.2)</b>	<b>835.9</b>
Convergence differences:						
Acquisitions under finance leases and similar arrangements <sup>(a)</sup>	(195.6)	(1 210.6)	(4 966.3)	(235.8)	..	(1 050.4)
<b>GFS cash surplus/(deficit) <sup>(b)</sup></b>	<b>(4 884.7)</b>	<b>(6 141.3)</b>	<b>(9 944.5)</b>	<b>(3 314.7)</b>	<b>(883.2)</b>	<b>(214.5)</b>

Source: Department of Treasury and Finance

Notes:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

(b) Determined in accordance with ABS GFS manual.

**Table 2.12: Net acquisition of non-financial assets – non-financial public sector**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	9 288.9	8 435.7	8 518.4	8 311.9	6 210.9	6 110.9
Less: Sales of non-financial assets	(341.8)	(409.5)	(614.8)	(443.7)	(422.3)	(423.1)
Less: Depreciation	(3 575.9)	(3 932.4)	(4 245.4)	(4 516.7)	(4 729.1)	(4 905.7)
Plus: Other movements in non-financial assets <sup>(a)</sup>	345.9	1 486.8	5 219.8	496.5	265.3	1 319.8
<b>Total net acquisition of non-financial assets</b>	<b>5 717.0</b>	<b>5 580.6</b>	<b>8 878.0</b>	<b>3 848.0</b>	<b>1 324.7</b>	<b>2 101.8</b>

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

**Table 2.13: Public financial corporations sector comprehensive operating statement**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Revenue</b>						
Interest	2 116.9	2 376.3	2 518.9	2 809.6	3 039.7	3 230.3
Dividends	456.4	394.2	352.3	377.6	402.9	430.1
Sales of goods and services	3 476.7	3 586.3	3 789.1	3 986.9	4 194.5	4 415.6
Grants <sup>(a)</sup>	2.0	1.5	3.5	..	..	..
Other current revenue	25.0	24.7	23.4	25.1	25.3	26.0
<b>Total revenue</b>	<b>6 076.9</b>	<b>6 383.0</b>	<b>6 687.2</b>	<b>7 199.2</b>	<b>7 662.4</b>	<b>8 101.9</b>
<b>Expenses</b>						
Employee expenses	287.2	289.1	299.4	309.5	320.7	332.0
Other superannuation	19.5	25.3	26.2	27.1	28.2	29.1
Depreciation	30.4	35.2	37.4	49.3	53.3	55.0
Interest expense	1 616.8	1 910.0	2 115.3	2 392.2	2 593.9	2 757.7
Grants and other transfers <sup>(a)</sup>	7.2	..	..	..	..	..
Other operating expenses	4 879.0	4 953.0	5 142.8	5 314.9	5 562.4	5 830.6
Other property expenses	11.7	14.3	16.5	18.2	19.7	21.1
<b>Total expenses</b>	<b>6 851.9</b>	<b>7 226.9</b>	<b>7 637.6</b>	<b>8 111.2</b>	<b>8 578.3</b>	<b>9 025.6</b>
<b>Net result from transactions – net operating balance <sup>(b)</sup></b>	<b>(775.0)</b>	<b>(843.8)</b>	<b>(950.4)</b>	<b>(912.1)</b>	<b>(915.9)</b>	<b>(923.7)</b>
<b>Other economic flows included in net result</b>						
Net (loss) on sale of non-financial assets	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net gain on financial assets or liabilities at fair value	1 051.0	(1 243.0)	815.5	849.9	899.6	952.6
Other (losses) from other economic flows	581.0	171.5	531.2	539.8	553.7	569.3
<b>Total other economic flows included in net result</b>	<b>1 631.7</b>	<b>(1 071.6)</b>	<b>1 346.7</b>	<b>1 389.6</b>	<b>1 453.2</b>	<b>1 521.8</b>
<b>Net result</b>	<b>856.7</b>	<b>(1 915.5)</b>	<b>396.3</b>	<b>477.6</b>	<b>537.3</b>	<b>598.1</b>
<b>Other economic flows – other movements in equity</b>						
Revaluations of non-financial assets	1.1	..	..	..	..	..
Other movements in equity	0.4	(19.7)	..	..	..	..
<b>Total other economic flows – other movements in equity</b>	<b>1.5</b>	<b>(19.7)</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result – total change in net worth</b>	<b>858.2</b>	<b>(1 935.1)</b>	<b>396.3</b>	<b>477.6</b>	<b>537.3</b>	<b>598.1</b>

**Table 2.13: Public financial corporations sector comprehensive operating statement (continued)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
<b>FISCAL AGGREGATES</b>						
<b>Net operating balance</b>	<b>(775.0)</b>	<b>(843.8)</b>	<b>(950.4)</b>	<b>(912.1)</b>	<b>(915.9)</b>	<b>(923.7)</b>
Less: Net acquisition of non-financial assets from transactions	17.0	19.7	10.6	3.7	(6.8)	(5.7)
<b>Net lending/(borrowing)</b>	<b>(792.0)</b>	<b>(863.6)</b>	<b>(960.9)</b>	<b>(915.7)</b>	<b>(909.1)</b>	<b>(918.0)</b>

Source: Department of Treasury and Finance

Notes:

- (a) Estimates from 2011-12 onwards exclude grants received by the Rural Finance Corporation (RFC) from the general government sector for on-passing to the private sector as the RFC is acting as an agent of the general government sector. Therefore such grants are not recognised by the RFC. Grants revenue in 2011-12 and 2012-13 represents funding to the State Trustee Limited to assist in the establishment of a new regional office in Bendigo.
- (b) Capital gains on the investment portfolios of the State's insurance agencies (Victorian Workcover Authority, Transport Accident Commission and Victorian Managed Insurance Authority) are classified as other economic flows. As these capital gains are available to fund claims expenses, the net result provides a more meaningful reflection of the underlying operating performance of the PFC sector than the net result from transactions.



**Table 2.14: Public financial corporations sector balance sheet**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits	4 720.5	3 651.0	3 616.8	3 923.3	4 209.1	4 555.9
Advances paid	1 437.9	1 573.7	1 700.2	1 802.6	1 911.1	2 025.7
Investments, loans and placements	23 448.4	24 523.5	25 274.7	26 226.7	27 278.1	28 567.3
Loans receivable from non-financial public sector <sup>(a)</sup>	22 828.2	29 328.7	34 648.7	38 497.5	40 284.4	40 375.6
Receivables	1 884.6	2 011.0	2 030.8	2 076.2	2 129.7	2 199.5
<b>Total financial assets</b>	<b>54 319.6</b>	<b>61 088.0</b>	<b>67 271.2</b>	<b>72 526.3</b>	<b>75 812.4</b>	<b>77 724.0</b>
<b>Non-financial assets</b>						
Non-financial assets held for sale	1.3	..	..	..	..	..
Land, buildings, infrastructure, plant and equipment	77.1	82.1	83.3	81.2	74.6	67.7
Other non-financial assets	1 679.4	2 040.5	1 924.4	1 781.8	1 614.3	1 427.6
<b>Total non-financial assets</b>	<b>1 757.8</b>	<b>2 122.6</b>	<b>2 007.7</b>	<b>1 863.0</b>	<b>1 688.8</b>	<b>1 495.3</b>
<b>Total assets</b>	<b>56 077.4</b>	<b>63 210.5</b>	<b>69 278.9</b>	<b>74 389.3</b>	<b>77 501.2</b>	<b>79 219.2</b>
<b>Liabilities</b>						
Deposits held and advances received	4 760.7	5 584.9	5 084.8	5 029.6	4 952.8	5 048.1
Payables	1 462.5	2 016.1	2 084.6	2 176.2	2 246.6	2 327.6
Borrowings <sup>(b)</sup>	29 805.4	36 030.6	41 457.9	45 391.4	47 267.1	47 446.3
Employee benefits	63.8	61.9	60.6	60.4	61.2	61.6
Other provisions	18 920.2	20 665.5	21 600.0	22 521.8	23 533.5	24 636.7
<b>Total liabilities</b>	<b>55 012.6</b>	<b>64 359.0</b>	<b>70 287.9</b>	<b>75 179.4</b>	<b>78 061.1</b>	<b>79 520.4</b>
<b>Net assets</b> <sup>(c)</sup>	<b>1 064.7</b>	<b>(1 148.4)</b>	<b>(1 009.0)</b>	<b>(790.1)</b>	<b>(559.8)</b>	<b>(301.2)</b>
Accumulated surplus/(deficit)	114.6	(2 157.6)	(2 070.0)	(1 874.8)	(1 665.0)	(1 426.9)
Reserves	950.1	1 009.1	1 061.0	1 084.7	1 105.1	1 125.8
<b>Net worth</b> <sup>(c)</sup>	<b>1 064.7</b>	<b>(1 148.4)</b>	<b>(1 009.0)</b>	<b>(790.1)</b>	<b>(559.8)</b>	<b>(301.2)</b>
<b>FISCAL AGGREGATES</b>						
Net financial worth	(693.1)	(3 271.0)	(3 016.7)	(2 653.1)	(2 248.7)	(1 796.4)
Net financial liabilities	693.1	3 271.0	3 016.7	2 653.1	2 248.7	1 796.4
Net debt	(17 868.9)	(17 461.4)	(18 697.7)	(20 029.2)	(21 462.9)	(23 030.0)

Source: Department of Treasury and Finance

Notes:

- (a) Loans receivable from the non-financial public sector are reported at amortised cost.
- (b) Borrowings with the private sector are reported at market value.
- (c) Treasury Corporation of Victoria's external loan liabilities are reported at market value while the corresponding assets, that is lending to the non-financial public sector, are reported at amortised cost. This mismatch results in the negative net asset position of the sector.

**Table 2.15: Public financial corporations sector cash flow statement**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Grants	2.0	1.6	3.5	..	..	..
Sales of goods and services <sup>(a)</sup>	3 785.6	3 878.0	4 236.7	4 428.8	4 648.5	4 874.7
Interest	1 901.2	2 254.9	2 343.3	2 636.3	2 866.1	3 061.3
Dividends	456.4	394.2	352.3	377.6	402.9	430.1
Other receipts	230.3	34.9	19.9	21.1	23.0	22.4
<b>Total receipts</b>	<b>6 375.5</b>	<b>6 563.7</b>	<b>6 955.8</b>	<b>7 463.8</b>	<b>7 940.6</b>	<b>8 388.5</b>
<b>Payments</b>						
Payments for employees	(283.5)	(291.0)	(300.8)	(309.6)	(320.0)	(331.6)
Superannuation	(19.5)	(25.3)	(26.2)	(27.1)	(28.2)	(29.1)
Interest	(1 539.5)	(1 918.2)	(2 070.5)	(2 347.4)	(2 549.1)	(2 712.9)
Grants	(7.2)	..	..	..	..	..
Goods and services <sup>(a)(b)</sup>	(3 619.0)	(3 565.2)	(3 940.1)	(4 093.0)	(4 260.4)	(4 415.1)
Other payments <sup>(b)</sup>	(13.8)	(13.4)	(16.0)	(17.9)	(19.4)	(20.9)
<b>Total payments</b>	<b>(5 482.5)</b>	<b>(5 813.1)</b>	<b>(6 353.7)</b>	<b>(6 795.0)</b>	<b>(7 177.2)</b>	<b>(7 509.5)</b>
<b>Net cash flows from operating activities</b>	<b>893.0</b>	<b>750.5</b>	<b>602.1</b>	<b>668.8</b>	<b>763.4</b>	<b>879.0</b>
<b>Cash flows from investing activities</b>						
Purchases of non-financial assets	(49.9)	(55.7)	(48.5)	(53.5)	(47.1)	(49.9)
Sales of non-financial assets	2.5	0.8	0.6	0.6	0.6	0.6
Cash flows from investments in non-financial assets	(47.5)	(54.9)	(48.0)	(52.9)	(46.5)	(49.3)
Net cash flows from investments in financial assets for policy purposes	(13.9)	(155.1)	(126.5)	(102.4)	(108.5)	(114.5)
Net cash flows from investments in financial assets for liquidity purposes	(3 183.9)	(7 321.8)	(5 086.7)	(3 784.5)	(1 772.3)	(264.4)
<b>Net cash flows from investing activities</b>	<b>(3 245.3)</b>	<b>(7 531.8)</b>	<b>(5 261.2)</b>	<b>(3 939.8)</b>	<b>(1 927.4)</b>	<b>(428.2)</b>
<b>Cash flows from financing activities</b>						
Advances received (net)	(263.7)	837.5	(500.1)	(55.2)	(76.8)	95.4
Net borrowings	3 660.8	5 169.5	5 382.7	3 891.4	1 833.7	140.1
Deposits received (net)	113.1	(13.4)	..	..	..	..
Other financing (net)	(125.6)	(281.9)	(257.7)	(258.6)	(307.1)	(339.4)
<b>Net cash flows from financing activities</b>	<b>3 384.5</b>	<b>5 711.8</b>	<b>4 624.9</b>	<b>3 577.6</b>	<b>1 449.8</b>	<b>(104.0)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1 032.2</b>	<b>(1 069.5)</b>	<b>(34.2)</b>	<b>306.6</b>	<b>285.8</b>	<b>346.8</b>

**Table 2.15: Public financial corporations sector cash flow statement (*continued*)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash and cash equivalents at beginning of reporting period	3 688.2	4 720.5	3 651.0	3 616.8	3 923.3	4 209.1
<b>Cash and cash equivalents at end of reporting period <sup>(c)</sup></b>	<b>4 720.5</b>	<b>3 651.0</b>	<b>3 616.8</b>	<b>3 923.3</b>	<b>4 209.1</b>	<b>4 555.9</b>
<b>FISCAL AGGREGATES</b>						
Net cash flows from operating activities	893.0	750.5	602.1	668.8	763.4	879.0
Dividends paid	(147.8)	(353.4)	(284.4)	(279.9)	(323.7)	(356.0)
Net cash flows from investments in non-financial assets	(47.5)	(54.9)	(48.0)	(52.9)	(46.5)	(49.3)
<b>Cash surplus</b>	<b>697.7</b>	<b>342.2</b>	<b>269.7</b>	<b>335.9</b>	<b>393.2</b>	<b>473.6</b>

Source: Department of Treasury and Finance

Notes:

- (a) Inclusive of goods and services tax.
- (b) Reclassification of income tax equivalent payable within 12 months from goods and services to other payments has required re-presentation of the 2010-11 actual results.
- (c) Cash and cash equivalents at the end of reporting period does not equal to cash and deposits on the balance sheet. This is due to the overdraft being included on the cash flow statement.

**Table 2.16: Public financial corporations sector statement of changes in equity***(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Contribution by owners</i>
<b>2010-11 Actual</b>		
Balance at 1 July 2010	(688.0)	179.0
Net result	856.7	..
Dividends paid	(147.8)	..
Other comprehensive income for the year	93.7	..
Transactions with owners in their capacity as owners	..	22.2
<b>Total equity at end of period</b>	<b>114.6</b>	<b>201.2</b>
<b>2011-12 Revised</b>		
Balance at 1 July 2011	114.6	201.2
Net result	(1 915.5)	..
Dividends paid	(353.4)	..
Other comprehensive income for the year	(3.3)	..
Transactions with owners in their capacity as owners	..	75.4
<b>Total equity at end of period</b>	<b>(2 157.6)</b>	<b>276.6</b>
<b>2012-13 Estimate</b>		
Balance at 1 July 2012	(2 157.6)	276.6
Net result	396.3	..
Dividends paid	(284.4)	..
Other comprehensive income for the year	(24.4)	..
Transactions with owners in their capacity as owners	..	27.6
<b>Total equity at end of period</b>	<b>(2 070.0)</b>	<b>304.1</b>
<b>2013-14 Estimate</b>		
Balance at 1 July 2013	(2 070.0)	304.1
Net result	477.6	..
Dividends paid	(279.9)	..
Other comprehensive income for the year	(2.4)	..
Transactions with owners in their capacity as owners	..	21.3
<b>Total equity at end of period</b>	<b>(1 874.8)</b>	<b>325.4</b>
<b>2014-15 Estimate</b>		
Balance at 1 July 2014	(1 874.8)	325.4
Net result	537.3	..
Dividends paid	(323.7)	..
Other comprehensive income for the year	(3.8)	..
Transactions with owners in their capacity as owners	..	16.6
<b>Total equity at end of period</b>	<b>(1 665.0)</b>	<b>342.0</b>
<b>2015-16 Estimate</b>		
Balance at 1 July 2015	(1 665.0)	342.0
Net result	598.1	..
Dividends paid	(356.0)	..
Other comprehensive income for the year	(4.0)	..
Transactions with owners in their capacity as owners	..	16.6
<b>Total equity at end of period</b>	<b>(1 426.9)</b>	<b>358.6</b>

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
11.2	829.9	332.1
..	..	856.7
..	..	(147.8)
1.1	(93.4)	1.5
..	..	22.2
<b>12.3</b>	<b>736.6</b>	<b>1 064.7</b>
12.3	736.6	1 064.7
..	..	(1 915.5)
..	..	(353.4)
..	(16.3)	(19.7)
..	..	75.4
<b>12.3</b>	<b>720.2</b>	<b>(1 148.4)</b>
12.3	720.2	(1 148.4)
..	..	396.3
..	..	(284.4)
..	24.4	..
..	..	27.6
<b>12.3</b>	<b>744.6</b>	<b>(1 009.0)</b>
12.3	744.6	(1 009.0)
..	..	477.6
..	..	(279.9)
..	2.4	..
..	..	21.3
<b>12.3</b>	<b>747.0</b>	<b>(790.1)</b>
12.3	747.0	(790.1)
..	..	537.3
..	..	(323.7)
..	3.8	..
..	..	16.6
<b>12.3</b>	<b>750.8</b>	<b>(559.8)</b>
12.3	750.8	(559.8)
..	..	598.1
..	..	(356.0)
..	4.0	..
..	..	16.6
<b>12.3</b>	<b>754.8</b>	<b>(301.2)</b>

**Table 2.17: Derivation of public financial corporations sector GFS cash surplus/(deficit)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Cash surplus/(deficit)</b>	<b>697.7</b>	<b>342.2</b>	<b>269.7</b>	<b>335.9</b>	<b>393.2</b>	<b>473.6</b>
Convergence differences:						
Acquisitions under finance leases and similar arrangements	..	..	..	..	..	..
<b>GFS cash surplus/(deficit) <sup>(a)</sup></b>	<b>697.7</b>	<b>342.2</b>	<b>269.7</b>	<b>335.9</b>	<b>393.2</b>	<b>473.6</b>

Source: Department of Treasury and Finance

Note:

(a) Determined in accordance with ABS GFS manual.

**Table 2.18: Net acquisition of non-financial assets – public financial corporations sector**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	49.9	55.7	48.5	53.5	47.1	49.9
Less: Sales of non-financial assets	(2.5)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)
Less: Depreciation	(30.4)	(35.2)	(37.4)	(49.3)	(53.3)	(55.0)
<b>Total net acquisition of non-financial assets</b>	<b>17.0</b>	<b>19.7</b>	<b>10.6</b>	<b>3.7</b>	<b>(6.8)</b>	<b>(5.7)</b>

Source: Department of Treasury and Finance

**Table 2.19: State of Victoria operating statement**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Revenue</b>						
Taxation revenue	14 647.1	14 668.3	15 445.7	16 227.6	17 236.7	18 081.7
Interest	1 203.6	1 144.3	1 027.6	1 038.0	1 071.0	1 096.3
Dividends and rate equivalents	529.5	481.7	440.4	470.7	500.6	529.7
Sales of goods and services	12 009.3	12 514.1	13 246.3	14 152.8	14 987.9	15 180.4
Grants	22 298.6	21 767.0	22 124.6	23 745.5	24 278.7	25 671.3
Other current revenue	2 564.6	2 621.5	2 507.1	2 486.8	2 493.9	2 548.5
<b>Total revenue</b>	<b>53 252.8</b>	<b>53 196.9</b>	<b>54 791.7</b>	<b>58 121.3</b>	<b>60 568.8</b>	<b>63 107.9</b>
<b>Expenses</b>						
Employee expenses	17 256.7	17 747.7	18 200.0	18 735.7	19 423.5	20 143.6
Superannuation interest expense	932.0	808.6	729.2	722.9	713.6	700.7
Other superannuation	1 807.4	1 856.9	1 916.2	1 927.2	1 945.8	1 975.0
Depreciation	3 606.3	3 967.6	4 282.8	4 566.0	4 782.4	4 960.7
Interest expense	1 797.9	2 118.7	2 680.7	3 209.0	3 357.2	3 417.4
Grants and other transfers	6 409.7	5 808.1	5 789.2	5 861.0	6 018.1	6 100.0
Other operating expenses	21 955.3	22 689.7	23 267.0	23 556.7	24 667.4	24 805.9
<b>Total expenses</b>	<b>53 765.3</b>	<b>54 997.3</b>	<b>56 865.0</b>	<b>58 578.4</b>	<b>60 908.0</b>	<b>62 103.3</b>
<b>Net result from transactions – net operating balance</b>	<b>(512.5)</b>	<b>(1 800.4)</b>	<b>(2 073.4)</b>	<b>(457.1)</b>	<b>(339.2)</b>	<b>1 004.6</b>
<b>Other economic flows included in net result</b>						
Net gain/(loss) on sale of non-financial assets	(43.0)	148.0	262.8	150.4	108.1	108.9
Net gain on financial assets or liabilities at fair value	1 257.5	(1 303.3)	818.9	853.1	902.5	955.3
Net actuarial gains/(losses) of superannuation defined benefits plans	303.0	(5 877.3)	(4.2)	(4.2)	(4.2)	(4.2)
Share of net profit/(loss) from associates, excluding dividends	68.3	..	..	..	..	..
Other gains/(losses) from other economic flows	573.4	(574.6)	289.1	292.2	297.1	302.8
<b>Total other economic flows included in net result</b>	<b>2 159.3</b>	<b>(7 607.2)</b>	<b>1 366.5</b>	<b>1 291.4</b>	<b>1 303.5</b>	<b>1 362.8</b>
<b>Net result</b>	<b>1 646.8</b>	<b>(9 407.6)</b>	<b>(706.9)</b>	<b>834.3</b>	<b>964.3</b>	<b>2 367.4</b>

**Table 2.19: State of Victoria operating statement (continued)**

	(\$ million)					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Other economic flows – other movements in equity</b>						
Net gain/(loss) on financial assets at fair value	(15.6)	24.2	14.4	14.7	10.2	9.2
Revaluations of non-financial assets	4 236.3	3 689.7	374.9	5 841.6	3 449.1	6 330.3
Other movements in equity	537.3	378.3	(1.0)	2.0	1.8	(18.8)
<b>Total other economic flows – other movements in equity</b>	<b>4 758.0</b>	<b>4 092.2</b>	<b>388.3</b>	<b>5 858.3</b>	<b>3 461.1</b>	<b>6 320.7</b>
<b>Comprehensive result – total change in net worth</b>	<b>6 404.8</b>	<b>(5 315.4)</b>	<b>(318.5)</b>	<b>6 692.5</b>	<b>4 425.4</b>	<b>8 688.1</b>
<b>FISCAL AGGREGATES</b>						
<b>Net operating balance</b>	<b>(512.5)</b>	<b>(1 800.4)</b>	<b>(2 073.4)</b>	<b>(457.1)</b>	<b>(339.2)</b>	<b>1 004.6</b>
Less: net acquisition of non-financial assets from transactions <sup>(a)</sup>	5 734.1	5 606.4	8 889.4	3 851.7	1 317.9	2 096.1
<b>Net lending/(borrowing)</b>	<b>(6 246.6)</b>	<b>(7 406.8)</b>	<b>(10 962.8)</b>	<b>(4 308.8)</b>	<b>(1 657.2)</b>	<b>(1 091.6)</b>

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.



**Table 2.20: State of Victoria balance sheet**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits	5 165.1	5 572.2	5 982.2	6 450.0	7 138.5	7 906.7
Advances paid	1 537.6	1 665.2	1 787.9	1 888.7	1 994.9	2 108.2
Receivables	5 918.6	5 875.8	6 729.2	6 689.2	6 668.6	6 655.1
Investments, loans and placements	25 502.1	26 329.1	27 123.8	28 234.7	29 404.8	30 620.6
Investments accounted for using equity method	602.1	603.1	603.1	603.1	603.1	603.1
<b>Total financial assets</b>	<b>38 725.7</b>	<b>40 045.4</b>	<b>42 226.2</b>	<b>43 865.7</b>	<b>45 810.0</b>	<b>47 893.7</b>
<b>Non-financial assets</b>						
Inventories	1 041.8	983.4	1 044.5	1 124.1	870.7	816.1
Non-financial assets held for sale	77.7	64.7	58.1	51.5	44.9	38.3
Land, buildings, infrastructure, plant and equipment	173 681.6	183 179.4	192 621.0	202 392.5	207 565.1	216 227.9
Other non-financial assets	1 824.3	1 912.6	2 032.7	2 004.9	1 958.9	1 881.5
<b>Total non-financial assets</b>	<b>176 625.3</b>	<b>186 140.1</b>	<b>195 756.2</b>	<b>205 573.1</b>	<b>210 439.7</b>	<b>218 963.8</b>
<b>Total assets</b>	<b>215 351.0</b>	<b>226 185.5</b>	<b>237 982.4</b>	<b>249 438.8</b>	<b>256 249.6</b>	<b>266 857.5</b>
<b>Liabilities</b>						
Deposits held and advances received	1 240.3	1 517.1	1 518.1	1 525.2	1 523.9	1 524.2
Payables	7 082.2	7 463.7	8 341.0	8 350.0	8 264.1	8 173.9
Borrowings	32 791.2	40 171.0	50 444.7	54 395.1	56 026.3	57 009.4
Employee benefits	4 874.8	5 092.7	5 294.8	5 501.6	5 712.3	5 941.5
Superannuation	22 843.2	29 144.0	29 184.0	29 108.2	28 911.0	28 785.0
Other provisions	20 719.8	22 313.1	23 034.4	23 700.7	24 528.5	25 452.2
<b>Total liabilities</b>	<b>89 551.6</b>	<b>105 701.5</b>	<b>117 817.0</b>	<b>122 580.8</b>	<b>124 966.3</b>	<b>126 886.1</b>
<b>Net assets</b>	<b>125 799.3</b>	<b>120 484.0</b>	<b>120 165.4</b>	<b>126 858.0</b>	<b>131 283.3</b>	<b>139 971.4</b>
Accumulated surplus	50 436.9	41 405.9	40 654.7	41 468.9	42 413.3	44 739.6
Reserves	75 313.9	79 029.6	79 462.2	85 340.5	88 821.5	95 183.3
Non-controlling interest	48.5	48.5	48.5	48.5	48.5	48.5
<b>Net worth</b>	<b>125 799.3</b>	<b>120 484.0</b>	<b>120 165.4</b>	<b>126 858.0</b>	<b>131 283.3</b>	<b>139 971.4</b>
<b>FISCAL AGGREGATES</b>						
Net financial worth	(50 826.0)	(65 656.2)	(75 590.8)	(78 715.1)	(79 156.3)	(78 992.4)
Net financial liabilities	50 826.0	65 656.2	75 590.8	78 715.1	79 156.3	78 992.4
Net debt	1 826.7	8 121.6	17 068.9	19 346.9	19 012.0	17 898.1

Source: Department of Treasury and Finance

**Table 2.21: State of Victoria cash flow statement**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Taxes received	14 218.3	15 024.7	15 503.1	16 244.5	17 256.4	18 141.7
Grants	22 051.3	21 885.9	22 135.1	23 750.0	24 281.9	25 671.2
Sales of goods and services <sup>(a)</sup>	13 238.7	13 548.2	14 800.5	15 794.0	16 711.9	16 899.3
Interest	937.9	948.3	785.1	840.4	880.0	918.3
Dividends and rate equivalents receipts	529.5	481.0	440.4	470.7	500.6	529.7
Other receipts	2 202.9	2 311.7	1 894.3	1 852.2	1 828.4	1 829.2
<b>Total receipts</b>	<b>53 178.6</b>	<b>54 199.8</b>	<b>55 558.5</b>	<b>58 951.8</b>	<b>61 459.2</b>	<b>63 989.4</b>
<b>Payments</b>						
Payments for employees	(17 064.3)	(17 535.8)	(18 001.1)	(18 532.2)	(19 216.4)	(19 917.2)
Superannuation	(2 190.8)	(2 242.1)	(2 609.6)	(2 730.1)	(2 860.8)	(2 806.0)
Interest paid	(1 589.8)	(2 021.0)	(2 537.0)	(3 081.5)	(3 239.1)	(3 315.6)
Grants and subsidies	(5 962.9)	(5 911.4)	(5 801.7)	(5 870.8)	(6 025.5)	(6 103.2)
Goods and services <sup>(a)</sup>	(21 036.8)	(22 391.4)	(22 747.9)	(22 904.6)	(24 080.8)	(24 078.2)
Other payments	(331.0)	(611.8)	(618.2)	(654.4)	(691.5)	(722.5)
<b>Total payments</b>	<b>(48 175.5)</b>	<b>(50 713.6)</b>	<b>(52 315.4)</b>	<b>(53 773.8)</b>	<b>(56 114.1)</b>	<b>(56 942.7)</b>
<b>Net cash flows from operating activities</b>	<b>5 003.1</b>	<b>3 486.2</b>	<b>3 243.0</b>	<b>5 178.0</b>	<b>5 345.1</b>	<b>7 046.7</b>
<b>Cash flows from investing activities</b>						
Purchases of non-financial assets	(9 338.8)	(8 497.6)	(8 567.7)	(8 365.4)	(6 258.0)	(6 160.8)
Sales of non-financial assets	344.3	410.3	615.3	444.3	422.9	423.7
Cash flows from investments in non-financial assets	(8 994.5)	(8 087.3)	(7 952.4)	(7 921.1)	(5 835.1)	(5 737.1)
Net cash flows from investments in financial assets for policy purposes	(180.2)	261.8	(122.7)	(100.9)	(106.2)	(133.8)
Net cash flows from investments in financial assets for liquidity management purposes	1 349.1	(637.7)	(34.4)	(346.9)	(300.7)	(302.1)
<b>Net cash flows from investing activities</b>	<b>(7 825.6)</b>	<b>(8 463.1)</b>	<b>(8 109.5)</b>	<b>(8 368.8)</b>	<b>(6 242.0)</b>	<b>(6 173.0)</b>

**Table 2.21: State of Victoria cash flow statement (continued)**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Cash flows from financing activities</b>						
Advances received (net)	(285.8)	280.2	..	..	..	..
Net borrowings	3 514.7	5 105.8	5 274.3	3 649.1	1 584.0	(108.4)
Deposits received (net)	47.3	(3.5)	1.0	7.1	(1.3)	0.2
<b>Net cash flows from financing activities</b>	<b>3 276.2</b>	<b>5 382.6</b>	<b>5 275.2</b>	<b>3 656.2</b>	<b>1 582.8</b>	<b>(108.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>453.8</b>	<b>405.8</b>	<b>408.8</b>	<b>465.4</b>	<b>685.8</b>	<b>765.5</b>
Cash and cash equivalents at beginning of reporting period	4 711.4	5 165.1	5 570.9	5 979.7	6 445.1	7 130.9
<b>Cash and cash equivalents at end of reporting period <sup>(b)</sup></b>	<b>5 165.1</b>	<b>5 570.9</b>	<b>5 979.7</b>	<b>6 445.1</b>	<b>7 130.9</b>	<b>7 896.4</b>
<b>FISCAL AGGREGATES</b>						
Net cash flows from operating activities	5 003.1	3 486.2	3 243.0	5 178.0	5 345.1	7 046.7
Net cash flows from investments in non-financial assets	(8 994.5)	(8 087.3)	(7 952.4)	(7 921.1)	(5 835.1)	(5 737.1)
<b>Cash surplus/(deficit)</b>	<b>(3 991.4)</b>	<b>(4 601.0)</b>	<b>(4 709.4)</b>	<b>(2 743.0)</b>	<b>(490.0)</b>	<b>1 309.6</b>

Source: Department of Treasury and Finance

Notes:

(a) Inclusive of goods and services tax.

(b) Cash and cash equivalents at the end of reporting period does not equal to cash and deposits on the balance sheet. This is due to overdraft being included on the cash flow statement.

**Table 2.22: State of Victoria statement of changes in equity***(\$ million)*

<i>State of Victoria</i>	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
<b>2010-11 Actual</b>		
Balance at 1 July 2010	48 299.9	44.5
Net result	1 646.8	..
Other comprehensive income for the year	490.3	..
Transactions with owners in their capacity as owners	..	4.0
<b>Total equity at end of period</b>	<b>50 436.9</b>	<b>48.5</b>
<b>2011-12 Revised</b>		
Balance at 1 July 2011	50 436.9	48.5
Net result	(9 407.6)	..
Other comprehensive income for the year	376.6	..
<b>Total equity at end of period</b>	<b>41 405.9</b>	<b>48.5</b>
<b>2012-13 Estimate</b>		
Balance at 1 July 2012	41 405.9	48.5
Net result	(706.9)	..
Other comprehensive income for the year	(44.3)	..
<b>Total equity at end of period</b>	<b>40 654.7</b>	<b>48.5</b>
<b>2013-14 Estimate</b>		
Balance at 1 July 2013	40 654.7	48.5
Net result	834.3	..
Other comprehensive income for the year	(20.0)	..
<b>Total equity at end of period</b>	<b>41 468.9</b>	<b>48.5</b>
<b>2014-15 Estimate</b>		
Balance at 1 July 2014	41 468.9	48.5
Net result	964.3	..
Other comprehensive income for the year	(19.9)	..
<b>Total equity at end of period</b>	<b>42 413.3</b>	<b>48.5</b>
<b>2015-16 Estimate</b>		
Balance at 1 July 2015	42 413.3	48.5
Net result	2 367.4	..
Other comprehensive income for the year	(41.0)	..
<b>Total equity at end of period</b>	<b>44 739.6</b>	<b>48.5</b>

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
68 430.8	2 615.4	119 390.6
..	..	1 646.8
4 236.3	31.5	4 758.0
..	..	4.0
<b>72 667.1</b>	<b>2 646.8</b>	<b>125 799.3</b>
72 667.1	2 646.8	125 799.3
..	..	(9 407.6)
3 689.7	26.0	4 092.2
<b>76 356.8</b>	<b>2 672.8</b>	<b>120 484.0</b>
76 356.8	2 672.8	120 484.0
..	..	(706.9)
374.9	57.8	388.3
<b>76 731.7</b>	<b>2 730.6</b>	<b>120 165.4</b>
76 731.7	2 730.6	120 165.4
..	..	834.3
5 841.6	36.7	5 858.3
<b>82 573.2</b>	<b>2 767.3</b>	<b>126 858.0</b>
82 573.2	2 767.3	126 858.0
..	..	964.3
3 449.1	31.9	3 461.1
<b>86 022.4</b>	<b>2 799.2</b>	<b>131 283.3</b>
86 022.4	2 799.2	131 283.3
..	..	2 367.4
6 330.3	31.4	6 320.7
<b>92 352.7</b>	<b>2 830.6</b>	<b>139 971.4</b>

**Table 2.23: Derivation of State of Victoria sector GFS cash surplus/(deficit)**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Cash surplus/(deficit)</b>	<b>(3 991.4)</b>	<b>(4 601.0)</b>	<b>(4 709.4)</b>	<b>(2 743.0)</b>	<b>(490.0)</b>	<b>1 309.6</b>
Convergence differences:						
Acquisitions under finance leases and similar arrangements <sup>(a)</sup>	(195.6)	(1 210.6)	(4 966.3)	(235.8)	..	(1 050.4)
<b>GFS cash surplus/(deficit) <sup>(b)</sup></b>	<b>(4 187.0)</b>	<b>(5 811.6)</b>	<b>(9 675.7)</b>	<b>(2 978.8)</b>	<b>(490.0)</b>	<b>259.1</b>

Source: Department of Treasury and Finance

Notes:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

(b) Determined in accordance with ABS GFS manual.

**Table 2.24: Net acquisition of non-financial assets – State of Victoria**

(\$ million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	9 338.8	8 497.6	8 567.7	8 365.4	6 258.0	6 160.8
Less: Sales of non-financial assets	(344.3)	(410.3)	(615.3)	(444.3)	(422.9)	(423.7)
Less: Depreciation	(3 606.3)	(3 967.6)	(4 282.8)	(4 566.0)	(4 782.4)	(4 960.7)
Plus: Other movements in non-financial assets <sup>(a)</sup>	345.9	1 486.8	5 219.8	496.5	265.3	1 319.8
<b>Total net acquisition of non-financial assets</b>	<b>5 734.1</b>	<b>5 606.4</b>	<b>8 889.4</b>	<b>3 851.7</b>	<b>1 317.9</b>	<b>2 096.1</b>

Source: Department of Treasury and Finance

Note:

(a) The 2012-13 estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

## VICTORIA'S 2012-13 LOAN COUNCIL ALLOCATION

**Table 2.25: Loan Council Allocation**

(\$ million)

	2012-13 Nomination	Budget Estimate
General government cash deficit (+)	897.8	971.3
Public non-financial corporations sector cash deficit (+)	3 402.4	4 007.0
Non-financial public sector cash deficit (+) <sup>(a)</sup>	4 300.1	4 978.3
Acquisitions under finance leases and similar arrangements	844.8	4 966.3
ABS GFS cash deficit (+)	5 145.0	9 944.5
Net cash flows from investments in financial assets for policy purposes <sup>(b)</sup>	(7.3)	(23.8)
Memorandum items <sup>(c)</sup>	367.5	360.4
<b>Loan Council Allocation</b>	<b>5 519.7</b>	<b>10 328.7</b>
Tolerance limit <sup>(d)</sup>	1 053.1	1 033.9

*Notes:*

- (a) *The sum of the cash deficit of the general government sector and the public non-financial corporation sector does not directly equal the non-financial public sector cash deficit due to inter-sectoral transfers, which are netted out in the calculation of the non-financial public sector figure. The non-financial public sector cash deficit excludes finance lease acquisitions.*
- (b) *The ABS GFS cash deficit is adjusted to include in the Loan Council Allocation (LCA) the impact of net cash flows from investments in financial assets for policy purposes.*
- (c) *The ABS GFS cash deficit is adjusted to include in the LCA the impact of memorandum items, which include certain transactions that have many of the characteristics of public sector borrowings but do not constitute formal borrowings (e.g. operating leases). They also include, where appropriate, transactions that the Loan Council has agreed should not be included in the LCA (e.g. the over/under funding of employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities).*
- (d) *A tolerance limit equal to 2 per cent of total non-financial public sector cash receipts from operating activities applies to the movement between a jurisdiction's LCA nomination and LCA revised budget estimate (calculated using estimates in the 2011-12 Budget Update), and again between the LCA budget estimate and LCA outcome (calculated using estimates in the 2012-13 Budget). The tolerance limit applying to the movement between Victoria's 2012-13 LCA nomination and its LCA revised budget estimate is \$1.1 billion (2 per cent of \$52.7 billion). The tolerance limit applying to the movement between Victoria's 2012-13 LCA budget estimate and LCA outcome is \$1.0 billion (2 per cent of \$51.7 billion).*

As part of the Loan Council arrangements, the Council has agreed that if at any time a state or territory finds that it is likely to exceed its tolerance limit, in either direction it is required to provide an explanation to the Council, and in line with the emphasis of increased transparency, to make the explanation public. Victoria's 2012-13 revised LCA (a deficit of \$10.3 billion) exceeded the tolerance limit established under the LCA nomination process, primarily due to a \$4.1 billion increase in the acquisitions under finance leases and similar arrangements as a result of the recognition of the finance lease arrangement for the Victorian desalination plant.

In the interest of transparency, the State is required to disclose the details of new infrastructure projects with private sector involvement that are expected to be contracted during the forthcoming LCA year, and to report the full contingent exposure, if any. Exposure is to be measured by the Government's termination liabilities in the event of private sector default and disclosed as a footnote to, rather than a component of the LCA. The amount payable will not exceed the fair market value of the project (which is usually calculated by an independent valuer) less any costs incurred by the Government as a result of the default.

Listed below are details of the public private partnership (PPP) project that is expected to be contracted in the 2012-13 financial year.

### **New Bendigo Hospital project**

The New Bendigo Hospital (NBH) will be a world-class regional health service providing for the future health needs and increasing demands of a growing population in the Bendigo and Loddon-Mallee regions.

The State has committed \$630 million in capital funding for the new hospital and associated enabling works.

The Expressions of Interest shortlist for the project was announced in February 2012. Once tendering is complete, a private consortium will design, build, finance and maintain the NBH facilities, while the State (Bendigo Health) will provide core medical services. Once operations at the NBH commence, the State will begin quarterly payments to the private consortium, the value of which will depend on attainment of key performance indicators relating to service provision. Contract execution is expected in 2013. The construction of the facility is expected to be completed in 2016-17.

There are no other PPP projects greater than \$5 million that are expected to be signed during the 2012-13 financial year.



## CHAPTER 3 – DEPARTMENTAL FINANCIAL STATEMENTS

---

This chapter should be read in conjunction with Budget Paper No. 3 *Service Delivery* which provides an overview of the goods and services funded by the Government and delivered by departments in the coming financial year.

The following tables help to assess each department's forecast financial performance:

- the comprehensive operating statement provides details of the department's revenue and expenses on an accrual basis reflecting the cost of providing its outputs;
- the balance sheet shows all controlled assets and liabilities of the department. The difference between these represents the net asset position, which is an indicator of the State's equity interest in the department;
- the cash flow statement shows all movements of cash (cash receipts and payments). The cash impact of financing and investing activities on departmental resources is also shown in this statement;
- the statement of changes in equity adds together the comprehensive result from the operating statement, which includes the impact of net result plus other items recognised in equity, such as the revaluation of property, plant and equipment, to present total changes in equity;
- the administered items statement provides details of the department's administered revenue and expenses, and its administered assets and liabilities. By their nature, most if not all administered items are expensed and paid in cash in the year in which the item is recognised. Therefore an administered departmental cash flow statement is not provided; and
- payments on behalf of the State (where applicable) provides details of payments made by a department on behalf of the State Government, not directly reflecting the operations of the department.

## DEPARTMENT OF BUSINESS AND INNOVATION

### Operating performance

The Department of Business and Innovation expects a net result from transactions deficit of \$3 million in 2012-13. This deficit is primarily driven by Tourism Victoria's grant payments schedule which is affected by the timing of the achievement of contractual milestones by grant recipients.

The 2010-11 actual net result from transactions includes the part year impact of transactions undertaken by Skills Victoria and Regional Development Victoria, which were transferred to other departments effective from 1 January 2011. This is the major reason for the differences between the 2010-11 actual net result from transactions, the 2011-12 revised and the 2012-13 budget.

Income from transactions is sourced from appropriations, Major Events trust funds and external revenue relating to Major Projects Victoria.

The operating statement shows a decrease in total income from transactions of \$50 million (7.4 per cent) to \$618 million, compared to the 2011-12 revised budget of \$668 million.

Total budgeted income for 2012-13 includes funding of \$89 million for new initiatives announced in the *2012-13 Budget* including the Investment Support Program, Manufacturing Strategy, Victorian International Engagement Strategy and Australian Synchrotron. Funding will also be provided for a number of small business programs, innovation vouchers and regional tourism initiatives.

Operating expenses in 2012-13 have decreased by \$66 million from the 2011-12 revised budget and reflects the impact of completed programs and Government savings measures.

### Balance sheet performance

The Department's net asset position is expected to increase by \$188 million compared to the 2011-12 revised budget. The expected increase in total assets is primarily due to capital initiatives, including the Melbourne Markets Relocation, E-Gate business case development and the Puffing Billy Railway upgrade.

### Investment and financing

Cash flows from investing activities primarily reflect the purchase of property, plant and equipment arising from the Melbourne Markets Relocation initiative.

The investment activity in the 2012-13 budget of \$205 million is financed largely by a net cash inflow from operations of \$5 million and a capital contribution from the Government of \$194 million. This contribution is comprised of new investments mentioned previously, and funding provided for capital investments in previous budgets.

### **Administered items statement**

Total income from transactions administered by the Department on behalf of the State is expected to decrease by \$4 million in 2012-13 compared to the 2011-12 revised budget.

The administered appropriations and expenses for 2012-13 primarily relate to lease payments associated with the Melbourne Exhibition and Convention Centre. The Department has recognised an administered liability for these lease payments and a loan receivable from the Melbourne Convention and Exhibition Trust.

**Table 3.1.1: Operating statement**

(\$ million)

	2010-11 Actual <sup>(a)</sup>	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	1 218.3	522.9	459.1	496.6
Interest	21.4	2.5	3.0	2.5
Sale of goods and services	320.6	..	..	..
Grants	152.3	16.7	85.6	..
Other income	103.7	109.7	120.0	118.9
<b>Total income from transactions</b>	<b>1 816.2</b>	<b>651.8</b>	<b>667.6</b>	<b>618.0</b>
<b>Expenses from transactions</b>				
Employee benefits	576.5	105.3	98.1	96.5
Depreciation	45.1	6.0	3.5	8.0
Interest expense	0.2	..	..	..
Grants and other transfers	497.6	232.7	330.3	285.7
Capital asset charge	114.2	9.5	9.5	9.5
Other operating expenses	520.8	314.1	245.8	221.2
<b>Total expenses from transactions</b>	<b>1 754.4</b>	<b>667.7</b>	<b>687.2</b>	<b>621.0</b>
<b>Net result from transactions (net operating balance)</b>	<b>61.8</b>	<b>(15.9)</b>	<b>(19.5)</b>	<b>(3.0)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	(1.0)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.6)	(0.2)	(0.2)	(0.2)
Other gains/(losses) from economic flows	(0.2)	..	..	..
<b>Total other economic flows included in net result</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Net result</b>	<b>60.0</b>	<b>(16.1)</b>	<b>(19.7)</b>	<b>(3.2)</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	(1 158.8)	..	..	..
Other	..	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>(1 158.8)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(1 098.8)</b>	<b>(16.1)</b>	<b>(19.7)</b>	<b>(3.2)</b>

Sources: Departments of Business and Innovation and Treasury and Finance

Note:

(a) Includes Skills Victoria and Regional Development Victoria which were transferred to other departments as part of Machinery of Government changes on 1 January 2011.

**Table 3.1.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011</i> <i>Actual</i>	<i>2012</i> <i>Budget</i>	<i>2012</i> <i>Revised</i>	<i>2013</i> <i>Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	61.8	61.8	58.2	55.2
Receivables	94.0	99.5	97.0	106.6
Other financial assets	76.9	50.9	50.9	50.8
Investments accounted for using equity method	35.0	35.0	35.0	35.0
<b>Total financial assets</b>	<b>267.7</b>	<b>247.2</b>	<b>241.1</b>	<b>247.6</b>
<b>Non-financial assets</b>				
Inventories	42.3	42.3	42.3	42.3
Property, plant and equipment	280.1	305.6	464.7	646.5
Other	28.8	28.8	28.8	28.8
<b>Total non-financial assets</b>	<b>351.2</b>	<b>376.7</b>	<b>535.8</b>	<b>717.7</b>
<b>Total assets</b>	<b>618.9</b>	<b>623.9</b>	<b>777.0</b>	<b>965.3</b>
<b>Liabilities</b>				
Payables	48.9	38.9	38.9	38.9
Borrowings	2.4	2.4	2.4	2.4
Provisions	25.1	25.1	25.1	25.2
<b>Total liabilities</b>	<b>76.4</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>
<b>Net assets</b>	<b>542.5</b>	<b>557.4</b>	<b>710.5</b>	<b>898.7</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	248.3	232.2	228.6	225.4
Reserves	31.8	31.8	31.8	31.8
Contributed capital	262.4	293.4	450.1	641.6
<b>Total equity</b>	<b>542.5</b>	<b>557.4</b>	<b>710.5</b>	<b>898.7</b>

Sources: Departments of Business and Innovation and Treasury and Finance

**Table 3.1.3: Statement of cash flows**

(\$ million)

	2010-11 Actual <sup>(a)</sup>	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	1 287.0	532.9	469.1	496.6
Receipts from other entities	518.6	6.7	75.6	..
Goods and Services Tax recovered from ATO	15.5	..	..	..
Interest received	24.4	2.5	3.0	2.5
Dividends received	1.0	..	..	..
Other receipts	20.2	99.7	110.0	118.9
<b>Total receipts</b>	<b>1 866.8</b>	<b>641.8</b>	<b>657.6</b>	<b>618.0</b>
<b>Payments</b>				
Payments of grants and other transfers	(485.2)	(232.7)	(330.3)	(285.7)
Payments to suppliers and employees	(1 430.7)	(419.4)	(343.8)	(317.7)
Goods and Services Tax paid to the ATO	(4.0)	..	..	..
Capital asset charge	(114.2)	(9.5)	(9.5)	(9.5)
Interest and other costs of finance paid	(0.2)	..	..	..
<b>Total payments</b>	<b>(2 034.2)</b>	<b>(661.6)</b>	<b>(683.7)</b>	<b>(613.0)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(167.4)</b>	<b>(19.9)</b>	<b>(26.0)</b>	<b>5.0</b>
<b>Cash flows from investing activities</b>				
Net investment	530.8	20.4	22.9	(9.5)
Payments for non-financial assets	(187.0)	(31.4)	(188.1)	(192.4)
Proceeds from sale of non-financial assets	1.7	..	..	..
Net loans to other parties	3.0	..	(3.4)	(3.3)
Net (purchase)/disposal of investments – policy purposes	..	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>348.4</b>	<b>(11.0)</b>	<b>(168.5)</b>	<b>(205.2)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	(405.0)	31.1	187.7	194.0
Repayment of finance leases	(0.6)	..	..	..
Net borrowings	(12.6)	(0.2)	3.2	3.1
<b>Net cash flows from/(used in) financing activities</b>	<b>(418.3)</b>	<b>30.9</b>	<b>190.9</b>	<b>197.1</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(237.2)</b>	<b>..</b>	<b>(3.6)</b>	<b>(3.0)</b>
Cash and cash equivalents at the beginning of the financial year	299.0	61.8	61.8	58.2
<b>Cash and cash equivalents at the end of the financial year</b>	<b>61.8</b>	<b>61.8</b>	<b>58.2</b>	<b>55.2</b>

Sources: Departments of Business and Innovation and Treasury and Finance

Note:

(a) Includes Skills Victoria and Regional Development Victoria which were transferred to other departments as part of Machinery of Government changes on 1 January 2011.

**Table 3.1.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>1 334.1</b>	<b>877.2</b>	<b>29.9</b>	<b>1 190.6</b>	<b>3 431.8</b>
Comprehensive result	89.9	..	(29.9)	(1 158.8)	<b>(1 098.8)</b>
Transactions with owners in their capacity as owners <sup>(a)</sup>	(1 175.6)	(614.9)	..	..	<b>(1 790.5)</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>248.3</b>	<b>262.4</b>	..	<b>31.8</b>	<b>542.5</b>
Comprehensive result	(16.1)	..	..	..	<b>(16.1)</b>
Transactions with owners in their capacity as owners	..	31.1	..	..	<b>31.1</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>232.2</b>	<b>293.4</b>	..	<b>31.8</b>	<b>557.4</b>
Comprehensive result	(19.7)	..	..	..	<b>(19.7)</b>
Transactions with owners in their capacity as owners	..	187.7	..	..	<b>187.7</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>228.6</b>	<b>450.1</b>	..	<b>31.8</b>	<b>710.5</b>
Comprehensive result	(3.2)	..	..	..	<b>(3.2)</b>
Transactions with owners in their capacity as owners	..	191.5	..	..	<b>191.5</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>225.4</b>	<b>641.6</b>	..	<b>31.8</b>	<b>898.7</b>

Sources: Departments of Business and Innovation and Treasury and Finance

Note:

(a) Includes Skills Victoria and Regional Development Victoria which were transferred to other departments as part of Machinery of Government changes on 1 January 2011.

**Table 3.1.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	55.6	54.0	54.0	54.0
Sale of goods and services	1.2	2.7	1.2	1.2
Grants	..	5.0	5.0	5.0
Interest	17.8	15.0	15.0	14.7
Other income	2.3	0.6	5.9	2.1
<b>Total administered income</b>	<b>76.9</b>	<b>77.2</b>	<b>81.1</b>	<b>76.9</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	51.5	32.0	32.0	32.0
Grants and other transfers	5.8	8.0	8.0	8.0
Payments into the Consolidated Fund	8.1	13.1	15.5	11.6
<b>Total administered expenses</b>	<b>65.4</b>	<b>53.1</b>	<b>55.5</b>	<b>51.6</b>
<b>Income less expenses</b>	<b>11.5</b>	<b>24.1</b>	<b>25.6</b>	<b>25.3</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	14.4	5.3	5.3	5.3
Net gain/(loss) on financial instruments and statutory receivables/payables	..	(0.1)	(0.1)	(0.1)
<b>Total other economic flows included in net result</b>	<b>14.4</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>
<b>Net result</b>	<b>25.9</b>	<b>29.3</b>	<b>30.8</b>	<b>30.5</b>
<b>Administered assets</b>				
Cash and deposits	(0.1)	(0.1)	(0.1)	(0.1)
Receivables	312.8	326.3	327.8	342.5
<b>Total administered assets</b>	<b>312.7</b>	<b>326.2</b>	<b>327.7</b>	<b>342.4</b>
<b>Administered liabilities</b>				
Payables	91.1	89.3	89.3	87.5
Borrowings	462.4	448.4	448.4	434.4
<b>Total administered liabilities</b>	<b>553.5</b>	<b>537.7</b>	<b>537.7</b>	<b>521.9</b>
<b>Net assets</b>	<b>(240.8)</b>	<b>(211.5)</b>	<b>(210.0)</b>	<b>(179.5)</b>

Sources: Departments of Business and Innovation and Treasury and Finance



**Table 3.1.6: Payments made on behalf of the State***(\$ million)*

<i>Accounts</i>	<i>2011-12 Budget</i>	<i>2011-12 Revised</i>	<i>2012-13 Budget</i>
Finance lease interest	32.0	32.0	32.0
Grants to Government public non-financial corporations – within portfolio	8.0	8.0	8.0
Finance lease liability	14.0	14.0	14.0
<b>Total</b>	<b>54.0</b>	<b>54.0</b>	<b>54.0</b>

*Sources: Departments of Business and Innovation and Treasury and Finance*

## DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

### Operating performance

The Department of Education and Early Childhood Development anticipates a net result from transactions surplus of \$180 million for 2012-13. This is primarily due to student fees and income earned from TAFE institutes' commercial operations, while the schools sector has also benefited from locally raised funds. Timing of capital funding and the associated depreciation expenditure is also contributing to this result.

The operating statement shows an increase in total income from transactions of \$235 million (2.0 per cent) to \$11.7 billion in 2012-13, compared to the 2011-12 revised budget of \$11.5 billion. The movement is primarily due to:

- increased income as a result of funding for new initiatives announced in the *2012-13 Budget*, including the vocational education and training reform package, teaching scholarships and languages start-up grants;
- additional Commonwealth National Partnership funding for early childhood education; and
- additional enrolment based funding for schools to meet growth in the student population.

The increase in total income from transactions outlined above also includes the impact of Government savings measures across the Department.

Total operating expenses are budgeted to increase by \$261 million (2.3 per cent) between the 2011-12 revised budget and the 2012-13 budget primarily as a result of the factors identified above.

### Balance sheet performance

The Department's net asset position is expected to increase by \$318 million compared to the 2011-12 revised budget, reflecting a projected increase in total assets of \$350 million and an increase in total liabilities of \$32 million.

The expected increase in total assets from the 2011-12 revised budget to the 2012-13 budget is primarily due to an increase in property, plant and equipment funded by State and Commonwealth Governments and from TAFE institutes' own resources.

## **Investing and financing**

Cash flows from operating activities are consistent with the trends discussed in the statement of operating performance.

Cash flows from investing activities primarily reflect the purchase of property, plant and equipment from the continued asset commitment by Government in the TAFE and schools sectors.

## **Administered items statement**

Total income from transactions administered by the Department on behalf of the State is expected to increase by \$147 million in 2012-13 compared to the 2011-12 revised budget. This is primarily due to an increase in general recurrent Commonwealth funding provided to the non-government school sector.

Total administered expenses are expected to increase in line with the anticipated increase in administered income.

**Table 3.2.1: Operating statement**

(\$ million)

	2010-11 Actual <sup>(a)</sup>	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	8 840.7	9 787.9	9 992.6	10 303.7
Special appropriations	36.9	37.1	69.2	0.3
Interest	48.5	46.7	52.1	47.5
Sale of goods and services	391.4	745.4	744.6	761.8
Grants	121.9	..	113.8	80.9
Other income	492.7	532.6	520.3	533.0
<b>Total income from transactions</b>	<b>9 932.3</b>	<b>11 149.6</b>	<b>11 492.6</b>	<b>11 727.2</b>
<b>Expenses from transactions</b>				
Employee benefits	5 337.2	5 930.9	6 022.1	6 118.1
Depreciation	268.9	391.9	341.1	379.8
Interest expense	9.8	14.1	15.6	16.6
Grants and other transfers	1 047.7	1 053.6	1 196.2	1 193.7
Capital asset charge	1 000.5	1 219.6	1 219.6	1 258.1
Other operating expenses	2 142.8	2 380.1	2 491.6	2 580.6
<b>Total expenses from transactions</b>	<b>9 806.9</b>	<b>10 990.2</b>	<b>11 286.2</b>	<b>11 547.0</b>
<b>Net result from transactions (net operating balance)</b>	<b>125.4</b>	<b>159.5</b>	<b>206.4</b>	<b>180.2</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	4.6	0.3	0.7	(1.2)
Net gain/(loss) on financial instruments and statutory receivables/payables	0.2	(0.9)	(0.2)	(0.2)
Other gains/(losses) from economic flows	0.5	(1.2)	0.1	0.1
<b>Total other economic flows included in net result</b>	<b>5.3</b>	<b>(1.8)</b>	<b>0.6</b>	<b>(1.2)</b>
<b>Net result</b>	<b>130.6</b>	<b>157.7</b>	<b>207.0</b>	<b>179.0</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	886.2	(9.2)	(10.8)	3.6
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	10.8	..	..	..
Other	34.6	..	(5.5)	(2.0)
<b>Total other economic flows – other non-owner changes in equity</b>	<b>931.5</b>	<b>(9.2)</b>	<b>(16.4)</b>	<b>1.6</b>
<b>Comprehensive result</b>	<b>1 062.2</b>	<b>148.5</b>	<b>190.7</b>	<b>180.6</b>

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Note:

(a) Skills Victoria was transferred from the Department of Business and Innovation as part of machinery of government changes on 1 January 2011. Modifications have been made under other economic flows – other non-owner changes in equity to remove the impact of machinery of government changes in relation to accumulated funds.

**Table 3.2.2: Balance sheet**

(\$ million)

	Estimated as at 30 Jun			
	2011 Actual <sup>(a)</sup>	2012 Budget	2012 Revised	2013 Budget
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	1 002.6	985.3	1 022.8	1 105.2
Receivables	1 338.1	1 445.5	1 346.0	1 476.5
Other financial assets	290.7	244.2	285.0	275.9
<b>Total financial assets</b>	<b>2 631.4</b>	<b>2 675.0</b>	<b>2 653.8</b>	<b>2 857.7</b>
<b>Non-financial assets</b>				
Inventories	5.1	5.4	4.6	4.6
Non-financial assets classified as held for sale, including disposal group assets	63.0	63.0	61.1	61.1
Property, plant and equipment	16 588.5	17 145.9	17 376.8	17 523.1
Biological assets	4.8	0.2	7.7	7.7
Investment properties	37.1	37.1	19.1	19.1
Intangible assets	64.9	68.1	73.6	73.4
Other	45.8	45.5	45.7	45.8
<b>Total non-financial assets</b>	<b>16 809.2</b>	<b>17 365.2</b>	<b>17 588.5</b>	<b>17 734.8</b>
<b>Total assets</b>	<b>19 440.6</b>	<b>20 040.2</b>	<b>20 242.3</b>	<b>20 592.5</b>
<b>Liabilities</b>				
Payables	908.1	932.2	916.3	907.1
Borrowings	220.7	214.5	235.2	246.9
Provisions	1 326.9	1 356.7	1 373.4	1 402.8
<b>Total liabilities</b>	<b>2 455.8</b>	<b>2 503.4</b>	<b>2 524.9</b>	<b>2 556.8</b>
<b>Net assets</b>	<b>16 984.9</b>	<b>17 536.8</b>	<b>17 717.4</b>	<b>18 035.7</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	1 399.4	1 557.1	1 606.4	1 785.4
Reserves	5 628.2	5 619.0	5 611.8	5 613.4
Contributed capital	9 957.3	10 360.7	10 499.1	10 636.8
<b>Total equity</b>	<b>16 984.9</b>	<b>17 536.8</b>	<b>17 717.4</b>	<b>18 035.7</b>

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Note:

(a) Skills Victoria was transferred from the Department of Business and Innovation as part of machinery of government changes on 1 January 2011. The presentation of equity has been modified to present the movement in accumulated funds under contributed capital.

**Table 3.2.3: Statement of cash flows**

(\$ million)

	2010-11 Actual <sup>(a)</sup>	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	8 993.4	9 823.2	10 166.6	10 375.9
Receipts from other entities	326.5	752.7	745.0	769.6
Interest received	48.5	46.7	52.1	47.5
Other receipts	516.7	542.8	542.3	516.1
<b>Total receipts</b>	<b>9 885.8</b>	<b>11 165.3</b>	<b>11 508.8</b>	<b>11 712.0</b>
<b>Payments</b>				
Payments of grants and other transfers	(936.2)	(1 051.5)	(1 194.1)	(1 191.8)
Payments to suppliers and employees	(7 125.1)	(8 275.1)	(8 472.4)	(8 666.1)
Capital asset charge	(1 000.5)	(1 219.6)	(1 219.6)	(1 258.1)
Interest and other costs of finance paid	(9.8)	(14.1)	(15.6)	(16.6)
<b>Total payments</b>	<b>(9 071.6)</b>	<b>(10 560.2)</b>	<b>(10 901.7)</b>	<b>(11 132.7)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>814.2</b>	<b>605.2</b>	<b>607.1</b>	<b>579.4</b>
<b>Cash flows from investing activities</b>				
Net investment	(396.7)	(66.9)	(23.9)	(120.8)
Payments for non-financial assets	(2 047.7)	(963.2)	(1 149.7)	(528.8)
Proceeds from sale of non-financial assets	11.5	6.3	13.4	3.2
Net loans to other parties	0.5	4.0	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(2 432.5)</b>	<b>(1 019.8)</b>	<b>(1 160.3)</b>	<b>(646.4)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	1 991.0	403.5	541.8	137.7
Repayment of finance leases	(73.3)	(3.6)	(3.6)	(4.5)
Net borrowings	29.9	(2.5)	35.3	16.1
<b>Net cash flows from/(used in) financing activities</b>	<b>1 947.6</b>	<b>397.3</b>	<b>573.5</b>	<b>149.4</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>329.4</b>	<b>(17.3)</b>	<b>20.3</b>	<b>82.4</b>
Cash and cash equivalents at the beginning of the financial year	673.3	1 002.6	1 002.6	1 022.8
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1 002.6</b>	<b>985.3</b>	<b>1 022.8</b>	<b>1 105.2</b>

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Note:

(a) Skills Victoria was transferred from the Department of Business and Innovation as part of machinery of government changes on 1 January 2011. 'Payments for non-financial assets' have been modified to remove the impact of machinery of government changes in relation to the transfer of non-financial assets.

**Table 3.2.4: Statement of changes in equity**

(\$ million)

	Accumulated surplus/(deficit)	Contributions by owner	Other reserves	Asset revaluatio n reserve	Total equity
<b>Opening balance 1 July 2010</b>	<b>1 258.4</b>	<b>6 688.5</b>	..	<b>4 707.1</b>	<b>12 653.9</b>
Comprehensive result	130.6	..	35.0	886.2	<b>1 051.8</b>
Other movements in accumulated funds contributing to the comprehensive result	10.4				<b>10.4</b>
Transactions with owners in their capacity as owners <sup>(a)</sup>	..	3 268.8	..	..	<b>3 268.8</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>1 399.4</b>	<b>9 957.3</b>	<b>35.0</b>	<b>5 593.2</b>	<b>16 984.9</b>
Comprehensive result	157.7	..	..	(9.2)	<b>148.5</b>
Transactions with owners in their capacity as owners	..	403.5	..	..	<b>403.5</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>1 557.1</b>	<b>10 360.7</b>	<b>35.0</b>	<b>5 584.0</b>	<b>17 536.8</b>
Comprehensive result	207.0	..	(5.5)	(10.8)	<b>190.7</b>
Transactions with owners in their capacity as owners	..	541.8	..	..	<b>541.8</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>1 606.4</b>	<b>10 499.1</b>	<b>29.4</b>	<b>5 582.4</b>	<b>17 717.4</b>
Comprehensive result	179.0	..	(2.0)	3.6	<b>180.6</b>
Transactions with owners in their capacity as owners	..	137.7	..	..	<b>137.7</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>1 785.4</b>	<b>10 636.8</b>	<b>27.4</b>	<b>5 586.0</b>	<b>18 035.7</b>

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Note:

(a) Skills Victoria was transferred from the Department of Business and Innovation as part of machinery of government changes on 1 January 2011. The movement in accumulated funds has been reflected under this classification.

**Table 3.2.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Sale of goods and services	1.8	2.5	2.5	2.6
Grants	2 461.9	2 154.9	2 156.2	2 303.2
Interest	0.3	0.1	0.1	0.1
Other income	4.6	1.5	1.5	1.7
<b>Total administered income</b>	<b>2 468.5</b>	<b>2 159.0</b>	<b>2 160.3</b>	<b>2 307.6</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	0.8	..	..	..
Grants and other transfers	2 455.2	2 155.0	2 156.3	2 303.4
Payments into the Consolidated Fund	(42.4)	34.5	34.5	37.2
<b>Total administered expenses</b>	<b>2 413.6</b>	<b>2 189.6</b>	<b>2 190.8</b>	<b>2 340.5</b>
<b>Income less expenses</b>	<b>54.9</b>	<b>(30.6)</b>	<b>(30.6)</b>	<b>(33.0)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	(50.6)	30.6	30.6	33.0
<b>Total other economic flows included in net result</b>	<b>(50.6)</b>	<b>30.6</b>	<b>30.6</b>	<b>33.0</b>
<b>Net result</b>	<b>4.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
<b>Administered assets</b>				
Cash and deposits	0.8	0.8	0.8	0.9
Receivables	1.9	1.9	1.9	1.9
Other financial assets	5.6	5.6	5.6	5.6
<b>Total administered assets</b>	<b>8.2</b>	<b>8.3</b>	<b>8.3</b>	<b>8.3</b>
<b>Administered liabilities</b>				
Payables	..	..	..	..
<b>Total administered liabilities</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net assets</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.3</b>

Sources: Departments of Education and Early Childhood Development and Treasury and Finance



## DEPARTMENT OF HEALTH

### Operating performance

The Department of Health is forecasting a net result from transactions surplus of \$131 million in 2012-13.

The operating statement shows an increase in income of \$445 million between the 2011-12 revised budget and the 2012-13 budget. This increase is primarily a result of:

- funding provided for government policy commitments (\$280 million) in the 2012-13 budget, including Sustaining Hospital Performance initiatives, Home and Community Care and the full year effect of initiatives announced in previous budgets; and
- additional funding for anticipated cost increases in 2012-13.

The *2012-13 Budget* reflects a change in funding arrangements to implement the joint Commonwealth-State National Health Reform Agreement effective 1 July 2012. These arrangements will provide for Commonwealth Government funding to be directed via the Victorian Funding Pool (in the Department's administered accounts). This arrangement will result in a reduction in output appropriation funding in 2012-13 of \$3.3 billion, as this funding will be paid directly by the Commonwealth Government into the Victorian Funding Pool, and will be offset by an increase in grants income in 2012-13.

Operating expenses are budgeted to increase by \$477 million between the 2011-12 revised budget and 2012-13 budget largely due to increases in income outlined above.

### Balance sheet performance

The Department's net asset position is expected to improve by \$483 million in 2012-13, reflecting an increase in total assets of \$537 million, and an increase in total liabilities of \$54 million.

The expected increase in assets reflects the Government's funding for new health and community facilities and other infrastructure across the State including hospital medical equipment replacement and redevelopments and expansions at Ballarat Hospital, Geelong Hospital and Sunshine Hospital. The expected increase in assets also reflects the delivery of asset investment that was announced in previous budgets, in particular the Victorian Comprehensive Cancer Centre, the redevelopment of Box Hill Hospital and the new Bendigo Hospital.

The movement in liabilities of \$54 million between 2011-12 revised budget and 2012-13 budget primarily reflects the increase of leave entitlements for staff employed in the health sector.

## **Investing and financing**

Cashflows from operating activities are consistent with the trends discussed in the statement of operating performance above.

Cashflows from investing activities include payments for property, plant and equipment (totalling \$955 million) reflecting the continued asset investment in health services, including new initiatives to expand service capacity and enhance infrastructure.

## **Administered items**

This statement includes revenue from the Commonwealth Government, and from the sale of assets and goods and services. Total income has increased by \$6.1 billion from the 2011-12 revised budget to the 2012-13 budget, due primarily to the introduction of the joint Commonwealth-State National Health Reform Agreement effective 1 July 2012.

As discussed earlier, under the National Health Reform arrangements, Commonwealth Government funding will be paid into the Victorian Funding Pool (the pool) in the Department's administered accounts. The pool will receipt both the Commonwealth and Victoria's contribution for activity based funding, to be paid to health services for the delivery of specific services under the National Health Reform Agreement. The payment of funds to health services under the National Health Reform Agreement is the major driver for the increase in total administered expenditure by \$6.1 billion from the 2011-12 revised budget to the 2012-13 budget.

**Table 3.3.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations <sup>(a)</sup>	10 147.3	10 590.4	10 609.0	7 736.6
Special appropriations	1 240.3	1 265.6	1 260.9	1 249.0
Interest	73.0	57.6	67.8	67.8
Sale of goods and services	1 453.9	1 431.0	1 482.1	1 490.7
Grants <sup>(a)</sup>	371.1	478.4	513.5	3 952.3
Fair value of assets and services received free of charge or for nominal consideration	4.6	..	103.0	..
Other income	396.0	351.8	387.5	372.8
<b>Total income from transactions</b>	<b>13 686.2</b>	<b>14 174.8</b>	<b>14 423.8</b>	<b>14 869.1</b>
<b>Expenses from transactions</b>				
Employee benefits	7 167.7	7 136.5	7 399.0	7 609.9
Depreciation	707.0	822.9	822.0	826.9
Interest expense	34.7	41.3	41.3	41.1
Grants and other transfers	175.2	166.4	190.6	845.1
Capital asset charge	626.6	701.1	701.1	758.2
Other operating expenses	4 801.7	5 216.4	5 107.2	4 656.9
<b>Total expenses from transactions</b>	<b>13 512.9</b>	<b>14 084.7</b>	<b>14 261.2</b>	<b>14 738.1</b>
<b>Net result from transactions (net operating balance)</b>	<b>173.4</b>	<b>90.1</b>	<b>162.6</b>	<b>130.9</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	(12.6)	(40.0)	(4.5)	(66.9)
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	(0.7)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(15.1)	..	..	..
Other gains/(losses) from economic flows	(10.3)	(10.2)	(10.2)	(10.4)
<b>Total other economic flows included in net result</b>	<b>(38.8)</b>	<b>(50.2)</b>	<b>(14.7)</b>	<b>(77.3)</b>
<b>Net result</b>	<b>134.6</b>	<b>39.9</b>	<b>147.8</b>	<b>53.7</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	(0.2)	..	..	..
Asset revaluation reserve	(2.9)	208.2	..	..
Financial assets available-for-sale reserve:	11.0	..	..	..
Other	..	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>7.9</b>	<b>208.2</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>142.4</b>	<b>248.0</b>	<b>147.8</b>	<b>53.7</b>

Sources: Departments of Health and Treasury and Finance

Note:

(a) As a result of the implementation of the National Health Reform Agreement (from 1 July 2012), Commonwealth funding for hospitals will now be reflected in the Trust Fund as grants revenue rather than flowing through the Consolidated Fund.

**Table 3.3.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011</i> <i>Actual</i>	<i>2012</i> <i>Budget</i>	<i>2012</i> <i>Revised</i>	<i>2013</i> <i>Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	518.3	550.1	569.0	645.5
Receivables	988.5	1 273.3	1 280.2	1 729.6
Other financial assets	764.9	764.9	740.5	740.5
Investments accounted for using equity method	4.1	4.1	4.1	4.1
<b>Total financial assets</b>	<b>2 275.8</b>	<b>2 592.4</b>	<b>2 593.9</b>	<b>3 119.8</b>
<b>Non-financial assets</b>				
Inventories	75.8	75.8	75.8	75.8
Non-financial assets classified as held for sale, including disposal group assets	2.5	2.5	2.5	2.5
Property, plant and equipment	9 162.1	10 285.3	10 011.0	10 043.3
Investment properties	19.1	19.1	19.1	19.1
Intangible assets	81.1	47.1	47.1	25.8
Other	30.5	30.5	30.5	30.5
<b>Total non-financial assets</b>	<b>9 371.1</b>	<b>10 460.2</b>	<b>10 186.0</b>	<b>10 197.0</b>
<b>Total assets</b>	<b>11 646.9</b>	<b>13 052.7</b>	<b>12 779.8</b>	<b>13 316.8</b>
<b>Liabilities</b>				
Payables	1 086.2	1 086.7	1 086.7	1 087.2
Borrowings	427.9	1 252.9	1 448.3	1 433.0
Provisions	1 819.2	1 841.2	1 747.1	1 815.8
<b>Total liabilities</b>	<b>3 333.3</b>	<b>4 180.7</b>	<b>4 282.0</b>	<b>4 336.0</b>
<b>Net assets</b>	<b>8 313.6</b>	<b>8 871.9</b>	<b>8 497.8</b>	<b>8 980.8</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	(130.3)	(90.4)	17.5	71.2
Reserves	3 575.0	3 783.1	3 575.0	3 575.0
Contributed capital	4 868.9	5 179.2	4 905.3	5 334.6
<b>Total equity</b>	<b>8 313.6</b>	<b>8 871.9</b>	<b>8 497.8</b>	<b>8 980.8</b>

Sources: Departments of Health and Treasury and Finance

**Table 3.3.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government <sup>(a)</sup>	11 669.3	12 250.4	12 264.5	9 497.0
Receipts from other entities <sup>(a)</sup>	1 520.3	1 474.0	1 560.0	4 887.9
Interest received	72.5	57.6	67.8	67.8
Dividends received	1.6	..	..	..
Other receipts	387.7	386.8	423.0	410.4
<b>Total receipts</b>	<b>13 651.3</b>	<b>14 168.8</b>	<b>14 315.3</b>	<b>14 863.1</b>
<b>Payments</b>				
Payments of Grants and other transfers	(174.1)	(166.4)	(190.6)	(845.1)
Payments to suppliers and employees	(11 834.6)	(12 330.4)	(12 474.8)	(12 197.6)
Capital asset charge	(626.6)	(701.1)	(701.1)	(758.2)
Interest and other costs of finance paid	(34.6)	(41.3)	(41.3)	(41.1)
<b>Total payments</b>	<b>(12 669.9)</b>	<b>(13 239.3)</b>	<b>(13 407.8)</b>	<b>(13 842.0)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>981.5</b>	<b>929.6</b>	<b>907.5</b>	<b>1 021.1</b>
<b>Cash flows from investing activities</b>				
Net investment	(316.3)	(278.9)	(261.9)	(423.8)
Payments for non-financial assets	(705.4)	(954.1)	(656.1)	(955.2)
Proceeds from sale of non-financial assets	17.7	40.0	40.0	40.0
Net (purchase)/disposal of investments – policy purposes	2.0	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(1 001.9)</b>	<b>(1 193.0)</b>	<b>(878.0)</b>	<b>(1 339.1)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	13.8	310.3	36.4	429.3
Repayment of finance leases	(5.2)	(12.4)	(12.4)	(12.4)
Net borrowings	43.3	(2.8)	(2.8)	(22.5)
Dividends paid	(0.2)	..	..	..
<b>Net cash flows from/(used in) financing activities</b>	<b>51.7</b>	<b>295.2</b>	<b>21.3</b>	<b>394.4</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>31.2</b>	<b>31.8</b>	<b>50.7</b>	<b>76.5</b>
Cash and cash equivalents at the beginning of the financial year	487.0	518.3	518.3	569.0
<b>Cash and cash equivalents at the end of the financial year</b>	<b>518.3</b>	<b>550.1</b>	<b>569.0</b>	<b>645.5</b>

Sources: Departments of Health and Treasury and Finance

Note:

(a) This reflects funding changes as a result of the National Health Reform Agreement.

**Table 3.3.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>(174.5)</b>	<b>5 318.2</b>	<b>24.7</b>	<b>2 975.5</b>	<b>8 144.0</b>
Comprehensive result	44.4	..	98.2	(2.9)	<b>139.6</b>
Transactions with owners in their capacity as owners	..	30.2	..	..	<b>30.2</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>(130.1)</b>	<b>5 348.4</b>	<b>122.9</b>	<b>2 972.6</b>	<b>8 313.8</b>
Comprehensive result	39.9	..	..	208.2	<b>248.0</b>
Transactions with owners in their capacity as owners	..	310.3	..	..	<b>310.3</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>(90.2)</b>	<b>5 658.7</b>	<b>122.9</b>	<b>3 180.8</b>	<b>8 872.1</b>
Comprehensive result	147.8	..	..	..	<b>147.8</b>
Transactions with owners in their capacity as owners	..	36.4	..	..	<b>36.4</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>17.7</b>	<b>5 384.8</b>	<b>122.9</b>	<b>2 972.6</b>	<b>8 498.0</b>
Comprehensive result	53.7	..	..	..	<b>53.7</b>
Transactions with owners in their capacity as owners	..	429.3	..	..	<b>429.3</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>71.4</b>	<b>5 814.1</b>	<b>122.9</b>	<b>2 972.6</b>	<b>8 981.0</b>

Sources: Departments of Health and Treasury and Finance

**Table 3.3.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Sale of goods and services	316.6	341.2	338.7	311.2
Grants <sup>(a)</sup>	186.5	68.6	107.5	6 259.5
Other income	7.1	69.7	74.2	8.5
<b>Total administered income</b>	<b>510.3</b>	<b>479.5</b>	<b>520.4</b>	<b>6 579.1</b>
<b>Administered expenses</b>				
Expenses on behalf of the State <sup>(a)</sup>	1.6	1.8	1.6	670.3
Grants and other transfers <sup>(a)</sup>	2.5	..	..	5 561.0
Payments into the Consolidated Fund	518.7	519.2	524.8	416.3
<b>Total administered expenses</b>	<b>522.8</b>	<b>521.0</b>	<b>526.4</b>	<b>6 647.5</b>
<b>Income less expenses</b>	<b>(12.5)</b>	<b>(41.5)</b>	<b>(6.0)</b>	<b>(68.4)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	1.0	41.5	6.0	68.4
<b>Total other economic flows included in net result</b>	<b>1.0</b>	<b>41.5</b>	<b>6.0</b>	<b>68.4</b>
<b>Net result</b>	<b>(11.5)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	..	(1.4)	(1.3)	(1.3)
Receivables	29.4	30.8	30.7	30.7
Other	36.5	36.5	36.5	36.5
<b>Total administered assets</b>	<b>65.9</b>	<b>65.9</b>	<b>65.9</b>	<b>65.9</b>
<b>Administered liabilities</b>				
Payables	36.5	36.5	36.5	36.5
<b>Total administered liabilities</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>	<b>36.5</b>
<b>Net assets</b>	<b>29.4</b>	<b>29.4</b>	<b>29.4</b>	<b>29.4</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	29.4	29.4	29.4	29.4
<b>Total equity</b>	<b>29.4</b>	<b>29.4</b>	<b>29.4</b>	<b>29.4</b>

Sources: Departments of Health and Treasury and Finance

Note:

(a) This reflects funding changes as a result of the National Health Reform Agreement.

## DEPARTMENT OF HUMAN SERVICES

### Operating performance

The Department of Human Services estimates a net result from transactions surplus of \$5 million in 2012-13.

The operating statement shows an increase in income from transactions of \$80 million (2.4 per cent) between the 2011-12 revised budget to the 2012-13 budget. This increase is primarily a result of:

- new initiatives announced in the *2012-13 Budget*, including those that support Victoria's vulnerable children and their families (\$37 million), essential support for people with disabilities, their families and carers (\$9.5 million), and increases for concessions to pensioners and beneficiaries (\$18 million);
- the full year effect of initiatives announced in previous budgets; and
- additional funding allocated for anticipated cost increases in 2012-13.

Operating expenses are budgeted to increase by \$80 million (2.4 per cent) between the 2011-12 revised budget and 2012-13 budget, largely due to the factors outlined above.

### Balance sheet performance

The Department's net asset position in 2012-13 is expected to increase by \$43 million compared with the 2011-12 revised budget, reflecting an increase in total assets of \$64 million and an increase in total liabilities of \$21 million.

The expected increase in assets reflects the Government's commitment to build new community services' facilities and infrastructure based on new models of care and demand growth. The movement in assets between the 2011-12 revised budget and the 2012-13 budget includes funding to address the long term future of youth justice custodial services' sector, new residential facilities to increase the capacity of out-of-home care, funding for maintaining and improving residential facilities and building the first Victorian Youth Foyer.

The increase in liabilities is largely due to increases in leave entitlements for staff employed in the community service sector.



## **Investing and financing**

Cash flows from operating activities are consistent with the trends discussed in the operating statement.

Cash flows from investing activities include payments for property, plant and equipment (totalling \$56 million) reflecting the Government's continued asset investment in the community services sector.

## **Administered items statement**

Transactions administered by the Department primarily relate to housing affordability grants received from the Commonwealth Government for the renewal of inner city public housing. In addition, the Department receives revenue from the sale of assets and goods and services.

**Table 3.4.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	3 153.3	3 315.1	3 312.4	3 395.2
Special appropriations	63.9	63.9	63.9	63.9
Interest	0.2	0.4	0.4	0.4
Sale of goods and services	22.4	15.6	15.6	16.0
Grants	26.5	3.6	3.9	0.7
Other income	3.5	0.6	0.6	0.7
<b>Total income from transactions</b>	<b>3 269.9</b>	<b>3 399.3</b>	<b>3 396.9</b>	<b>3 476.8</b>
<b>Expenses from transactions</b>				
Employee benefits	782.2	764.5	788.2	814.6
Depreciation	34.5	35.2	35.2	35.8
Interest expense	2.6	3.1	2.9	2.9
Grants and other transfers	668.5	651.5	654.2	659.6
Capital asset charge	50.9	53.1	53.1	55.6
Other operating expenses	1 736.1	1 886.5	1 858.0	1 903.1
<b>Total expenses from transactions</b>	<b>3 274.9</b>	<b>3 394.0</b>	<b>3 391.6</b>	<b>3 471.5</b>
<b>Net result from transactions (net operating balance)</b>	<b>(5.0)</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	0.7	(3.8)	(3.8)	(3.8)
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.1)	..	..	..
Other gains/(losses) from economic flows	..	(0.1)	(0.1)	(0.1)
<b>Total other economic flows included in net result</b>	<b>0.7</b>	<b>(3.8)</b>	<b>(3.8)</b>	<b>(3.8)</b>
<b>Net result</b>	<b>(4.3)</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	1.0	..	..	..
Financial assets available-for-sale reserve:	0.5	..	..	..
Other	..	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>1.5</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(2.8)</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>

Sources: Departments of Human Services and Treasury and Finance

**Table 3.4.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011 Actual</i>	<i>2012 Budget</i>	<i>2012 Revised</i>	<i>2013 Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	20.9	28.1	28.1	35.4
Receivables	209.3	225.5	213.0	253.3
Other financial assets	6.0	6.0	6.0	6.0
<b>Total financial assets</b>	<b>236.1</b>	<b>259.6</b>	<b>247.1</b>	<b>294.6</b>
<b>Non-financial assets</b>				
Inventories	0.3	0.3	0.3	0.3
Non-financial assets classified as held for sale, including disposal group assets	3.3	3.3	3.3	3.3
Property, plant and equipment	737.2	775.6	790.4	812.1
Intangible assets	13.1	8.3	8.3	3.5
Other	8.6	8.6	8.6	8.6
<b>Total non-financial assets</b>	<b>762.5</b>	<b>796.1</b>	<b>810.9</b>	<b>827.7</b>
<b>Total assets</b>	<b>998.6</b>	<b>1 055.7</b>	<b>1 058.0</b>	<b>1 122.4</b>
<b>Liabilities</b>				
Payables	133.5	135.1	135.1	136.7
Borrowings	42.1	43.6	43.6	45.2
Provisions	196.4	214.4	214.4	232.7
<b>Total liabilities</b>	<b>372.0</b>	<b>393.1</b>	<b>393.1</b>	<b>414.6</b>
<b>Net assets</b>	<b>626.6</b>	<b>662.5</b>	<b>664.9</b>	<b>707.8</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	332.8	334.2	334.2	335.7
Contributed capital and Reserves	293.8	328.3	330.7	372.1
<b>Total equity</b>	<b>626.6</b>	<b>662.5</b>	<b>664.9</b>	<b>707.8</b>

Sources: Departments of Human Services and Treasury and Finance

**Table 3.4.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	3 217.4	3 379.5	3 376.8	3 459.6
Receipts from other entities	28.0	4.4	4.7	1.5
Interest received	0.2	0.4	0.4	0.4
Dividends received	0.2	..	..	..
Other receipts	51.0	20.6	20.6	21.0
<b>Total receipts</b>	<b>3 296.9</b>	<b>3 404.9</b>	<b>3 402.5</b>	<b>3 482.4</b>
<b>Payments</b>				
Payments of grants and other transfers	(668.8)	(651.5)	(654.2)	(659.6)
Payments to suppliers and employees	(2 436.8)	(2 631.5)	(2 626.7)	(2 697.7)
Capital asset charge	(50.9)	(53.1)	(53.1)	(55.6)
Interest and other costs of finance paid	(2.6)	(3.1)	(2.9)	(2.9)
<b>Total payments</b>	<b>(3 159.2)</b>	<b>(3 339.2)</b>	<b>(3 336.9)</b>	<b>(3 415.8)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>137.7</b>	<b>65.7</b>	<b>65.7</b>	<b>66.6</b>
<b>Cash flows from investing activities</b>				
Net investment	(84.0)	(21.9)	(9.4)	(45.8)
Payments for non-financial assets	(41.7)	(72.6)	(87.5)	(56.5)
Proceeds from sale of non-financial assets	11.1	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(114.5)</b>	<b>(94.5)</b>	<b>(96.8)</b>	<b>(102.3)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	26.5	34.5	36.9	41.4
Net borrowings	(41.4)	1.5	1.5	1.5
<b>Net cash flows from/(used in) financing activities</b>	<b>(14.8)</b>	<b>36.1</b>	<b>38.4</b>	<b>43.0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8.3</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>
Cash and cash equivalents at the beginning of the financial year	12.6	20.9	20.9	28.1
<b>Cash and cash equivalents at the end of the financial year</b>	<b>20.9</b>	<b>28.1</b>	<b>28.1</b>	<b>35.4</b>

Sources: Departments of Human Services and Treasury and Finance

**Table 3.4.4: Statement of changes in equity***(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>304.1</b>	<b>(662.9)</b>	<b>531.1</b>	<b>439.0</b>	<b>611.3</b>
Comprehensive result	28.7	..	(32.6)	1.0	<b>(2.8)</b>
Transactions with owners in their capacity as owners	..	18.1	..	..	<b>18.1</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>332.8</b>	<b>(644.8)</b>	<b>498.5</b>	<b>440.1</b>	<b>626.6</b>
Comprehensive result	1.4	..	..	..	<b>1.4</b>
Transactions with owners in their capacity as owners	..	34.5	..	..	<b>34.5</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>334.2</b>	<b>(610.3)</b>	<b>498.5</b>	<b>440.1</b>	<b>662.5</b>
Comprehensive result	1.4	..	..	..	<b>1.4</b>
Transactions with owners in their capacity as owners	..	36.9	..	..	<b>36.9</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>334.2</b>	<b>(608.0)</b>	<b>498.5</b>	<b>440.1</b>	<b>664.9</b>
Comprehensive result	1.4	..	..	..	<b>1.4</b>
Transactions with owners in their capacity as owners	..	41.4	..	..	<b>41.4</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>335.7</b>	<b>(566.5)</b>	<b>498.5</b>	<b>440.1</b>	<b>707.8</b>

*Sources: Departments of Human Services and Treasury and Finance*

**Table 3.4.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Sale of goods and services	11.4	10.3	10.3	10.7
Grants	73.9	56.5	57.5	84.9
Other income	1.1	0.8	2.5	0.8
<b>Total administered income</b>	<b>86.4</b>	<b>67.6</b>	<b>70.3</b>	<b>96.4</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	4.3	0.8	0.8	0.8
Grants and other transfers	16.7	..	..	..
Payments into the Consolidated Fund	4.8	80.7	83.4	103.7
<b>Total administered expenses</b>	<b>25.7</b>	<b>81.6</b>	<b>84.2</b>	<b>104.5</b>
<b>Income less expenses</b>	<b>60.7</b>	<b>(13.9)</b>	<b>(13.9)</b>	<b>(8.1)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	1.2	13.9	13.9	8.1
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.1)	..	..	..
<b>Total other economic flows included in net result</b>	<b>1.0</b>	<b>13.9</b>	<b>13.9</b>	<b>8.1</b>
<b>Net result</b>	<b>61.7</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	0.5	0.5	0.5	0.5
Receivables	4.8	4.8	4.8	4.8
Other financial assets	0.8	0.8	0.8	0.8
Property, plant and equipment	0.7	0.7	0.7	0.7
<b>Total administered assets</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>
<b>Administered liabilities</b>				
Provisions	4.2	4.2	4.2	4.2
<b>Total administered liabilities</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>
<b>Net assets</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>

Sources: Departments of Human Services and Treasury and Finance

## DEPARTMENT OF JUSTICE

### Operating performance

The Department of Justice net result from transactions surplus is forecast to improve in 2012-13 to \$49.6 million, up from the 2011-12 budget of \$37.2 million. The increase in the budgeted surplus reflects the impact of a reduction in expenditure from the Victorian Property Fund's grant programs as part of a strategy to replenish the working capital of the fund.

Output appropriation revenue in 2012-13 will increase by \$138.2 million compared to the 2011-12 budget. This is due to:

- new output initiatives announced in the *2012-13 Budget*, including increased prison capacity, and emergency services communications; and
- the continuing implementation of existing initiatives, including the phased increase in police numbers and protective services officers announced in the *2011-12 Budget*.

This increase is offset by a number of Government savings measures announced in the *2012-13 Budget*.

Estimated 2012-13 departmental operating expenses are forecast to increase by approximately the same amount as revenue due to the factors identified above.

### Balance sheet performance

Movements in property, plant and equipment from the 2011-12 revised budget reflects continued investment in new assets in areas such as increasing capacity in the men's and women's prison system. This is partially offset by the impact of depreciation on the Department's existing asset base.

### Investing and financing

Payments for non-financial assets in 2012-13 reflect new asset investment programs for the Department, including increased prison capacity, and expanded Victoria Police station infrastructure to accommodate 1 700 frontline police and 940 protective services officers. In addition, funding is provided to improve emergency services assets such as the replacement of rural fire stations and firefighting vehicles for the Country Fire Authority along with the non-compulsory acquisition of land in areas of unacceptable high bushfire risk as part of the Bushfire Response – Retreat and Resettlement Strategy phase 2.

## **Administered items statement**

Revenues administered by the Department on behalf of the State and third parties are forecast to rise by \$240 million in 2012-13 relative to the 2011-12 budget. Total administered expenses are forecast to increase by \$255 million over the same period.

Revenue from fines is expected to rise by \$111 million in 2012-13 when compared with the 2011-12 budget. This increase is largely attributable to the increase in the value of penalty units and the expansion of road safety initiatives. Additional revenue of \$86 million in 2012-13 resulting from new arrangements for gambling venue licensing fees.

Expenses on behalf of the State have increased relative to the 2011-12 published target due to the recognition of bad and doubtful debts resulting from fines and fees related enforcement activities.



**Table 3.5.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	3 831.3	4 121.7	3 977.3	4 259.9
Special appropriations	140.4	130.0	125.4	145.4
Interest	100.8	99.9	100.1	103.3
Sale of goods and services	5.1	6.1	6.1	6.1
Grants	73.5	87.4	51.1	47.5
Fair value of assets and services received free of charge or for nominal consideration	0.2	..	..	..
Other income	27.6	22.4	23.2	22.5
<b>Total income from transactions</b>	<b>4 178.8</b>	<b>4 467.5</b>	<b>4 283.2</b>	<b>4 584.7</b>
<b>Expenses from transactions</b>				
Employee benefits	2 175.9	2 232.8	2 221.3	2 330.2
Depreciation	140.1	193.3	177.8	172.9
Interest expense	41.2	46.4	42.1	38.8
Grants and other transfers	427.5	390.7	348.0	349.5
Capital asset charge	171.5	186.9	186.9	203.3
Other operating expenses	1 208.6	1 380.1	1 273.3	1 440.4
<b>Total expenses from transactions</b>	<b>4 164.9</b>	<b>4 430.2</b>	<b>4 249.3</b>	<b>4 535.1</b>
<b>Net result from transactions (net operating balance)</b>	<b>13.8</b>	<b>37.2</b>	<b>33.9</b>	<b>49.6</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	5.1	10.7	10.7	10.7
Other gains/(losses) from economic flows	2.2	..	..	..
<b>Total other economic flows included in net result</b>	<b>7.1</b>	<b>10.7</b>	<b>10.7</b>	<b>10.7</b>
<b>Net result</b>	<b>21.0</b>	<b>48.0</b>	<b>44.7</b>	<b>60.3</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	1 152.2	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>1 152.2</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>1 173.2</b>	<b>48.0</b>	<b>44.7</b>	<b>60.3</b>

Sources: Departments of Justice and Treasury and Finance

**Table 3.5.2: Balance sheet**

(\$ million)

	Estimated as at 30 Jun			
	2011 Actual	2012 Budget	2012 Revised	2013 Budget
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	95.9	108.3	105.0	117.2
Receivables	645.3	700.9	698.6	744.0
Other financial assets	392.2	433.3	433.5	490.2
<b>Total financial assets</b>	<b>1 133.4</b>	<b>1 242.5</b>	<b>1 237.1</b>	<b>1 351.3</b>
<b>Non-financial assets</b>				
Inventories	10.5	10.5	10.5	10.5
Non-financial assets classified as held for sale, including disposal group assets	8.6	2.0	2.0	..
Property, plant and equipment	3 612.5	3 987.5	3 690.0	3 894.6
Intangible assets	73.4	73.1	74.1	72.4
Other	17.5	17.5	17.5	17.5
<b>Total non-financial assets</b>	<b>3 722.6</b>	<b>4 090.6</b>	<b>3 794.1</b>	<b>3 995.1</b>
<b>Total assets</b>	<b>4 855.9</b>	<b>5 333.1</b>	<b>5 031.1</b>	<b>5 346.4</b>
<b>Liabilities</b>				
Payables	218.9	239.5	239.5	260.2
Borrowings	451.0	658.8	420.3	387.7
Provisions	599.3	614.4	614.4	629.5
<b>Total liabilities</b>	<b>1 269.2</b>	<b>1 512.7</b>	<b>1 274.2</b>	<b>1 277.4</b>
<b>Net assets</b>	<b>3 586.7</b>	<b>3 820.3</b>	<b>3 756.9</b>	<b>4 069.0</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	629.6	677.6	674.3	734.6
Reserves	1 576.2	1 576.2	1 576.2	1 576.2
Contributed capital	1 380.9	1 566.6	1 506.4	1 758.2
<b>Total equity</b>	<b>3 586.7</b>	<b>3 820.3</b>	<b>3 756.9</b>	<b>4 069.0</b>

Sources: Departments of Justice and Treasury and Finance

**Table 3.5.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	3 974.6	4 255.9	4 106.9	4 409.4
Receipts from other entities	69.8	96.7	59.4	56.3
Interest received	102.7	99.3	99.7	102.9
Other receipts	22.5	15.5	16.5	15.5
<b>Total receipts</b>	<b>4 169.6</b>	<b>4 467.4</b>	<b>4 282.5</b>	<b>4 584.2</b>
<b>Payments</b>				
Payments of grants and other transfers	(429.1)	(391.2)	(347.7)	(349.4)
Payments to suppliers and employees	(3 376.9)	(3 577.5)	(3 459.1)	(3 735.2)
Capital asset charge	(171.5)	(186.9)	(186.9)	(203.3)
Interest and other costs of finance paid	(41.0)	(46.1)	(41.8)	(38.5)
<b>Total payments</b>	<b>(4 018.4)</b>	<b>(4 201.7)</b>	<b>(4 035.5)</b>	<b>(4 326.4)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>151.2</b>	<b>265.6</b>	<b>247.0</b>	<b>257.8</b>
<b>Cash flows from investing activities</b>				
Net investment	(16.9)	(96.2)	(94.1)	(101.6)
Payments for non-financial assets	(243.5)	(353.6)	(272.6)	(397.2)
Proceeds from sale of non-financial assets	27.8	34.0	34.0	34.0
Net loans to other parties	(6.1)	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(238.8)</b>	<b>(415.8)</b>	<b>(332.7)</b>	<b>(464.8)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	79.5	190.5	125.5	251.8
Repayment of finance leases	(22.7)	(22.4)	(22.4)	(22.4)
Net borrowings	(8.0)	(5.7)	(8.4)	(10.2)
<b>Net cash flows from/(used in) financing activities</b>	<b>48.8</b>	<b>162.5</b>	<b>94.8</b>	<b>219.2</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(38.7)</b>	<b>12.4</b>	<b>9.1</b>	<b>12.2</b>
Cash and cash equivalents at the beginning of the financial year	134.6	95.9	95.9	105.0
<b>Cash and cash equivalents at the end of the financial year</b>	<b>95.9</b>	<b>108.3</b>	<b>105.0</b>	<b>117.2</b>

Sources: Departments of Justice and Treasury and Finance

**Table 3.5.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>608.7</b>	<b>1 311.5</b>	..	<b>424.0</b>	<b>2 344.2</b>
Comprehensive result	21.0	..	..	1 152.2	<b>1 173.2</b>
Transactions with owners in their capacity as owners	..	69.4	..	..	<b>69.4</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>629.6</b>	<b>1 380.9</b>	..	<b>1 576.2</b>	<b>3 586.7</b>
Comprehensive result	48.0	..	..	..	<b>48.0</b>
Transactions with owners in their capacity as owners	..	185.7	..	..	<b>185.7</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>677.6</b>	<b>1 566.6</b>	..	<b>1 576.2</b>	<b>3 820.3</b>
Comprehensive result	44.7	..	..	..	<b>44.7</b>
Transactions with owners in their capacity as owners	..	125.5	..	..	<b>125.5</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>674.3</b>	<b>1 506.4</b>	..	<b>1 576.2</b>	<b>3 756.9</b>
Comprehensive result	60.3	..	..	..	<b>60.3</b>
Transactions with owners in their capacity as owners	..	251.8	..	..	<b>251.8</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>734.6</b>	<b>1 758.2</b>	..	<b>1 576.2</b>	<b>4 069.0</b>

Sources: Departments of Justice and Treasury and Finance

**Table 3.5.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Appropriations – payments made on behalf of the State	41.3	54.5	54.5	54.5
Special appropriations	57.3	57.2	57.2	60.3
Sale of goods and services	157.0	150.3	154.6	157.9
Grants	3.1	19.5	19.5	6.8
Interest	0.7	..	..	..
Other income	2 427.4	2 489.2	2 545.2	2 731.0
<b>Total administered income</b>	<b>2 686.9</b>	<b>2 770.7</b>	<b>2 831.1</b>	<b>3 010.6</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	34.7	13.1	26.1	18.4
Grants and other transfers	50.5	52.6	52.6	56.6
Payments into the Consolidated Fund	2 370.1	2 507.4	2 538.4	2 752.6
<b>Total administered expenses</b>	<b>2 455.3</b>	<b>2 573.0</b>	<b>2 617.0</b>	<b>2 827.6</b>
<b>Income less expenses</b>	<b>231.6</b>	<b>197.6</b>	<b>214.1</b>	<b>183.0</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	4.1	0.7	0.7	0.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(241.2)	(164.8)	(280.0)	(312.2)
<b>Total other economic flows included in net result</b>	<b>(237.0)</b>	<b>(164.1)</b>	<b>(279.3)</b>	<b>(311.5)</b>
<b>Net result</b>	<b>(5.4)</b>	<b>33.5</b>	<b>(65.2)</b>	<b>(128.5)</b>
<b>Comprehensive result</b>	<b>(5.4)</b>	<b>33.5</b>	<b>(65.2)</b>	<b>(128.5)</b>
<b>Administered assets</b>				
Cash and deposits	70.1	69.6	479.6	479.1
Receivables	649.4	680.4	581.7	1 237.5
Other assets	14.0	16.0	16.0	18.0
Property, plant and equipment	(5.9)	(6.0)	(6.0)	20.3
Non-current assets classified as held for sale	(5.2)	(5.2)	(5.2)	(5.2)
<b>Total administered assets</b>	<b>722.4</b>	<b>754.9</b>	<b>1 066.1</b>	<b>1 749.7</b>
<b>Administered liabilities</b>				
Payables	232.5	231.5	641.5	1 453.5
Provisions	2.1	2.1	2.1	2.1
<b>Total administered liabilities</b>	<b>234.5</b>	<b>233.5</b>	<b>643.5</b>	<b>1 455.6</b>
<b>Net assets</b>	<b>487.8</b>	<b>521.3</b>	<b>422.6</b>	<b>294.1</b>

Sources: Departments of Justice and Treasury and Finance

**Table 3.5.6: Payments made on behalf of the State***(\$ million)*

<i>Accounts</i>	<i>2011-12 Budget</i>	<i>2011-12 Revised</i>	<i>2012-13 Budget</i>
Tattersalls duty payments to other jurisdictions	54.5	54.5	54.5
<b>Total</b>	<b>54.5</b>	<b>54.5</b>	<b>54.5</b>

*Sources: Departments of Justice and Treasury and Finance*

## **DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT**

### **Operating performance**

The Department of Planning and Community Development is forecasting a net result from transactions surplus of \$4.7 million in 2012-13. This is primarily due to reduced grant payments.

The largest component of the Department's income is output appropriation. The majority of this income will be applied through the provision of grants to external organisations for the delivery of programs. The operating statement also includes appropriations relating to the Regional Growth Fund and special appropriations relating to the Growth Areas Infrastructure Contribution.

Total income from transactions is expected to decrease by \$77 million from the 2011-12 revised budget, to \$507 million in 2012-13. The movement is largely driven by an estimated decrease in grants revenue in 2012-13 of \$46 million as a result of lower budgeted distributions from the Community Support Fund.

Total expenses for the Department are also anticipated to decrease in 2012-13, due to the impact of the decrease in grants revenue referred to above.

### **Balance sheet performance**

The Department's net asset position is budgeted to increase by \$70 million in 2012-13, largely due to budgeted investment in the Government's designated central activity areas.

### **Investment and financing**

Payments for property, plant and equipment for the 2012-13 budget reflect the Department's existing capital investment program and new approved projects. These include the Shrine Galleries of Remembrance, scoping and design work for stage 2 of the Melbourne and Olympic Parks Redevelopment and maintenance for the State Sports Centre Trust.

### **Administered items statement**

Transactions administered by the Department on behalf of the State are primarily Commonwealth financial assistance payments to local government. These payments include both general purpose and local roads components.

**Table 3.6.1: Operating statement**

(\$ million)

	2010-11 Actual <sup>(a)</sup>	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	472.5	515.1	488.4	466.8
Special appropriations	69.0	8.5	13.2	4.0
Interest	6.2	8.5	8.5	8.3
Sale of goods and services	3.8	0.9	0.9	0.9
Grants	67.6	62.2	72.4	26.3
Fair value of assets received free of charge or for nominal consideration	0.1	..	..	..
Other income	0.5	0.3	0.3	0.3
<b>Total income from transactions</b>	<b>619.8</b>	<b>595.4</b>	<b>583.6</b>	<b>506.6</b>
<b>Expenses from transactions</b>				
Employee benefits	101.3	94.9	98.4	84.7
Depreciation	6.2	5.9	5.9	5.8
Interest expense	0.2	..	..	..
Grants and other transfers	406.7	422.6	386.3	341.1
Capital asset charge	5.8	6.3	6.3	6.5
Other operating expenses	83.3	73.3	67.8	63.7
<b>Total expenses from transactions</b>	<b>603.5</b>	<b>602.9</b>	<b>564.7</b>	<b>501.9</b>
<b>Net result from transactions (net operating balance)</b>	<b>16.3</b>	<b>(7.4)</b>	<b>18.9</b>	<b>4.7</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	0.3	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	0.1	..	..	..
<b>Total other economic flows included in net result</b>	<b>0.4</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>16.8</b>	<b>(7.4)</b>	<b>18.9</b>	<b>4.7</b>
<b>Other economic flows – other non-owner changes in equity</b>				
<b>Total other economic flows – other non-owner changes in equity</b>	<b>16.1</b>	<b>9.4</b>	<b>9.4</b>	<b>9.4</b>
<b>Comprehensive result</b>	<b>32.8</b>	<b>2.0</b>	<b>28.3</b>	<b>14.1</b>

Sources: Departments of Planning and Community Development and Treasury and Finance

Note:

(a) Includes Regional Development Victoria which was transferred from the Department of Business and Innovation as part of Machinery of Government changes on 1 January 2011.



**Table 3.6.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011 Actual</i>	<i>2012 Budget</i>	<i>2012 Revised</i>	<i>2013 Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	268.2	260.8	291.3	296.0
Receivables	80.6	82.9	78.8	81.1
<b>Total financial assets</b>	<b>348.8</b>	<b>343.7</b>	<b>370.0</b>	<b>377.1</b>
<b>Non-financial assets</b>				
Property, plant and equipment	265.6	369.1	318.5	379.3
Intangible assets	16.5	18.5	18.5	20.3
Other	0.5	0.5	0.5	0.5
<b>Total non-financial assets</b>	<b>282.6</b>	<b>388.0</b>	<b>337.5</b>	<b>400.1</b>
<b>Total assets</b>	<b>631.4</b>	<b>731.7</b>	<b>707.6</b>	<b>777.2</b>
<b>Liabilities</b>				
Payables	69.2	69.2	69.2	69.2
Borrowings	4.4	4.4	4.4	4.4
Provisions	25.2	25.2	25.2	25.2
<b>Total liabilities</b>	<b>98.8</b>	<b>98.8</b>	<b>98.8</b>	<b>98.8</b>
<b>Net assets</b>	<b>532.5</b>	<b>632.9</b>	<b>608.7</b>	<b>678.3</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	8.8	1.4	27.8	32.5
Reserves	31.8	41.2	41.2	50.6
Contributed capital	491.9	590.3	539.7	595.2
<b>Total equity</b>	<b>532.5</b>	<b>632.9</b>	<b>608.7</b>	<b>678.3</b>

Sources: Departments of Planning and Community Development and Treasury and Finance

**Table 3.6.3: Statement of cash flows**

(\$ million)

	2010-11 Actual <sup>(a)</sup>	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	541.7	523.6	501.6	470.8
Receipts from other entities	65.6	63.1	73.2	27.2
Interest received	1.9	8.5	8.5	8.3
<b>Total receipts</b>	<b>609.2</b>	<b>595.1</b>	<b>583.3</b>	<b>506.3</b>
<b>Payments</b>				
Payments of grants and other transfers	(406.1)	(422.3)	(386.0)	(340.8)
Payments to suppliers and employees	(166.4)	(168.2)	(166.2)	(148.4)
Capital asset charge	(5.8)	(6.3)	(6.3)	(6.5)
Interest and other costs of finance paid	(0.2)	..	..	..
<b>Total payments</b>	<b>(578.5)</b>	<b>(596.7)</b>	<b>(558.5)</b>	<b>(495.7)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>30.7</b>	<b>(1.6)</b>	<b>24.8</b>	<b>10.6</b>
<b>Cash flows from investing activities</b>				
Net investment	(4.7)	13.6	(2.3)	(2.3)
Payments for non-financial assets	(70.2)	(102.0)	(51.4)	(59.0)
Proceeds from sale of non-financial assets	1.3	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(73.5)</b>	<b>(88.3)</b>	<b>(53.7)</b>	<b>(61.3)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	235.8	98.4	47.9	55.5
Net borrowings	(0.8)	..	4.1	..
<b>Net cash flows from/(used in) financing activities</b>	<b>235.0</b>	<b>98.4</b>	<b>52.0</b>	<b>55.5</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>192.2</b>	<b>8.5</b>	<b>23.1</b>	<b>4.7</b>
Cash and cash equivalents at the beginning of the financial year	76.0	268.2	268.2	291.3
<b>Cash and cash equivalents at the end of the financial year</b>	<b>268.2</b>	<b>276.7</b>	<b>291.3</b>	<b>296.0</b>

Sources: Departments of Planning and Community Development and Treasury and Finance

Note:

(a) Includes Regional Development Victoria which was transferred from the Department of Business and Innovation as part of machinery of government changes on 1 January 2011.

**Table 3.6.4: Statement of changes in equity***(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>(7.9)</b>	<b>257.0</b>	<b>(1.4)</b>	<b>17.2</b>	<b>264.9</b>
Comprehensive result	16.8	..	..	15.0	<b>31.7</b>
Other transfers	..	..	1.1	..	<b>1.1</b>
Transactions with owners in their capacity as owners	..	234.8	..	..	<b>234.8</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>8.8</b>	<b>491.9</b>	<b>(0.3)</b>	<b>32.2</b>	<b>532.5</b>
Comprehensive result	(7.4)	..	..	9.4	<b>2.0</b>
Transactions with owners in their capacity as owners	..	98.4	..	..	<b>98.4</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>1.4</b>	<b>590.3</b>	<b>(0.3)</b>	<b>41.6</b>	<b>632.9</b>
Comprehensive result	18.9	..	..	9.4	<b>28.3</b>
Transactions with owners in their capacity as owners	..	47.9	..	..	<b>47.9</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>27.8</b>	<b>539.7</b>	<b>(0.3)</b>	<b>41.6</b>	<b>608.7</b>
Comprehensive result	4.7	..	..	9.4	<b>14.1</b>
Transactions with owners in their capacity as owners	..	55.5	..	..	<b>55.5</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>32.5</b>	<b>595.2</b>	<b>(0.3)</b>	<b>51.0</b>	<b>678.3</b>

*Sources: Departments of Planning and Community Development and Treasury and Finance*

**Table 3.6.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	0.6	0.9	0.9	0.9
Sale of goods and services	0.2	0.7	5.0	0.7
Grants	506.8	477.8	382.2	508.5
Other	0.6	..	..	..
<b>Total administered income</b>	<b>508.2</b>	<b>479.3</b>	<b>388.0</b>	<b>510.1</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	0.2	..	..	..
Grants and other transfers	504.5	478.6	383.0	509.4
Payments into the Consolidated Fund	3.5	2.9	7.2	2.0
<b>Total administered expenses</b>	<b>508.3</b>	<b>481.5</b>	<b>390.2</b>	<b>511.4</b>
<b>Income less expenses</b>	<b>(0.1)</b>	<b>(2.2)</b>	<b>(2.2)</b>	<b>(1.3)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	(3.5)	2.2	2.2	1.3
<b>Total other economic flows included in net result</b>	<b>(3.5)</b>	<b>2.2</b>	<b>2.2</b>	<b>1.3</b>
<b>Net result</b>	<b>(3.6)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Other	(1.2)	..	..	..
<b>Total other economic flows – Other non-owner changes in equity</b>	<b>(1.2)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(4.8)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	2.8	2.8	2.8	2.8
<b>Total administered assets</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>
<b>Administered liabilities</b>				
Payables	1.0	1.0	1.0	1.0
<b>Total administered liabilities</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Net assets</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
<b>Equity</b>				
Contributed capital	5.2	5.2	5.2	5.2
Accumulated surplus/(deficit)	(3.4)	(3.4)	(3.4)	(3.4)
<b>Total equity</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>

Sources: Departments of Planning and Community Development and Treasury and Finance

**Table 3.6.6: Payments made on behalf of the State**

*(\$ million)*

	<i>2011-12 Budget</i>	<i>2011-12 Revised</i>	<i>2012-13 Budget</i>
Anzac Day administered trust	0.9	0.9	0.9
<b>Total</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>

*Sources: Departments of Planning and Community Development and Treasury and Finance*

## DEPARTMENT OF PREMIER AND CABINET

### Operating performance

The net result from transactions surplus for the Department of Premier and Cabinet is forecast to increase from \$19 million in the 2011-12 revised budget to \$23 million in 2012-13 budget.

The Department's income estimates for 2012-13 reflects a \$40 million decrease compared with the 2011-12 revised budget. This decrease is primarily due to:

- the transfer of funding to the Department of Justice, for the Independent Broad-based Anti-corruption Commission;
- the near finalisation of bushfire related activities;
- interruption to business activity due to the Southbank redevelopment; and
- the implementation of Government savings measures across the Department.

This is partially offset by new output initiative funding announced in the *2012-13 Budget* including:

- urgent storage for cultural agency collections;
- the Major Performing Arts Sector initiative; and
- increased funding for the Victorian Multicultural Commission and the Victorian Ombudsman.

Total operating expenses are budgeted to decrease by \$44 million between the 2011-12 revised budget and the 2012-13 budget as a result of the factors identified above.

### Balance sheet performance

The Department's net asset position in 2012-13 is estimated to increase by \$34 million when compared with the 2011-12 revised budget. This is mainly due to increased financial receivables largely representing appropriation received for depreciation not being fully drawn down in cash.

### Investment and financing

The cash flow statement shows an increase of \$3 million in payments for non-financial assets by the Department between the 2011-12 revised budget and 2012-13 budget. This reflects the completion of the majority of the Department's asset projects in 2011-12. A small amount of capital expenditure will occur in 2012-13 for the Southbank Cultural Precinct Redevelopment project.

**Table 3.7.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	544.6	555.2	584.0	542.4
Special appropriations <sup>(a)</sup>	7.8	6.6	8.1	8.1
Interest	6.9	2.7	2.5	2.7
Sale of goods and services	45.2	39.8	41.2	48.3
Grants	18.4	9.1	8.6	6.5
Fair value of assets and services received free of charge or for nominal consideration	0.7	1.3	1.3	1.6
Other income	57.2	35.5	34.2	30.1
<b>Total income from transactions</b>	<b>680.8</b>	<b>650.0</b>	<b>679.9</b>	<b>639.7</b>
<b>Expenses from transactions</b>				
Employee benefits	215.6	209.8	206.2	202.0
Depreciation	46.6	50.3	65.9	58.4
Interest expense	0.2	..	..	..
Grants and other transfers	107.3	105.0	114.3	99.5
Capital asset charge	98.7	98.7	98.7	98.7
Other operating expenses	183.2	166.4	175.9	158.6
<b>Total expenses from transactions</b>	<b>651.7</b>	<b>630.2</b>	<b>661.0</b>	<b>617.2</b>
<b>Net result from transactions (net operating balance)</b>	<b>29.2</b>	<b>19.8</b>	<b>18.9</b>	<b>22.5</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.2)	0.1	(0.1)	(0.1)
<b>Total other economic flows included in net result</b>	<b>(0.2)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>(0.1)</b>
<b>Net result</b>	<b>29.0</b>	<b>19.9</b>	<b>18.8</b>	<b>22.4</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	933.2	..	50.4	..
Financial assets available-for-sale reserve:	1.9	..	..	..
Other	2.0	3.6	(3.2)	1.4
<b>Total other economic flows – other non-owner changes in equity</b>	<b>937.1</b>	<b>3.6</b>	<b>47.2</b>	<b>1.4</b>
<b>Comprehensive result</b>	<b>966.1</b>	<b>23.5</b>	<b>66.0</b>	<b>23.9</b>

Sources: Departments of Premier and Cabinet and Treasury and Finance

Note:

(a) The 2010-11 actual special appropriation includes 2010-11 salary increase. The 2011-12 Revised and 2012-13 Budget figures include salary increases for both 2010-11 and 2011-12.

**Table 3.7.2: Balance sheet**

(\$ million)

	Estimated as at 30 Jun			
	2011 Actual	2012 Budget	2012 Revised	2013 Budget
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	48.6	44.0	42.6	41.0
Receivables	98.1	125.6	130.2	177.2
Other financial assets	78.3	90.3	82.9	85.5
<b>Total financial assets</b>	<b>225.0</b>	<b>259.9</b>	<b>255.7</b>	<b>303.7</b>
<b>Non-financial assets</b>				
Inventories	3.7	3.7	3.7	3.7
Property, plant and equipment	6 433.9	6 494.5	6 460.3	6 446.2
Intangible assets	5.4	5.4	5.4	5.4
Other	3.9	3.9	3.9	3.9
<b>Total non-financial assets</b>	<b>6 446.8</b>	<b>6 507.5</b>	<b>6 473.3</b>	<b>6 459.2</b>
<b>Total assets</b>	<b>6 671.8</b>	<b>6 767.4</b>	<b>6 729.0</b>	<b>6 762.8</b>
<b>Liabilities</b>				
Payables	35.7	36.1	34.7	33.6
Borrowings	2.7	3.0	3.0	2.6
Provisions	39.9	41.2	43.0	44.3
<b>Total liabilities</b>	<b>78.3</b>	<b>80.3</b>	<b>80.7</b>	<b>80.5</b>
<b>Net assets</b>	<b>6 593.5</b>	<b>6 687.1</b>	<b>6 648.3</b>	<b>6 682.4</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	82.1	80.1	74.0	76.6
Reserves	4 898.3	4 923.7	4 972.3	4 993.6
Contributed capital	1 613.2	1 683.2	1 602.0	1 612.2
<b>Total equity</b>	<b>6 593.5</b>	<b>6 687.1</b>	<b>6 648.3</b>	<b>6 682.4</b>

Sources: Departments of Premier and Cabinet and Treasury and Finance



**Table 3.7.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	554.7	561.8	592.1	550.5
Receipts from other entities	55.8	47.7	49.5	54.5
Interest received	6.9	2.7	2.5	2.7
Other receipts	61.5	36.7	34.5	30.4
<b>Total receipts</b>	<b>678.8</b>	<b>648.9</b>	<b>678.6</b>	<b>638.1</b>
<b>Payments</b>				
Payments of grants and other transfers	(107.7)	(105.0)	(114.3)	(99.5)
Payments to suppliers and employees	(411.7)	(372.7)	(378.2)	(358.3)
Capital asset charge	(98.7)	(98.7)	(98.7)	(98.7)
Interest and other costs of finance paid	(0.2)	..	..	..
<b>Total payments</b>	<b>(618.2)</b>	<b>(576.4)</b>	<b>(591.2)</b>	<b>(556.5)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>60.6</b>	<b>72.5</b>	<b>87.4</b>	<b>81.7</b>
<b>Cash flows from investing activities</b>				
Net investment	(11.9)	(39.2)	(36.3)	(50.0)
Payments for non-financial assets	(91.2)	(107.9)	(45.7)	(48.4)
Proceeds from sale of non-financial assets	1.2	..	..	..
Net loans to other parties	..	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(101.9)</b>	<b>(147.1)</b>	<b>(82.0)</b>	<b>(98.4)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	36.7	70.0	(11.2)	15.2
Repayment of finance leases	..	..	..	..
Net borrowings	(0.1)	(0.1)	(0.1)	(0.1)
<b>Net cash flows from/(used in) financing activities</b>	<b>36.6</b>	<b>69.9</b>	<b>(11.3)</b>	<b>15.1</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4.6)</b>	<b>(4.7)</b>	<b>(6.0)</b>	<b>(1.6)</b>
Cash and cash equivalents at the beginning of the financial year	53.2	48.6	48.6	42.6
<b>Cash and cash equivalents at the end of the financial year</b>	<b>48.6</b>	<b>44.0</b>	<b>42.6</b>	<b>41.0</b>

Sources: Departments of Premier and Cabinet and Treasury and Finance

**Table 3.7.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>84.7</b>	<b>1 622.9</b>	<b>276.2</b>	<b>3 653.3</b>	<b>5 637.2</b>
Comprehensive result	(2.7)	..	35.5	933.2	966.1
Transactions with owners in their capacity as owners	..	(9.7)	..	..	(9.7)
<b>Closing balance 30 June 2011 (actual)</b>	<b>82.1</b>	<b>1 613.2</b>	<b>311.7</b>	<b>4 586.6</b>	<b>6 593.5</b>
Comprehensive result	(1.9)	..	25.5	..	23.5
Transactions with owners in their capacity as owners	..	70.0	..	..	70.0
<b>Closing balance 30 June 2012 (budget)</b>	<b>80.1</b>	<b>1 683.2</b>	<b>337.2</b>	<b>4 586.6</b>	<b>6 687.1</b>
Comprehensive result	(8.1)	..	23.6	50.4	66.0
Transactions with owners in their capacity as owners	..	(11.2)	..	..	(11.2)
<b>Closing balance 30 June 2012 (revised)</b>	<b>74.0</b>	<b>1 602.0</b>	<b>335.3</b>	<b>4 637.0</b>	<b>6 648.3</b>
Comprehensive result	2.5	..	21.3	..	23.9
Transactions with owners in their capacity as owners	..	10.2	..	..	10.2
<b>Closing balance 30 June 2013 (estimate)</b>	<b>76.6</b>	<b>1 612.2</b>	<b>356.7</b>	<b>4 637.0</b>	<b>6 682.4</b>

Sources: Departments of Premier and Cabinet and Treasury and Finance

**Table 3.7.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State <sup>(a)</sup>	4.4	..	..	..
Sale of goods and services	0.1	0.6	0.5	0.5
Other income	8.4	0.3	0.3	0.3
<b>Total administered income</b>	<b>13.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>
<b>Administered expenses</b>				
Expenses on behalf of the State <sup>(a)</sup>	13.0	..	..	..
Payments into the Consolidated Fund	0.7	0.9	0.8	0.8
<b>Total administered expenses</b>	<b>13.7</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>
<b>Income less expenses</b>	<b>(0.7)</b>	..	..	..
<b>Other economic flows included in net result</b>				
<b>Total other economic flows included in net result</b>	..	..	..	..
<b>Net result</b>	<b>(0.7)</b>	..	..	..
<b>Administered assets</b>				
Receivables	0.1	0.1	0.1	0.1
<b>Total administered assets</b>	..	..	..	..
<b>Administered liabilities</b>				
<b>Total administered liabilities</b>	..	..	..	..
<b>Net assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

Sources: Departments of Premier and Cabinet and Treasury and Finance

Note:

(a) Relates to costs associated with the 2009 Victorian Bushfires Royal Commission which has now been wound up.

## **DEPARTMENT OF PRIMARY INDUSTRIES**

### **Operating performance**

The Department of Primary Industries is forecasting a net result from transactions deficit of \$3.9 million in 2012-13. The planned deficit is the result of rephased expenditure funded from income recognised in previous periods.

A substantial part of the Department's operating income is sourced from appropriations and supplemented by external funding predominantly received for scientific research and extension projects.

The operating income for the 2012-13 is forecast to be \$562 million, a \$60.2 million increase from the 2011-12 revised budget. This increase primarily relates to commercial and program revisions in the Energy and Earth Resources portfolio, new funding for the Agriculture and Food Industry Plan and transfers from the Department of Sustainability and Environment for game and forestry functions. This is offset by reductions resulting from the Government's savings measures.

The increase in operating expenses from \$505 million in the 2011-12 revised budget to \$566 million in 2012-13 reflects the above mentioned activities.

### **Balance sheet performance**

The Department's net asset position is expected to increase from \$582 million in the 2011-12 revised budget to \$614 million in 2012-13. This increase of \$32 million is due to the planned delivery of services to the agricultural sector through research facility upgrades and new facilities in regional Victoria. The commitment to improving Victoria's scientific infrastructure through the Biosciences Research Centre project is also contributing to the movement.

### **Investing and financing**

The increase in cash flows for investing activities from \$29 million in the 2011-12 revised budget to \$54 million in 2012-13 is mainly due to the commitment to improve scientific infrastructure in regional Victoria.

The increase in net cash flow from financing activities reflects the increase in capital funding to deliver existing capital programs.

### **Administered items statement**

Administered income and expenses have increased in 2012-13 compared with the 2011-12 revised budget. This increase primarily relates to payments associated with external parties.

**Table 3.8.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	491.0	486.4	453.4	530.4
Special appropriations	9.0	..	6.0	..
Interest	3.9	0.7	0.7	0.8
Sale of goods and services	26.8	13.7	30.9	20.3
Grants	..	17.3	0.1	0.1
Other income	10.2	10.2	10.2	10.0
<b>Total income from transactions</b>	<b>540.9</b>	<b>528.4</b>	<b>501.4</b>	<b>561.6</b>
<b>Expenses from transactions</b>				
Employee benefits	205.7	201.2	195.1	184.2
Depreciation	25.2	26.8	26.8	29.4
Interest expense	7.0	11.1	11.1	16.9
Grants and other transfers	122.1	45.6	56.8	126.3
Capital asset charge	17.9	33.2	33.2	34.4
Other operating expenses	164.6	212.8	182.4	174.3
<b>Total expenses from transactions</b>	<b>542.5</b>	<b>530.7</b>	<b>505.3</b>	<b>565.5</b>
<b>Net result from transactions (net operating balance)</b>	<b>(1.6)</b>	<b>(2.3)</b>	<b>(3.9)</b>	<b>(3.9)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	(1.9)	..	..	..
Other gains/(losses) from economic flows	0.1	..	..	..
<b>Total other economic flows included in net result</b>	<b>(1.8)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>(3.4)</b>	<b>(2.3)</b>	<b>(3.9)</b>	<b>(3.9)</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	216.3	..	..	..
Other	0.2	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>216.5</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>213.1</b>	<b>(2.3)</b>	<b>(3.9)</b>	<b>(3.9)</b>

Sources: Departments of Primary Industries and Treasury and Finance

**Table 3.8.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011 Actual</i>	<i>2012 Budget</i>	<i>2012 Revised</i>	<i>2013 Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	64.7	62.8	62.8	59.3
Receivables	145.6	145.8	144.5	144.4
Other financial assets	16.2	15.8	15.8	15.4
<b>Total financial assets</b>	<b>226.5</b>	<b>224.4</b>	<b>223.1</b>	<b>219.1</b>
<b>Non-financial assets</b>				
Inventories	0.3	0.3	0.3	0.3
Non-financial assets classified as held for sale, including disposal group assets	0.2	0.2	0.2	0.2
Property, plant and equipment	583.2	779.9	760.2	784.8
Biological assets	1.3	1.3	1.3	1.3
Intangible assets	10.4	10.4	11.1	11.1
Other	1.0	1.0	1.0	1.0
<b>Total non-financial assets</b>	<b>596.4</b>	<b>793.2</b>	<b>774.2</b>	<b>798.8</b>
<b>Total assets</b>	<b>822.9</b>	<b>1 017.6</b>	<b>997.3</b>	<b>1 017.9</b>
<b>Liabilities</b>				
Payables	117.9	88.1	104.8	91.9
Borrowings	68.5	253.1	244.7	246.2
Provisions	65.3	65.5	65.5	65.6
<b>Total liabilities</b>	<b>251.7</b>	<b>406.6</b>	<b>415.0</b>	<b>403.8</b>
<b>Net assets</b>	<b>571.2</b>	<b>610.9</b>	<b>582.3</b>	<b>614.1</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	(17.7)	(20.0)	(21.6)	(25.5)
Reserves	254.1	254.1	254.1	254.1
Contributed capital	334.8	376.8	349.8	385.6
<b>Total equity</b>	<b>571.2</b>	<b>610.9</b>	<b>582.3</b>	<b>614.1</b>

Sources: Departments of Primary Industries and Treasury and Finance

**Table 3.8.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	500.0	486.4	459.4	530.4
Receipts from other entities	38.4	41.9	41.9	31.2
Interest received	3.9	0.7	0.7	0.8
Other receipts	4.6	..	..	..
<b>Total receipts</b>	<b>546.9</b>	<b>529.1</b>	<b>502.1</b>	<b>562.3</b>
<b>Payments</b>				
Payments of grants and other transfers	(122.1)	(45.6)	(56.8)	(126.3)
Payments to suppliers and employees	(402.9)	(443.6)	(390.4)	(371.2)
Capital asset charge	(17.9)	(33.2)	(33.2)	(34.4)
Interest and other costs of finance paid	(7.0)	(11.1)	(11.1)	(16.9)
<b>Total payments</b>	<b>(549.9)</b>	<b>(533.5)</b>	<b>(491.5)</b>	<b>(548.8)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>(3.0)</b>	<b>(4.4)</b>	<b>10.6</b>	<b>13.5</b>
<b>Cash flows from investing activities</b>				
Net investment	22.1	(0.5)	0.8	(0.2)
Payments for non-financial assets	(23.7)	(48.4)	(29.5)	(54.0)
Proceeds from sale of non-financial assets	6.5	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>4.8</b>	<b>(48.9)</b>	<b>(28.7)</b>	<b>(54.2)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	14.0	42.0	15.1	35.7
Repayment of finance leases	(0.7)	9.4	1.1	1.5
Net borrowings	(10.0)	..	..	..
<b>Net cash flows from/(used in) financing activities</b>	<b>3.3</b>	<b>51.4</b>	<b>16.2</b>	<b>37.2</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5.2</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>(3.5)</b>
Cash and cash equivalents at the beginning of the financial year	59.5	64.7	64.7	62.8
<b>Cash and cash equivalents at the end of the financial year</b>	<b>64.7</b>	<b>62.8</b>	<b>62.8</b>	<b>59.3</b>

Sources: Departments of Primary Industries and Treasury and Finance

**Table 3.8.4: Statement of changes in equity***(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>(14.5)</b>	<b>320.9</b>	<b>0.1</b>	<b>37.8</b>	<b>344.2</b>
Comprehensive result	(3.2)	..	..	216.3	213.1
Transactions with owners in their capacity as owners	..	13.9	..	..	13.9
<b>Closing balance 30 June 2011 (actual)</b>	<b>(17.7)</b>	<b>334.8</b>	<b>0.1</b>	<b>254.0</b>	<b>571.2</b>
Comprehensive result	(2.3)	..	..	..	(2.3)
Transactions with owners in their capacity as owners	..	42.0	..	..	42.0
<b>Closing balance 30 June 2012 (budget)</b>	<b>(20.0)</b>	<b>376.8</b>	<b>0.1</b>	<b>254.0</b>	<b>610.9</b>
Comprehensive result	(3.9)	..	..	..	(3.9)
Transactions with owners in their capacity as owners	..	15.1	..	..	15.1
<b>Closing balance 30 June 2012 (revised)</b>	<b>(21.6)</b>	<b>349.8</b>	<b>0.1</b>	<b>254.0</b>	<b>582.3</b>
Comprehensive result	(3.9)	..	..	..	(3.9)
Transactions with owners in their capacity as owners	..	35.7	..	..	35.7
<b>Closing balance 30 June 2013 (estimate)</b>	<b>(25.5)</b>	<b>385.6</b>	<b>0.1</b>	<b>254.0</b>	<b>614.1</b>

*Sources: Departments of Primary Industries and Treasury and Finance*



**Table 3.8.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Sale of goods and services	71.0	52.3	54.5	81.7
Grants	2.2	11.2	11.2	10.9
Interest	0.1	..	..	..
Other income	63.6	51.4	51.4	52.1
<b>Total administered income</b>	<b>136.8</b>	<b>114.9</b>	<b>117.0</b>	<b>144.7</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	0.2	..	..	..
Payments into the Consolidated Fund	110.7	114.6	116.7	145.1
<b>Total administered expenses</b>	<b>110.9</b>	<b>114.6</b>	<b>116.7</b>	<b>145.1</b>
<b>Income less expenses</b>	<b>25.9</b>	<b>0.3</b>	<b>0.3</b>	<b>(0.4)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	0.6	..	..	0.7
Net gain/(loss) on financial instruments and statutory receivables/payables	0.2	..	..	..
<b>Total other economic flows included in net result</b>	<b>0.7</b>	<b>..</b>	<b>..</b>	<b>0.7</b>
<b>Net result</b>	<b>26.6</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Other	(0.2)	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>(0.2)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>26.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Administered assets</b>				
Cash and deposits	2.9	3.2	3.2	3.5
Receivables	53.4	53.4	53.4	53.4
Other financial assets	0.1	0.1	0.1	0.1
<b>Total administered assets</b>	<b>56.3</b>	<b>56.6</b>	<b>56.6</b>	<b>56.9</b>
<b>Administered liabilities</b>				
Payables	15.4	15.4	15.4	15.4
<b>Total administered liabilities</b>	<b>15.4</b>	<b>15.4</b>	<b>15.4</b>	<b>15.4</b>
<b>Net assets</b>	<b>40.9</b>	<b>41.2</b>	<b>41.2</b>	<b>41.5</b>

Sources: Departments of Primary Industries and Treasury and Finance

## DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

### Operating performance

The Department of Sustainability and Environment is estimated to have a net result from transactions surplus of \$65 million for the 2012-13 financial year. This expected surplus is largely attributable to movements in landfill levy revenue.

The Department anticipates that total income from transactions in 2012-13 will decrease by \$196 million compared to the 2011-12 revised budget.

This expected decrease is primarily due to the movement of one-off appropriation funding, including Treasurer's Advances for bushfire prevention, preparedness, response and recovery and flood recovery initiatives. These decreases have been offset by funding provided to the Department for 2012-13 budget initiatives.

The decrease mentioned above is also reflected in the expenditure movements.

### Balance sheet performance

The Department's net asset position is estimated to increase by \$139 million in 2012-13. This primarily reflects an increase in property, plant and equipment, a decrease in total liabilities and funding for new asset initiatives as part of the *2012-13 Budget*.

Major new capital initiatives commencing in 2012-13 budget are:

- Zoos Victoria Asset Management Strategy: Investing for the Future: \$8.7 million in 2012-13 (\$14 million over two years); and
- Reducing Fire Risk: Expanding the Planned Burning Program to 390 000ha: \$11 million in 2012-13.

### Investing and financing

The Department is anticipating a small decrease of \$6.6 million in its net cash position for 2012-13.

Cash flows from investing activities include payments for property, plant and equipment (\$130 million) reflecting the Government's continued investment in the environment and water sectors. The decrease in payments for non-financial assets in 2012-13 reflects the timing of expenditure for bushfire and water projects.

## Statement of administered items

The Department administers some expenses on behalf of the State relating to Victoria's share of Murray-Darling Basin Authority operating costs.

Commonwealth funding reflected as grants and other income includes a range of Commonwealth own purpose payments for:

- the National Water Initiative;
- Purchase of Grasslands; and
- Natural Disaster Relief and Recovery Arrangements.

Other than Commonwealth grants, the Department's administered income represents the State's contribution to the Victorian desalination plant project, the collection of fees and charges for land title transactions, environmental levy contributions, and Crown land leases and licences. The increase in administered income and expenses between 2011-12 revised budget and 2012-13 budget is attributable to the delay of the Victorian desalination plant at Wonthaggi, which was originally forecast to achieve commercial acceptance in 2011-12. The latter is also impacting on both administered assets and liabilities.

**Table 3.9.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	1 034.3	1 164.5	1 103.3	1 020.7
Special appropriations	..	..	36.1	..
Interest	7.8	6.6	8.8	9.8
Sale of goods and services	52.1	41.6	58.3	50.3
Grants	51.2	96.8	103.1	37.1
Fair value of assets and services received free of charge or for nominal consideration	0.7	..	..	..
Other income	290.1	305.1	335.9	332.0
<b>Total income from transactions</b>	<b>1 436.2</b>	<b>1 614.6</b>	<b>1 645.5</b>	<b>1 449.9</b>
<b>Expenses from transactions</b>				
Employee benefits	307.4	319.5	349.4	295.5
Depreciation	50.0	49.7	52.9	55.3
Interest expense	1.0	2.4	1.5	1.8
Grants and other transfers	576.2	596.2	646.8	550.8
Capital asset charge	74.6	76.4	76.4	76.6
Other operating expenses	363.2	471.4	414.2	405.0
<b>Total expenses from transactions</b>	<b>1 372.4</b>	<b>1 515.6</b>	<b>1 541.1</b>	<b>1 385.0</b>
<b>Net result from transactions (net operating balance)</b>	<b>63.8</b>	<b>99.0</b>	<b>104.3</b>	<b>64.9</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	32.3	..	6.2	5.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.6)	(0.6)	(0.6)	(0.6)
Other gains/(losses) from economic flows	0.1	..	..	..
<b>Total other economic flows included in net result</b>	<b>31.8</b>	<b>(0.6)</b>	<b>5.6</b>	<b>5.2</b>
<b>Net result</b>	<b>95.6</b>	<b>98.5</b>	<b>109.9</b>	<b>70.0</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	(813.7)	..	..	..
Other	83.5	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>(730.3)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(634.7)</b>	<b>98.5</b>	<b>109.9</b>	<b>70.0</b>

Sources: Departments of Sustainability and Environment and Treasury and Finance

**Table 3.9.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011 Actual</i>	<i>2012 Budget</i>	<i>2012 Revised</i>	<i>2013 Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	251.3	242.7	206.1	199.5
Receivables	159.5	244.6	237.3	265.3
Other financial assets	146.8	162.4	205.8	242.8
<b>Total financial assets</b>	<b>557.6</b>	<b>649.7</b>	<b>649.2</b>	<b>707.6</b>
<b>Non-financial assets</b>				
Inventories	11.9	11.9	12.8	13.7
Non-financial assets classified as held for sale including disposal group assets	0.7	0.7	0.7	0.7
Property, plant and equipment	7 401.7	7 569.4	7 503.3	7 572.8
Intangible assets	46.6	42.0	58.5	63.7
Other	9.5	9.5	9.5	9.5
<b>Total non-financial assets</b>	<b>7 470.3</b>	<b>7 633.4</b>	<b>7 584.8</b>	<b>7 660.4</b>
<b>Total assets</b>	<b>8 027.9</b>	<b>8 283.1</b>	<b>8 234.1</b>	<b>8 368.0</b>
<b>Liabilities</b>				
Payables	99.6	100.5	100.5	101.3
Borrowings	26.8	18.0	18.0	9.3
Provisions	157.4	160.3	160.3	163.2
<b>Total liabilities</b>	<b>283.7</b>	<b>278.8</b>	<b>278.8</b>	<b>273.9</b>
<b>Net assets</b>	<b>7 744.2</b>	<b>8 004.3</b>	<b>7 955.2</b>	<b>8 094.1</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	26.7	125.2	136.7	206.7
Reserves	5 674.2	5 674.2	5 674.2	5 674.2
Contributed capital	2 043.3	2 204.9	2 144.4	2 213.2
<b>Total equity</b>	<b>7 744.2</b>	<b>8 004.3</b>	<b>7 955.2</b>	<b>8 094.1</b>

Sources: Departments of Sustainability and Environment and Treasury and Finance

**Table 3.9.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	1 051.6	1 174.1	1 156.8	1 025.7
Receipts from other entities	354.2	416.0	455.5	396.3
Interest received	7.4	6.6	8.8	9.8
Other receipts	13.9	11.5	10.9	0.2
<b>Total receipts</b>	<b>1 427.1</b>	<b>1 608.2</b>	<b>1 632.1</b>	<b>1 432.1</b>
<b>Payments</b>				
Payments of grants and other transfers	(584.2)	(596.2)	(646.4)	(550.8)
Payments to suppliers and employees	(719.3)	(787.3)	(761.0)	(697.9)
Capital asset charge	(74.6)	(76.4)	(76.4)	(76.6)
Interest and other costs of finance paid	(1.8)	(2.2)	(1.2)	(1.6)
<b>Total payments</b>	<b>(1 380.0)</b>	<b>(1 462.0)</b>	<b>(1 485.0)</b>	<b>(1 326.9)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>47.1</b>	<b>146.2</b>	<b>147.1</b>	<b>105.2</b>
<b>Cash flows from investing activities</b>				
Net investment	(42.9)	(30.7)	(60.5)	(42.2)
Payments for non-financial assets	73.7	(212.8)	(166.5)	(129.9)
Proceeds from sale of non-financial assets	0.5	..	6.2	5.7
<b>Net cash flow from/(used in) investing activities</b>	<b>31.3</b>	<b>(243.5)</b>	<b>(220.8)</b>	<b>(166.3)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	(130.0)	161.6	101.1	68.8
Net borrowings	46.5	(72.9)	(72.5)	(14.4)
<b>Net cash flows from/(used in) financing activities</b>	<b>(83.5)</b>	<b>88.7</b>	<b>28.6</b>	<b>54.5</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5.1)</b>	<b>(8.7)</b>	<b>(45.2)</b>	<b>(6.6)</b>
Cash and cash equivalents at the beginning of the financial year	256.5	251.3	251.3	206.1
<b>Cash and cash equivalents at the end of the financial year</b>	<b>251.3</b>	<b>242.7</b>	<b>206.1</b>	<b>199.5</b>

Sources: Departments of Sustainability and Environment and Treasury and Finance

**Table 3.9.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>(152.3)</b>	<b>2 376.1</b>	<b>..</b>	<b>6 487.9</b>	<b>8 711.7</b>
Comprehensive result	95.6	..	83.5	(813.7)	<b>(634.7)</b>
Transactions with owners in their capacity as owners	..	(332.8)	..	..	<b>(332.8)</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>(56.8)</b>	<b>2 043.3</b>	<b>83.5</b>	<b>5 674.2</b>	<b>7 744.2</b>
Comprehensive result	98.5	..	..	..	<b>98.5</b>
Transactions with owners in their capacity as owners	..	161.6	..	..	<b>161.6</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>41.7</b>	<b>2 204.9</b>	<b>83.5</b>	<b>5 674.2</b>	<b>8 004.3</b>
Comprehensive result	109.9	..	..	..	<b>109.9</b>
Transactions with owners in their capacity as owners	..	101.1	..	..	<b>101.1</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>53.2</b>	<b>2 144.4</b>	<b>83.5</b>	<b>5 674.2</b>	<b>7 955.2</b>
Comprehensive result	70.0	..	..	..	<b>70.0</b>
Transactions with owners in their capacity as owners	..	68.8	..	..	<b>68.8</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>123.2</b>	<b>2 213.2</b>	<b>83.5</b>	<b>5 674.2</b>	<b>8 094.1</b>

Sources: Departments of Sustainability and Environment and Treasury and Finance

**Table 3.9.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	28.9	281.9	29.7	458.8
Fair value of assets and services received free of charge or for nominal consideration	20.1	..	..	..
Sale of goods and services	298.3	658.0	273.3	713.0
Grants	9.1	22.2	16.8	22.3
Interest	..	207.0	..	299.9
Other income	186.1	178.8	166.5	144.3
<b>Total administered income</b>	<b>542.5</b>	<b>1 348.0</b>	<b>486.3</b>	<b>1 638.1</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	7.6	260.1	..	437.3
Grants and other transfers	30.7	21.8	29.7	30.9
Payments into the Consolidated Fund	618.9	770.8	505.8	874.8
<b>Total administered expenses</b>	<b>657.2</b>	<b>1 052.7</b>	<b>535.6</b>	<b>1 343.1</b>
<b>Income less expenses</b>	<b>(114.7)</b>	<b>295.3</b>	<b>(49.3)</b>	<b>295.1</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	79.4	..	25.0	24.5
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.4)	..	..	(0.1)
<b>Total other economic flows included in net result</b>	<b>79.0</b>	<b>..</b>	<b>25.0</b>	<b>24.4</b>
<b>Net result</b>	<b>(35.6)</b>	<b>295.2</b>	<b>(24.2)</b>	<b>319.5</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	10.8	..	..	..
Other	(240.9)	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>(230.1)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(265.7)</b>	<b>295.2</b>	<b>(24.2)</b>	<b>319.5</b>
<b>Administered assets</b>				
Cash and deposits	1.4	1.4	1.4	1.4
Receivables	51.2	4 254.2	51.2	4 172.7
Other financial assets	0.1	0.1	0.1	0.1
Other	26.9	26.9	26.9	26.9
Property, plant and equipment	566.4	566.4	566.4	566.4
Intangible assets	119.3	119.3	119.3	119.3
<b>Total administered assets</b>	<b>765.4</b>	<b>4 968.4</b>	<b>765.4</b>	<b>4 886.8</b>
<b>Administered liabilities</b>				
Payables	381.8	86.5	406.0	86.5
Borrowings	..	4 203.0	..	4 121.5
<b>Total administered liabilities</b>	<b>381.8</b>	<b>4 289.5</b>	<b>406.0</b>	<b>4 208.0</b>
<b>Net assets</b>	<b>383.6</b>	<b>678.8</b>	<b>359.3</b>	<b>678.8</b>

Sources: Departments of Sustainability and Environment and Treasury and Finance



**Table 3.9.6: Payments made on behalf of the State***(\$ million)*

<i>Accounts</i>	<i>2011-12 Budget</i>	<i>2011-12 Revised</i>	<i>2012-13 Budget</i>
Murray-Darling Basin contribution	30.9	29.7	32.7
Victorian desalination project finance lease liability	251.0	..	426.1
<b>Total</b>	<b>281.9</b>	<b>29.7</b>	<b>458.8</b>

*Sources: Departments of Sustainability and Environment and Treasury and Finance*

## DEPARTMENT OF TRANSPORT

### Operating performance

The Department of Transport estimates a net result from transactions surplus of \$199 million in 2012-13.

Total income from transactions is expected to decrease by \$230 million (4 per cent) in 2012-13 compared with the 2011-12 revised budget. The 2011-12 revised budget includes the impact of the Commonwealth Government bringing forward road project funding.

After allowing for Commonwealth Government project funding, total 2012-13 income is expected to increase due to:

- new output initiatives announced in the *2012-13 Budget* including West Gate Bridge maintenance works and the development of the Port of Hastings;
- additional funding from appropriations to meet contracted public transport service and road payments, including the full effect of initiatives approved in prior years; and
- increases in the capital assets charge relating to investments in rail assets reflecting net assets held by VicTrack.

These increases have been partially offset by the impact of the Government's savings measures.

Total expenses from transactions in 2012-13 are estimated to remain largely unchanged.

### Balance sheet performance

The Department's net assets are budgeted to increase by \$405 million from the 2011-12 revised budget to 2012-13 budget. Major movements in total assets reflect the construction of new roads and other infrastructure referred to above.

### Investment and financing

Cash flows from operating activities are consistent with the trends discussed above.

The expected investments in property, plant and equipment in 2012-13 reflect approved cash flows for existing road asset initiatives and new initiatives announced in the *2012-13 Budget*. New asset initiatives include the construction of Mitcham Road and Rooks Road grade separation, Springvale Road grade separation, Dingley Bypass – Warrigal Road to Westall Road, Koo Wee Rup Bypass, Narre Warren – Cranbourne Road duplication between Pound Road and Thompson Road, Western Highway – Duplication from Beaufort to Buangor and Ballarat Western Link Road.

Rail infrastructure investment is recorded in the balance sheet of VicTrack. In 2012-13 new rail initiatives include additional regional rolling stock and regional rail network major periodic maintenance.

## **Administered items statement**

Transactions administered by the Department on behalf of the State include the collection of road and public transport regulatory fees and fines revenues. The *2012-13 Budget* also includes the progressive recognition of concession fees paid in advance by Transurban under the CityLink contract.

Total administered income is budgeted to increase in 2012-13 by \$301 million from the 2011-12 revised budget. This partially reflects additional taxation revenue arising from increases to motor vehicle related taxes and charges announced in the *2011-12 Budget Update* and a new port licence fee to be levied on the Port of Melbourne Corporation commencing on 1 July 2012.

Administered payments are affected by the items outlined above.

**Table 3.10.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	4 756.0	5 240.1	5 157.4	5 011.7
Special appropriations	1.1	2.0	2.0	2.0
Interest	4.3	1.5	1.5	1.5
Sale of goods and services	694.7	744.0	730.6	767.3
Grants	308.8	282.5	289.7	231.8
Fair value of assets and services received free of charge or for nominal consideration	0.8	..	23.0	..
Other income	144.0	165.7	186.8	146.4
<b>Total income from transactions</b>	<b>5 909.8</b>	<b>6 435.8</b>	<b>6 390.9</b>	<b>6 160.6</b>
<b>Expenses from transactions</b>				
Employee benefits	394.3	405.2	403.6	382.8
Depreciation	507.9	534.6	530.9	623.1
Interest expense	32.4	32.4	32.4	78.7
Grants and other transfers	1 854.1	1 982.7	2 039.6	2 144.2
Capital asset charge	78.4	79.7	79.7	80.3
Other operating expenses	2 745.3	2 929.3	2 847.7	2 652.0
<b>Total expenses from transactions</b>	<b>5 612.3</b>	<b>5 963.9</b>	<b>5 934.0</b>	<b>5 961.2</b>
<b>Net result from transactions (net operating balance)</b>	<b>297.5</b>	<b>471.8</b>	<b>456.9</b>	<b>199.4</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	(9.5)	..	25.7	..
Net gain/(loss) on financial instruments and statutory receivables/payables	0.3	(0.4)	..	..
Other gains/(losses) from economic flows	0.5	..	..	..
<b>Total other economic flows included in net result</b>	<b>(8.7)</b>	<b>(0.4)</b>	<b>25.7</b>	<b>..</b>
<b>Net result</b>	<b>288.7</b>	<b>471.4</b>	<b>482.6</b>	<b>199.3</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	(49.5)	4 142.3	3 521.1	0.1
Other	284.2	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>234.7</b>	<b>4 142.3</b>	<b>3 521.1</b>	<b>0.1</b>
<b>Comprehensive result</b>	<b>523.5</b>	<b>4 613.7</b>	<b>4 003.7</b>	<b>199.4</b>

Sources: Departments of Transport and Treasury and Finance

**Table 3.10.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011 Actual</i>	<i>2012 Budget</i>	<i>2012 Revised</i>	<i>2013 Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	671.6	696.0	735.6	800.0
Receivables	616.3	613.0	590.1	620.9
Other financial assets	50.0	50.0	50.0	50.0
<b>Total financial assets</b>	<b>1 337.9</b>	<b>1 359.1</b>	<b>1 375.7</b>	<b>1 470.9</b>
<b>Non-financial assets</b>				
Inventories	24.8	24.8	24.8	24.8
Property, plant and equipment	43 502.1	48 282.8	47 533.1	48 715.3
Intangible assets	34.6	34.6	34.6	34.6
Other	9.0	9.0	9.0	9.0
<b>Total non-financial assets</b>	<b>43 570.5</b>	<b>48 351.2</b>	<b>47 601.5</b>	<b>48 783.7</b>
<b>Total assets</b>	<b>44 908.4</b>	<b>49 710.3</b>	<b>48 977.2</b>	<b>50 254.6</b>
<b>Liabilities</b>				
Payables	845.8	823.8	841.5	839.1
Borrowings	377.1	379.2	379.2	1 233.2
Provisions	413.7	433.3	433.3	454.0
<b>Total liabilities</b>	<b>1 636.6</b>	<b>1 636.3</b>	<b>1 653.9</b>	<b>2 526.3</b>
<b>Net assets</b>	<b>43 271.9</b>	<b>48 074.0</b>	<b>47 323.3</b>	<b>47 728.3</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	16 042.5	16 513.9	16 525.1	16 724.4
Reserves	11 381.7	15 524.1	14 902.8	14 903.0
Contributed capital	15 847.6	16 036.1	15 895.4	16 101.0
<b>Total equity</b>	<b>43 271.9</b>	<b>48 074.0</b>	<b>47 323.3</b>	<b>47 728.3</b>

Sources: Departments of Transport and Treasury and Finance

**Table 3.10.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	4 757.2	5 242.8	5 159.4	5 013.7
Receipts from other entities	1 063.6	1 077.6	1 074.1	1 054.2
Interest received	4.3	1.5	1.5	1.5
Other receipts	30.9	113.5	132.8	91.1
<b>Total receipts</b>	<b>5 855.9</b>	<b>6 435.4</b>	<b>6 367.8</b>	<b>6 160.5</b>
<b>Payments</b>				
Payments of grants and other transfers	(1 860.9)	(1 982.7)	(2 039.6)	(2 144.2)
Payments to suppliers and employees	(2 963.5)	(3 320.2)	(3 186.9)	(3 016.5)
Capital asset charge	(78.4)	(79.7)	(79.7)	(80.3)
Interest and other costs of finance paid	(32.4)	(32.4)	(32.4)	(78.7)
<b>Total payments</b>	<b>(4 935.1)</b>	<b>(5 415.0)</b>	<b>(5 338.6)</b>	<b>(5 319.8)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>920.8</b>	<b>1 020.4</b>	<b>1 029.2</b>	<b>840.8</b>
<b>Cash flows from investing activities</b>				
Net investment	71.8	(6.5)	15.1	(29.8)
Payments for non-financial assets	(1 170.4)	(1 204.7)	(1 054.0)	(975.4)
Proceeds from sale of non-financial assets	15.6	15.0	12.8	15.0
<b>Net cash flow from/(used in) investing activities</b>	<b>(1 083.0)</b>	<b>(1 196.2)</b>	<b>(1 026.1)</b>	<b>(990.2)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	303.9	188.5	47.8	205.6
Repayment of finance leases	2.6	2.1	2.1	9.2
Net borrowings	3.8	9.7	11.0	(1.0)
<b>Net cash flows from/(used in) financing activities</b>	<b>310.3</b>	<b>200.2</b>	<b>60.9</b>	<b>213.8</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>148.2</b>	<b>24.4</b>	<b>64.0</b>	<b>64.4</b>
Cash and cash equivalents at the beginning of the financial year	523.4	671.6	671.6	735.6
<b>Cash and cash equivalents at the end of the financial year</b>	<b>671.6</b>	<b>696.0</b>	<b>735.6</b>	<b>800.0</b>

Sources: Departments of Transport and Treasury and Finance

**Table 3.10.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>15 469.6</b>	<b>15 827.3</b>	..	<b>11 431.2</b>	<b>42 728.0</b>
Comprehensive result	572.9	..	..	(49.5)	<b>523.5</b>
Transactions with owners in their capacity as owners	..	20.4	..	..	<b>20.4</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>16 042.5</b>	<b>15 847.6</b>	..	<b>11 381.7</b>	<b>43 271.9</b>
Comprehensive result	471.4	..	..	4 142.3	<b>4 613.7</b>
Transactions with owners in their capacity as owners	..	188.5	..	..	<b>188.5</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>16 513.9</b>	<b>16 036.1</b>	..	<b>15 524.1</b>	<b>48 074.0</b>
Comprehensive result	482.6	..	..	3 521.1	<b>4 003.7</b>
Transactions with owners in their capacity as owners	..	47.8	..	..	<b>47.8</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>16 525.1</b>	<b>15 895.4</b>	..	<b>14 902.8</b>	<b>47 323.3</b>
Comprehensive result	199.3	..	..	0.1	<b>199.4</b>
Transactions with owners in their capacity as owners	..	205.6	..	..	<b>205.6</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>16 724.4</b>	<b>16 101.0</b>	..	<b>14 903.0</b>	<b>47 728.3</b>

Sources: Departments of Transport and Treasury and Finance

**Table 3.10.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Sale of goods and services	1.5	0.9	..	..
Grants	34.2	..	..	..
Other income	1 691.1	1 729.2	1 749.2	2 050.6
<b>Total administered income</b>	<b>1 726.8</b>	<b>1 730.1</b>	<b>1 749.2</b>	<b>2 050.6</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	151.7	31.7	31.7	30.9
Grants and other transfers	34.2	..	..	..
Payments into the Consolidated Fund	1 656.5	1 702.1	1 721.2	2 021.0
<b>Total administered expenses</b>	<b>1 842.3</b>	<b>1 733.8</b>	<b>1 752.9</b>	<b>2 051.8</b>
<b>Income less expenses</b>	<b>(115.5)</b>	<b>(3.7)</b>	<b>(3.7)</b>	<b>(1.2)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on financial instruments and statutory receivables/payables	(10.6)	..	..	(0.7)
<b>Total other economic flows included in net result</b>	<b>(10.6)</b>	<b>..</b>	<b>..</b>	<b>(0.7)</b>
<b>Net result</b>	<b>(126.1)</b>	<b>(3.7)</b>	<b>(3.7)</b>	<b>(1.9)</b>
<b>Other economic flows – other non-owner changes in equity</b>				
<b>Total other economic flows – other non-owner changes in equity</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(126.1)</b>	<b>(3.7)</b>	<b>(3.7)</b>	<b>(1.9)</b>
<b>Administered assets</b>				
Cash and deposits	8.5	8.5	8.5	8.5
Receivables	24.1	24.1	24.1	24.1
<b>Total administered assets</b>	<b>32.6</b>	<b>32.6</b>	<b>32.6</b>	<b>32.6</b>
<b>Administered liabilities</b>				
Payables	343.1	346.8	346.8	348.7
<b>Total administered liabilities</b>	<b>343.1</b>	<b>346.8</b>	<b>346.8</b>	<b>348.7</b>
<b>Net assets</b>	<b>(310.5)</b>	<b>(314.2)</b>	<b>(314.2)</b>	<b>(316.1)</b>

Sources: Departments of Transport and Treasury and Finance



## **DEPARTMENT OF TREASURY AND FINANCE**

### **Operating performance**

The Department of Treasury and Finance is forecast to have a net result from transactions surplus of \$6.6 million in 2012-13.

The Department's revenue for output delivery and corresponding budgeted expenses are expected to decrease from \$244 million in 2011-12 revised budget to \$238 million in 2012-13. The decrease can be primarily attributed to the Government's savings measures.

This is partially offset by additional funding for new and existing outputs, which will:

- uphold the new Implementation Guidelines to the Victorian Code of Practice for the Building and Construction Industry;
- increase monitoring and enforcement activities by the State Revenue Office from 1 July 2012; and
- expand the Victorian Efficient Energy Target Scheme to small and medium enterprises from 2012.

Revenue from the sale of goods and services (and corresponding expenditure) is expected to remain stable.

### **Balance sheet performance**

Controlled net assets are budgeted to increase by \$16 million between the 2011-12 revised budget and 2012-13 budget. Non-financial assets will increase by \$16 million due to the purchases of municipal land valuations. The increase in liabilities of \$8 million relates to borrowing for the government motor vehicle lease facility.

### **Investing and financing**

The Department's 2012-13 payment for non-financial assets is \$21 million higher than the 2011-12 revised budget, predominantly resulting from the purchase of municipal land valuations.

## **Administered items statement**

The Department administers a large amount of transactions on behalf of the State. These administered items include grants provided by the Commonwealth Government, the collection of State taxation income, and administration of the State's superannuation schemes.

Total grant revenue is estimated to decrease by \$3.1 billion between the 2011-12 revised budget and 2012-13 budget, largely relating to reduced grants from the Commonwealth Government. The \$802 million increase in other income is primarily associated with increased State revenue such as taxation and dividends.

Total special appropriations are estimated to decrease by \$1.6 billion, as a result of the Department not being required to make payments for maturing loans.

Total administered operating expenses are estimated to decrease by \$3.9 billion. This reflects the decrease in grant payments from the Commonwealth Government that are paid into the Consolidated Fund.

Total other economic flows for the 2011-12 revised budget are estimated to be \$5.9 billion in deficit, caused by a fall in the index-linked bond yield used to measure Victoria's superannuation liability.

**Table 3.11.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	240.6	240.8	244.0	238.0
Special appropriations	..	109.6	..	..
Interest	12.6	14.6	12.5	12.2
Sale of goods and services	174.6	135.1	135.1	135.9
Grants	3.8	..	..	..
Fair value of assets and services received free of charge or for nominal consideration	4.0	..	..	..
Other income	28.3	28.4	26.6	26.6
<b>Total income from transactions</b>	<b>463.9</b>	<b>528.5</b>	<b>418.1</b>	<b>412.7</b>
<b>Expenses from transactions</b>				
Employee benefits	172.9	154.6	153.2	153.8
Depreciation	41.5	51.1	51.0	42.5
Interest expense	12.0	13.7	13.7	13.4
Grants and other transfers	13.5	105.8	1.0	0.2
Capital asset charge	18.4	16.5	16.5	21.2
Other operating expenses	220.8	175.9	176.1	175.0
<b>Total expenses from transactions</b>	<b>479.0</b>	<b>517.5</b>	<b>411.6</b>	<b>406.1</b>
<b>Net result from transactions (net operating balance)</b>	<b>(15.2)</b>	<b>10.9</b>	<b>6.6</b>	<b>6.6</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	0.2	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.2)	..	..	..
Other gains/(losses) from economic flows	0.1	..	..	..
<b>Total other economic flows included in net result</b>	<b>0.1</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>(15.1)</b>	<b>10.9</b>	<b>6.6</b>	<b>6.6</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	..	43.3	34.0	..
Other	(2.1)	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>(2.1)</b>	<b>43.3</b>	<b>34.0</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(17.2)</b>	<b>54.2</b>	<b>40.6</b>	<b>6.6</b>

Source: Department of Treasury and Finance

**Table 3.11.2: Balance sheet**

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2011 Actual</i>	<i>2012 Budget</i>	<i>2012 Revised</i>	<i>2013 Budget</i>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	95.8	101.1	101.8	103.4
Receivables	395.1	421.9	423.9	430.2
<b>Total financial assets</b>	<b>491.0</b>	<b>522.9</b>	<b>525.7</b>	<b>533.7</b>
<b>Non-financial assets</b>				
Inventories	7.1	7.1	7.1	7.1
Property, plant and equipment	473.6	512.8	499.5	499.5
Intangible assets	28.1	21.7	21.9	37.7
Other	14.0	14.0	14.0	14.0
<b>Total non-financial assets</b>	<b>522.8</b>	<b>555.6</b>	<b>542.5</b>	<b>558.4</b>
<b>Total assets</b>	<b>1 013.8</b>	<b>1 078.5</b>	<b>1 068.2</b>	<b>1 092.0</b>
<b>Liabilities</b>				
Payables	164.9	164.9	164.9	164.9
Borrowings	228.0	227.1	234.2	239.9
Provisions	44.9	47.2	47.2	49.5
<b>Total liabilities</b>	<b>437.8</b>	<b>439.1</b>	<b>446.3</b>	<b>454.3</b>
<b>Net assets</b>	<b>576.0</b>	<b>639.4</b>	<b>622.0</b>	<b>637.8</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	124.5	135.4	131.1	137.7
Reserves	80.3	123.6	114.3	114.3
Contributed capital	371.2	380.4	376.6	385.8
<b>Total equity</b>	<b>576.0</b>	<b>639.4</b>	<b>622.0</b>	<b>637.8</b>

Source: Department of Treasury and Finance

**Table 3.11.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	240.6	350.4	244.0	238.0
Interest received	12.6	14.6	12.5	12.2
Other receipts	212.2	165.3	165.1	162.9
<b>Total receipts</b>	<b>465.4</b>	<b>530.3</b>	<b>421.6</b>	<b>413.1</b>
<b>Payments</b>				
Payments of grants and other transfers	(18.6)	(107.6)	(6.5)	(5.6)
Payments to suppliers and employees	(370.9)	(328.2)	(327.0)	(326.4)
Capital asset charge	(18.4)	(16.5)	(16.5)	(21.2)
Interest and other costs of finance paid	(12.0)	(13.7)	(13.7)	(13.4)
<b>Total payments</b>	<b>(419.9)</b>	<b>(466.0)</b>	<b>(363.6)</b>	<b>(366.7)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>45.5</b>	<b>64.3</b>	<b>58.0</b>	<b>46.4</b>
<b>Cash flows from investing activities</b>				
Net investment	8.5	(26.7)	(26.7)	(1.4)
Payments for non-financial assets	(83.6)	(41.0)	(37.3)	(58.4)
Proceeds from sale of non-financial assets	2.0	..	..	..
Net loans to other parties	(0.7)	0.9	(4.2)	(0.7)
<b>Net cash flow from/(used in) investing activities</b>	<b>(73.8)</b>	<b>(66.9)</b>	<b>(68.2)</b>	<b>(60.4)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	52.5	9.6	5.8	9.2
Net borrowings	3.7	(1.9)	10.4	6.4
<b>Net cash flows from/(used in) financing activities</b>	<b>56.2</b>	<b>7.7</b>	<b>16.2</b>	<b>15.6</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27.8</b>	<b>5.2</b>	<b>6.0</b>	<b>1.6</b>
Cash and cash equivalents at the beginning of the financial year	68.0	95.8	95.8	101.8
<b>Cash and cash equivalents at the end of the financial year</b>	<b>95.8</b>	<b>101.1</b>	<b>101.8</b>	<b>103.4</b>

Source: Department of Treasury and Finance

**Table 3.11.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>141.7</b>	<b>108.9</b>	..	<b>80.3</b>	<b>330.9</b>
Comprehensive result	(17.2)	..	..	..	<b>(17.2)</b>
Transactions with owners in their capacity as owners	..	262.4	..	..	<b>262.4</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>124.5</b>	<b>371.2</b>	..	<b>80.3</b>	<b>576.0</b>
Comprehensive result	10.9	..	..	43.3	<b>54.2</b>
Transactions with owners in their capacity as owners	..	9.1	..	..	<b>9.1</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>135.4</b>	<b>380.4</b>	..	<b>123.6</b>	<b>639.4</b>
Comprehensive result	6.6	..	..	34.0	<b>40.6</b>
Transactions with owners in their capacity as owners	..	5.4	..	..	<b>5.4</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>131.1</b>	<b>376.6</b>	..	<b>114.3</b>	<b>622.0</b>
Comprehensive result	6.6	..	..	..	<b>6.6</b>
Transactions with owners in their capacity as owners	..	9.2	..	..	<b>9.2</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>137.7</b>	<b>385.8</b>	..	<b>114.3</b>	<b>637.8</b>

Source: Department of Treasury and Finance

**Table 3.11.5: Administered items statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	1 518.6	2 783.3	2 118.8	2 748.1
Special Appropriations	734.4	3 668.5	3 787.4	2 203.8
Sale of goods and services	5.0	33.0	56.8	31.0
Grants	21 067.8	20 807.3	20 645.6	17 514.4
Interest	9.0	20.0	21.8	22.1
Other income	15 280.2	16 040.8	15 949.2	16 751.1
<b>Total administered income</b>	<b>38 614.9</b>	<b>43 352.9</b>	<b>42 579.6</b>	<b>39 270.6</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	2 158.0	2 868.9	2 315.1	2 705.3
Grants and other transfers	3 297.9	3 074.9	3 010.8	2 998.2
Payments into the Consolidated Fund	36 804.9	37 778.8	37 480.8	33 181.6
<b>Total administered expenses</b>	<b>42 260.8</b>	<b>43 722.6</b>	<b>42 806.7</b>	<b>38 885.2</b>
<b>Income less expenses</b>	<b>(3 645.9)</b>	<b>(369.7)</b>	<b>(227.1)</b>	<b>385.4</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	0.6	49.5	49.5	175.7
Net actuarial gains/(losses) of superannuation defined benefit plans	306.0	..	(5 861.3)	..
Net gain/(loss) on financial instruments and statutory receivables/payables	155.9	(9.1)	(125.5)	(4.0)
<b>Total other economic flows included in net result</b>	<b>462.6</b>	<b>40.4</b>	<b>(5 937.2)</b>	<b>171.7</b>
<b>Net result</b>	<b>(3 183.3)</b>	<b>(329.3)</b>	<b>(6 164.3)</b>	<b>557.1</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Financial assets available-for-sale reserve	(0.4)	..	..	..
Other	2.2	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>1.8</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(3 181.5)</b>	<b>(329.3)</b>	<b>(6 164.3)</b>	<b>557.1</b>
<b>Administered assets</b>				
Cash and deposits	2 422.0	4 590.8	3 814.1	6 163.3
Receivables	88.2	1 803.2	2 580.3	4 771.9
Other financial assets	..	..	..	..
Property, plant and equipment	..	105.6	127.3	300.8
<b>Total administered assets</b>	<b>2 510.3</b>	<b>6 499.5</b>	<b>6 521.8</b>	<b>11 236.0</b>
<b>Administered liabilities</b>				
Payables	521.0	500.6	616.3	509.8
Borrowings	15 495.8	19 366.8	19 284.1	23 507.7
Provisions	21.8	21.8	21.8	21.8
Other	22 774.7	23 241.8	29 066.2	29 105.8
<b>Total administered liabilities</b>	<b>38 813.2</b>	<b>43 131.0</b>	<b>48 988.4</b>	<b>53 145.1</b>
<b>Net assets</b>	<b>(36 303.0)</b>	<b>(36 631.5)</b>	<b>(42 466.6)</b>	<b>(41 909.1)</b>

Source: Department of Treasury and Finance

**Table 3.11.6: Payments made on behalf of the State***(\$ million)*

<i>Accounts</i>	<i>2011-12 Budget</i>	<i>2011-12 Revised</i>	<i>2012-13 Budget</i>
Superannuation and pension payments	16.4	16.4	16.4
Interest	939.9	982.1	1 142.3
Current and capital grants	570.2	488.0	438.6
Operating supplies and consumables	598.1	175.8	260.1
Other	658.7	456.5	890.7
<b>Total</b>	<b>2 783.3</b>	<b>2 118.8</b>	<b>2 748.1</b>

*Source: Department of Treasury and Finance*



## **PARLIAMENT**

### **Operating performance**

The Parliament is forecasting a balanced net result from transactions for 2012-13.

The operating statement shows an increase in total income of \$9.1 million (or 5.9 per cent) from the 2011-12 revised budget to 2012-13 budget. The variation in annual appropriation revenue is largely due to carryover in the Electorate Office and Communication budget for Members of Parliament from 2011-12 to 2012-13 (\$6.4 million).

### **Investment and financing**

Cash flow from financing activities is expected to decrease in 2012-13 reflecting the level of capital investment for the year.

**Table 3.12.1: Operating statement**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	122.3	129.2	121.5	130.0
Special appropriations	40.4	23.9	33.2	33.8
Sale of goods and services	1.3	..	..	..
Grants	0.1	0.1	0.1	..
Fair value of assets and services received free of charge or for nominal consideration	0.1	..	..	..
<b>Total income from transactions</b>	<b>164.3</b>	<b>153.2</b>	<b>154.8</b>	<b>163.9</b>
<b>Expenses from transactions</b>				
Employee benefits	100.4	79.4	90.8	91.5
Depreciation	6.2	6.6	6.5	6.5
Interest expense	0.2	0.3	0.3	0.3
Capital asset charge	1.9	2.1	2.1	2.4
Other operating expenses	51.6	64.4	55.5	63.1
<b>Total expenses from transactions</b>	<b>160.2</b>	<b>152.9</b>	<b>155.2</b>	<b>163.8</b>
<b>Net result from transactions (net operating balance)</b>	<b>4.1</b>	<b>0.3</b>	<b>(0.4)</b>	<b>..</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on non-financial assets	0.2	..	..	..
Other gains/(losses) from economic flows	0.1	..	..	..
<b>Total other economic flows included in net result</b>	<b>0.2</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>4.3</b>	<b>0.3</b>	<b>(0.4)</b>	<b>..</b>
<b>Other economic flows – other non-owner changes in equity</b>				
Asset revaluation reserve	15.0	..	..	..
<b>Total other economic flows – other non-owner changes in equity</b>	<b>15.0</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>19.3</b>	<b>0.3</b>	<b>(0.4)</b>	<b>..</b>

Sources: Parliament of Victoria and Department of Treasury and Finance

**Table 3.12.2: Balance sheet**

(\$ million)

	Estimated as at 30 Jun			
	2011 Actual	2012 Budget	2012 Revised	2013 Budget
<b>Assets</b>				
<b>Financial assets</b>				
Receivables	52.6	60.4	56.2	60.4
<b>Total financial assets</b>	<b>52.6</b>	<b>60.4</b>	<b>56.2</b>	<b>60.4</b>
<b>Non-financial assets</b>				
Inventories	0.1	0.1	0.1	0.1
Non-financial assets classified as held for sale, including disposal group assets	0.1	0.1	0.1	0.1
Property, plant and equipment	237.9	238.8	242.3	242.5
Intangible assets	0.3	0.3	0.3	0.3
Other	2.1	2.4	2.4	2.7
<b>Total non-financial assets</b>	<b>240.5</b>	<b>241.6</b>	<b>245.2</b>	<b>245.7</b>
<b>Total assets</b>	<b>293.1</b>	<b>302.0</b>	<b>301.3</b>	<b>306.1</b>
<b>Liabilities</b>				
Payables	3.7	4.6	4.6	5.6
Borrowings	3.4	3.6	3.6	3.8
Provisions	13.3	16.8	16.8	20.3
<b>Total liabilities</b>	<b>20.4</b>	<b>25.0</b>	<b>25.0</b>	<b>29.7</b>
<b>Net assets</b>	<b>272.7</b>	<b>277.0</b>	<b>276.3</b>	<b>276.3</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	34.9	35.2	34.5	34.5
Reserves	70.3	70.3	70.3	70.3
Contributed capital	167.5	171.5	171.5	171.5
<b>Total equity</b>	<b>272.7</b>	<b>277.0</b>	<b>276.3</b>	<b>276.3</b>

Sources: Parliament of Victoria and Department of Treasury and Finance

**Table 3.12.3: Statement of cash flows**

(\$ million)

	2010-11 Actual	2011-12 Budget	2011-12 Revised	2012-13 Budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	162.8	153.1	154.7	163.8
Receipts from other entities	1.5	0.1	0.1	..
Other receipts	0.3	..	..	..
<b>Total receipts</b>	<b>164.5</b>	<b>153.2</b>	<b>154.8</b>	<b>163.8</b>
<b>Payments</b>				
Payments to suppliers and employees	(155.3)	(139.7)	(142.2)	(150.4)
Capital asset charge	(1.9)	(2.1)	(2.1)	(2.4)
Interest and other costs of finance paid	(0.2)	(0.3)	(0.3)	(0.3)
<b>Total payments</b>	<b>(157.4)</b>	<b>(142.1)</b>	<b>(144.6)</b>	<b>(153.1)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>7.1</b>	<b>11.0</b>	<b>10.2</b>	<b>10.8</b>
<b>Cash flows from investing activities</b>				
Net investment	0.2	(7.8)	(3.6)	(4.2)
Payments for non-financial assets	(9.8)	(7.5)	(10.9)	(6.8)
Proceeds from sale of non-financial assets	1.2	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(8.5)</b>	<b>(15.3)</b>	<b>(14.4)</b>	<b>(11.0)</b>
<b>Cash flows from financing activities</b>				
Capital contributions by State Government	2.0	4.0	4.0	..
Net borrowings	(0.7)	0.2	0.2	0.2
<b>Net cash flows from/(used in) financing activities</b>	<b>1.3</b>	<b>4.2</b>	<b>4.2</b>	<b>0.2</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(0.1)</b>	<b>..</b>	<b>..</b>	<b>..</b>
Cash and cash equivalents at the beginning of the financial year	(0.9)	(1.0)	(1.0)	(1.0)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>

Sources: Parliament of Victoria and Department of Treasury and Finance

**Table 3.12.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Other reserves</i>	<i>Asset revaluation reserve</i>	<i>Total equity</i>
<b>Opening balance 1 July 2010</b>	<b>30.6</b>	<b>165.5</b>	<b>..</b>	<b>55.4</b>	<b>251.4</b>
Comprehensive result	4.3	..	..	15.0	<b>19.3</b>
Transactions with owners in their capacity as owners	..	2.0	..	..	<b>2.0</b>
<b>Closing balance 30 June 2011 (actual)</b>	<b>34.9</b>	<b>167.5</b>	<b>..</b>	<b>70.3</b>	<b>272.7</b>
Comprehensive result	0.3	..	..	..	<b>0.3</b>
Transactions with owners in their capacity as owners	..	4.0	..	..	<b>4.0</b>
<b>Closing balance 30 June 2012 (budget)</b>	<b>35.2</b>	<b>171.5</b>	<b>..</b>	<b>70.3</b>	<b>277.0</b>
Comprehensive result	(0.4)	..	..	..	<b>(0.4)</b>
Transactions with owners in their capacity as owners	..	4.0	..	..	<b>4.0</b>
<b>Closing balance 30 June 2012 (revised)</b>	<b>34.5</b>	<b>171.5</b>	<b>..</b>	<b>70.3</b>	<b>276.3</b>
Comprehensive result	..	..	..	..	<b>..</b>
Transactions with owners in their capacity as owners	..	..	..	..	<b>..</b>
<b>Closing balance 30 June 2013 (estimate)</b>	<b>34.5</b>	<b>171.5</b>	<b>..</b>	<b>70.3</b>	<b>276.3</b>

Sources: Parliament of Victoria and Department of Treasury and Finance

**Table 3.12.5: Administered items statement***(\$ million)*

	2010-11 <i>Actual</i>	2011-12 <i>Budget</i>	2011-12 <i>Revised</i>	2012-13 <i>Budget</i>
<b>Administered income</b>				
Sale of goods and services	21.9	20.6	21.9	21.2
Other income	0.5	..	..	..
<b>Total administered income</b>	<b>22.4</b>	<b>20.6</b>	<b>21.9</b>	<b>21.2</b>
<b>Administered expenses</b>				
Payments into the Consolidated Fund	20.9	17.3	18.6	17.8
<b>Total administered expenses</b>	<b>20.9</b>	<b>17.3</b>	<b>18.6</b>	<b>17.8</b>
<b>Income less expenses</b>	<b>1.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.4</b>
<b>Other economic flows included in net result</b>				
<b>Total other economic flows included in net result</b>	..	..	..	..
<b>Net result</b>	<b>1.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.4</b>
<b>Comprehensive result</b>	<b>1.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.4</b>
<b>Administered assets</b>				
Receivables	5.3	8.6	8.6	12.0
<b>Total administered assets</b>	<b>5.3</b>	<b>8.6</b>	<b>8.6</b>	<b>12.0</b>
<b>Administered liabilities</b>				
<b>Total administered liabilities</b>	..	..	..	..
<b>Net assets</b>	<b>5.3</b>	<b>8.6</b>	<b>8.6</b>	<b>12.0</b>

*Sources: Parliament of Victoria and Department of Treasury and Finance*

## CHAPTER 4 – STATE REVENUE

### SUMMARY OF GENERAL GOVERNMENT REVENUE

This chapter describes the major categories of revenue, comprising state-sourced revenue and Commonwealth Government grants, and outlines expected movements in revenue between the 2011-12 revised budget and the 2012-13 budget.

**Table 4.1: General government sector revenue**

(\$ million)

	2010-11 Actual	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
Taxation	14 857.5	14 909.7	15 782.8	5.9
Interest	420.1	386.5	709.5	83.6
Dividends, income tax and rate equivalent revenue	404.0	1 008.6	1 001.9	(0.7)
Sales of goods and services	5 944.2	6 207.3	6 753.1	8.8
Grants	22 425.6	21 874.3	22 220.0	1.6
Other revenue	1 975.5	2 488.7	1 889.4	(24.1)
<b>Total revenue from transactions</b>	<b>46 026.9</b>	<b>46 875.1</b>	<b>48 356.7</b>	<b>3.2</b>

Source: Department of Treasury and Finance

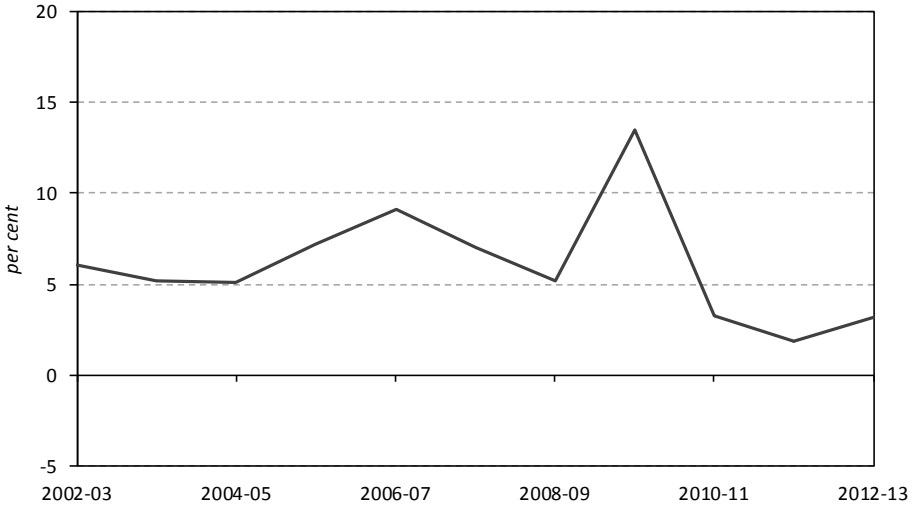
Note:

(a) Per cent change between 2011-12 and 2012-13.

Total revenue from transactions is forecast to be \$48.4 billion in 2012-13, up \$1.5 billion or 3.2 per cent from 2011-12. This is broadly in line with growth in the previous two years, but well below the average growth rate over the past decade, including the 2008 global financial crisis (see Chart 4.1).

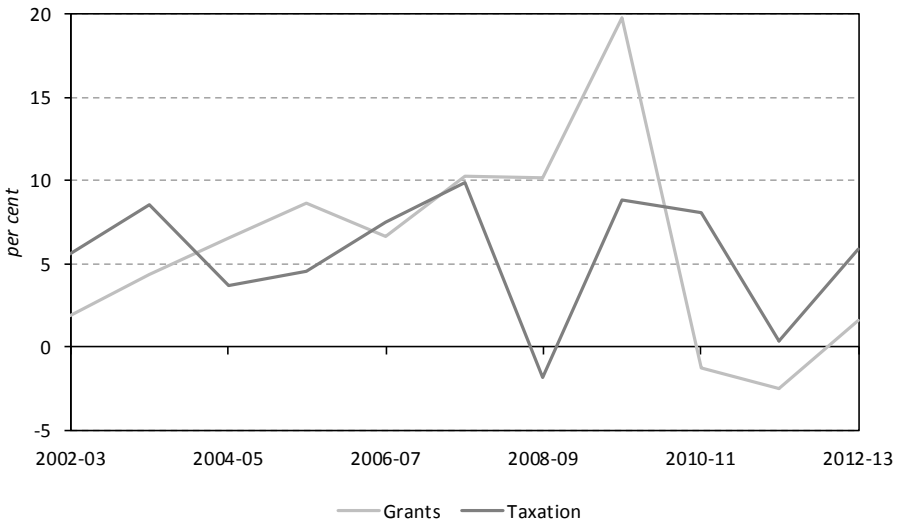
Subdued growth in total revenue largely reflects the outlook for grants revenue, which is expected to increase only modestly following two consecutive years of decline. This contrasts with the period following the 2008 global financial crisis where concerted efforts to support and stimulate the economy by the Commonwealth Government drove growth in grants revenue (see Chart 4.2).

**Chart 4.1: Annual growth in total revenue**



Source: Department of Treasury and Finance

**Chart 4.2: Annual growth in key components of total revenue**



Source: Department of Treasury and Finance



Taxation revenue is expected to grow by a modest 5.9 per cent following almost zero growth in 2011-12. By comparison, taxation revenue grew by a strong 8.8 per cent in 2009-10, the year following the 2008 global financial crisis. The subdued recovery reflects the outlook for Victoria's economy.

Interest revenue is expected to grow substantially in 2012-13, mainly reflecting the receipt of interest associated with the finance lease arrangement with Melbourne Water Corporation for the Victorian desalination plant. This is offset by an interest expense relating to the associated finance lease liability.

Dividends, income tax and rate equivalent revenue is forecast to remain relatively stable in 2012-13, with an increase in dividends from some entities offset by lower income tax equivalent payments from water sector entities.

Sales of goods and services are expected to be elevated in 2012-13, primarily reflecting the accounting treatment of revenue from Melbourne Water Corporation, relating to the commissioning of the Victorian desalination plant. Other revenue is expected to contract, largely due to the impact of housing portfolio reform in 2011-12. This reform introduced greater transparency over the financial obligations of the Director of Housing to government.

Grants revenue is expected to grow modestly from 2011-12 to 2012-13. Expectations for general purpose grants have weakened as cautious consumer spending across Australia has led to weaker GST receipts. Grants for specific purposes are expected to be lower as funding for the Commonwealth's *Economic Stimulus Plan* lapses and grants for road projects and the Victorian Comprehensive Cancer Centre are brought forward.

## STATE SOURCED REVENUE

### Taxation

Taxation revenue is expected to post a relatively modest recovery in 2012-13, reflecting the lingering effects of the soft economic environment. The property cycle is expected to be in the early stages of an upswing and should support a modest pick-up in land transfer revenue. The weak employment outlook is expected to lead to diminished growth in payroll tax, while the softer outlook for consumption and inflation is expected to reduce growth in consumption-based taxes.

Previously announced policy changes will have significant impacts on some tax lines in 2012-13. Changes to gambling taxes, particularly for electronic gaming machines (EGMs), are expected to lead to strong revenue growth in this category in 2012-13. The majority of the expected increase in motor vehicle taxes in 2012-13 is due to the raising of the motor vehicle registration fee, as announced in the *2011-12 Budget Update*. Revenue from land transfer duty will also be impacted by the introduction of simpler and more efficient provisions applying to transfers of interests in private companies or unit trusts with substantial holdings of land.

Budget Paper No. 3 Chapter 1 contains details of revenue initiatives. Further detailed information on current taxes and duties can be found on the website of the State Revenue Office — [www.sro.vic.gov.au](http://www.sro.vic.gov.au).

**Table 4.2: Taxation estimates**

(\$ million)

	2010-11 Actual	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<b>Taxes on employers' payroll and labour force</b>	<b>4 354.0</b>	<b>4 653.2</b>	<b>4 812.2</b>	<b>3.4</b>
<b>Taxes on property</b>				
Land tax	1 397.7	1 377.2	1 541.1	11.9
Congestion levy	44.1	45.6	46.8	2.5
Land transfer duty	3 909.9	3 285.0	3 447.2	4.9
Other property duties	8.1	8.3	8.1	(3.1)
Metropolitan improvement levy	125.7	130.0	134.2	3.2
Property owner contributions to fire brigades	35.8	32.0	31.9	(0.1)
Financial accommodation levy	68.5	85.9	101.5	18.2
Growth areas infrastructure contribution	70.2	58.1	54.4	(6.3)
	<b>5 660.0</b>	<b>5 022.2</b>	<b>5 365.3</b>	<b>6.8</b>
<b>Gambling taxes</b>				
Private lotteries	346.3	379.0	387.3	2.2
Electronic gaming machines	1 000.6	1 033.8	1 121.6	8.5
Casino	165.4	197.5	199.9	1.2
Racing	126.1	124.9	95.2	(23.8)
Other	13.2	16.0	18.6	15.8
	<b>1 651.6</b>	<b>1 751.2</b>	<b>1 822.6</b>	<b>4.1</b>
<b>Levies on statutory corporations</b>	<b>69.4</b>	<b>69.4</b>	<b>70.2</b>	<b>1.1</b>
<b>Taxes on insurance</b>				
Non-life insurance	761.1	809.0	860.0	6.3
Life insurance	4.1	4.1	4.2	1.2
Duty on compulsory third party premiums	146.7	155.1	161.1	3.9
Insurance contributions to fire brigades	544.2	641.9	580.5	(9.6)
	<b>1 456.1</b>	<b>1 610.1</b>	<b>1 605.8</b>	<b>(0.3)</b>
<b>Motor vehicle taxes</b>				
Vehicle registration fees	924.1	1 002.7	1 169.2	16.6
Duty on vehicle registrations and transfers	579.2	593.3	647.6	9.2
	<b>1 503.3</b>	<b>1 596.0</b>	<b>1 816.8</b>	<b>13.8</b>
<b>Other taxes</b>				
Liquor licence fees	21.3	21.4	21.8	1.9
Transurban concession fees	27.4	27.9	29.0	3.7
Landfill levy	114.4	158.2	164.2	3.8
Port licence fee — Port of Melbourne Corporation	..	..	75.0	n.a.
	<b>163.0</b>	<b>207.6</b>	<b>290.0</b>	<b>39.7</b>
<b>Total taxation</b>	<b>14 857.5</b>	<b>14 909.7</b>	<b>15 782.8</b>	<b>5.9</b>

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2011-12 and 2012-13.

## ***Payroll tax***

Payroll tax is levied on taxable Victorian wages, defined to include salaries and wages, commissions, bonuses, taxable fringe benefits and payments to some contractors. Since July 2010, payroll tax of 4.9 per cent has been levied on businesses with a taxable total Australian wage bill above an annual tax free threshold of \$550 000.

Growth in payroll tax revenue is expected to be below trend in 2012-13 with businesses expressing caution about hiring and employment growth expected to remain soft until 2013-14.

## ***Taxes on property***

### ***Land tax***

Land tax is an annual tax assessed on the aggregate taxable value of all land in Victoria. Certain categories of land are exempt under the *Land Tax Act 2005*. Revenue from land tax reflects the commercial, industrial and residential markets.

The increase in land tax revenue in 2012-13 is driven by the biennial revaluation of land in 2012. Based on the latest available information, this is expected to result in a 8.9 per cent increase in aggregate taxable land value. While the land market experienced some softness during the latter part of 2011, the revaluation period encompasses 2010 when the market was stronger.

### ***Congestion levy***

The congestion levy is an annual charge on owners of long-stay off-street car parking spaces in Melbourne's central business district and adjacent areas such as Southbank, Docklands and the St Kilda Road precincts. The levy is subject to indexation based on the Consumer Price Index (CPI).

The increase in congestion levy revenue in 2012-13 is in line with movements in the CPI.

### ***Land transfer duty***

Duty is payable on any transaction that results in a change of ownership of land and associated real assets. Land transfer duty rates follow a progressive structure, with rates rising from 1.4 per cent to 5.5 per cent of the value of the property. Properties purchased as a principal place of residence are entitled to a duty concession of up to \$3 100. Further exemptions and concessions are available for pensioners and concession card holders, first homebuyers and young farmers.

Revenue from land transfer duty is expected to grow modestly in 2012-13 as the property market moves through the early stages of recovery. The deterioration in the property market throughout 2011 and early 2012 was more significant than observed during the 2008 global financial crisis. A weak labour market outlook, cautious consumer behaviour, and a reluctance by households to take on increased debt loads are expected to weigh on the property market in 2012-13.

A number of policy developments will also affect land transfer duty revenue.

As announced in the *2011-12 Budget*, the first homebuyer land transfer duty concession will increase from 20 per cent to 30 per cent on 1 January 2013. The concession is legislated to increase further to 40 per cent on 1 January 2014, and to 50 per cent on 1 September 2014. This discount applies to first homebuyers purchasing principal places of residence valued up to \$600 000.

From 1 July 2012, the transfer duty exemption for grants of Crown land will cease. This initiative is estimated to generate additional revenue of \$5 million per year.

In the *2011-12 Budget*, the Government announced that Victoria will reform land rich duty provisions in the *Duties Act 2000* to introduce a simpler set of provisions known as the Landholder Duty Model from 1 July 2012. This will affect land transfer duty payable upon transfers of significant interests in private companies or unit trusts with substantial holdings of land. Acquisitions of more than 90 per cent of listed companies and trusts with substantial land holdings will now be subject to Landholder Duty, at a concessional rate of 10 per cent of the duty that would otherwise apply. All other jurisdictions (except Tasmania) have adopted a Landholder Duty Model.

### ***Other property duties***

This category includes revenue from minor duties such as duty on declarations of trust over properties other than land and duty on the sale of certain livestock. This category also includes any minor revenue adjustments relating to property taxes that have been abolished in recent years.

Revenue in this category in 2012-13 is expected to be broadly consistent with the previous two years.

### ***Metropolitan improvement levy***

The metropolitan improvement levy is charged on all properties in the metropolitan area and is provided to the Department of Sustainability and Environment for the management of metropolitan parks, open spaces and waterways. The rate is determined by taking into consideration the amount expected to be disbursed from the Parks and Reserves Trust Account for these purposes.

Higher revenue in 2012-13 is driven by both CPI indexation and an increase in the number of properties in the metropolitan area.

### ***Property owner contributions to fire brigades***

Municipal councils wholly or partly within the metropolitan area serviced by the Metropolitan Fire and Emergency Services Board are collectively required by the *Metropolitan Fire Brigades Act 1958* to contribute 12.5 per cent of the Metropolitan Fire and Emergency Services Board's approved annual budget.

### ***Financial accommodation levy***

The financial accommodation levy (FAL) applies to government-owned entities declared to be leviable authorities under the *Financial Management Act 1994*. The purpose of the levy is to remove the market advantage that government entities may otherwise experience in borrowing, by virtue of their sovereign status, thereby ensuring that borrowings are valued appropriately in financing decisions for capital projects.

Growth in revenue from the FAL reflects increases in debt required to fund capital expenditure, particularly in the water sector.

### ***Growth areas infrastructure contribution***

The Growth Areas Infrastructure Contribution (GAIC) commenced on 1 July 2010 and applies to land brought into the Urban Growth Boundary in recent years and zoned for urban development. Revenue from the GAIC is allocated equally into two funds, the Growth Areas Public Transport Fund and the Building New Communities Fund, which help provide public transport and community infrastructure in new growth areas.

GAIC revenue is expected to marginally decrease in 2012-13.

### ***Gambling taxes***

Gambling taxes are imposed on public lotteries, electronic gaming machines (EGMs), Crown Casino, racing and other forms of gambling. The taxes are typically in the form of a percentage of net expenditure, with the tax rate varying according to the category of gambling. Net expenditure is equal to the amount gambled less prizes or refunds to players. Gambling tax also includes revenue associated with the gaming, wagering and keno licence premiums.

In 2012-13, it is estimated that over 80 per cent (\$1.5 billion) of total gambling revenue will be transferred by standing appropriation to the Hospitals and Charities Fund, the Mental Health Fund and the Community Support Fund.

A new regulatory model will apply to gambling licensing arrangements post-2012, with new licences and entitlements applying to EGMs, wagering, keno and monitoring.

Operation of EGMs will transition from the current duopoly to a system where venue operators are licensed to own and operate gaming machines in their own right. Approved hotels and clubs with gaming machine entitlements will be authorised to own and operate gaming machines in their venues from 16 August 2012. A new progressive tax system for EGMs will apply to each venue's average monthly net expenditure per machine. A newly created independent monitor will provide an electronic monitoring system to which all operating machines must be connected.

The new 12-year Wagering and Betting Licence for racing will also commence on 16 August 2012. Wagering tax rates have been reduced to support the Victorian racing industry. The expected reduction in revenue from racing largely reflects the lower tax rates.

The new 10-year licence for keno commenced on 15 April 2012. The new licence permits distribution of a broad suite of keno products in hotels, clubs and wagering outlets resulting in increased expected revenue.

In addition to policy changes, revenue from gambling taxes are also influenced by growth in household consumption which is expected to remain soft in 2012-13.

### ***Levies on statutory corporations***

Water corporations are required to pay an annual environmental contribution to fund initiatives that promote the sustainable management of water and address adverse environmental impacts associated with water use.

The environmental contribution levy has been extended for an additional four years between 1 July 2012 and 30 June 2016. It is estimated this extension will raise an additional \$419 million over the four years to fund a third tranche of water-related initiatives.

### ***Taxes on insurance***

#### ***Non-life insurance***

Duty is payable on general insurance premiums at a rate of 10 per cent. This applies to insurance on property in Victoria or insurance against risks that may occur within, or partially within, Victoria. General insurance includes insurance against damage to motor vehicles, loss of home or contents and trauma and disabilities, but excludes health insurance.

Higher non-life insurance revenue in 2012-13 is driven by strong growth in household insurance premiums, as well as commercial insurance revenue. This reflects the impact of the spate of recent natural disasters on the global insurance industry, and a higher take-up due to subdued but ongoing growth in the economy.

## ***Life insurance***

Duty is payable on insurance with respect to the life or a contingency relating to the life of a person living in Victoria. Temporary or term life insurance is taxed once, at 5 per cent of the first year's premium, when the policy starts. For whole-of-life insurance, duty is payable on the sum insured.

In 2012-13, growth in revenue from life insurance is expected to be in line with the growth in the Victorian economy.

## ***Duty on compulsory third party premiums***

Duty is payable on the value of compulsory third party motor vehicle insurance premiums at a rate of 10 per cent.

Growth in revenue from compulsory third party premiums in 2012-13 reflects an anticipated rise in the number of motor vehicle registrations, as well as CPI indexation.

## ***Insurance contributions to fire brigades***

Victoria partly funds fire services through an insurance-based funding model. Insurance companies generally choose to recover their contributions through an insurance industry fire services levy imposed on premiums.

The level of required contributions by insurance companies to the approved annual budget of the Victorian fire services is prescribed under Section 37 of the *Metropolitan Fire Brigades Act 1958* (75 per cent) and Section 76 of the *Country Fire Authority Act 1958* (77.5 per cent).

Revenue from insurance contributions to fire services is anticipated to decrease in 2012-13 as the significant investment in response to the 2009 Victorian bushfires, and the funding announced in the *2011-12 Budget*, concludes. This funding assisted in the implementation of recommendations of the *2009 Victoria's Bushfires Royal Commission Final Report*.

The Government is committed to implementing the Victorian Bushfires Royal Commission's recommendation to 'replace the Fire Services Levy with a property-based levy and introduce concessions for low-income earners', commencing 1 July 2013. The Government will soon announce the details of the new property-based levy, which will be fully reflected in the *2012-13 Budget Update*.

## ***Motor vehicle taxes***

### ***Vehicle registration fees***

Motor vehicle registration fees vary according to vehicle type and use. Pensioner and health care card holders receive a 50 per cent concession on their motor vehicle registration fee while Department of Veterans' Affairs gold card holders receive free motor vehicle registration.

Higher registration fee revenue in 2012-13 is primarily due to the *2011-12 Budget Update* initiative to increase the base motor vehicle registration fee by \$35 from \$191.60 to \$226.60 starting on 1 April 2012.

Revenue is also expected to be supported by higher demand for vehicles as a result of population growth and easing constraints as the supply of new motor vehicle continues to recover from the impact of the Japanese tsunami.

### ***Duty on vehicle registrations and transfers***

Duty is levied on the registration and transfer of motor vehicles, motorcycles and trailers. The duty is levied on the market value or purchase price (whichever is greater) of the vehicle, at a progressive rate on new passenger cars, and at a flat rate for other vehicles.

Higher revenue from duty on motor vehicle registrations and transfers in 2012-13 largely results from the *2011-12 Budget Update* initiative to increase the duty rate on new passenger car purchases from 2.5 per cent to 3.0 per cent, commencing on 1 July 2012 for cars valued under the Commonwealth's luxury car tax threshold.

### ***Other taxes***

Other tax revenue includes the landfill levy, concession fees paid in advance by Transurban with respect to Melbourne CityLink, liquor licence fees and the port licence fee.

Movements in landfill revenue in 2012-13 are due to increases in the levy rate. The levy provides an incentive to reduce the level of waste and foster best practice in waste management.

A port licence fee is to be levied on the Port of Melbourne Corporation, commencing on 1 July 2012. The port licence fee will replace the previous Government's proposed Freight Infrastructure Charge, and will require the corporation to pay an annual licence fee to the Government, commencing in 2012-13.

### **Interest revenue**

Interest revenue is earned on holdings of cash and deposits across a number of general government sector agencies, including departments, hospitals and schools.

An additional \$300 million in interest revenue is expected to be received from Melbourne Water Corporation relating to the finance lease arrangement for the Victorian desalination plant. This will be offset by associated finance lease interest payments.

### **Dividends, income tax and rate equivalent revenue**

This category mostly comprises dividends, income tax and rate equivalent revenue received by the State from government business enterprises and local governments.



**Table 4.3: Dividends, income tax equivalent and rate equivalent revenue**

(\$ million)

	2010-11 Actual	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
Dividends	243.3	767.0	843.6	10.0
Income tax equivalent revenue	156.1	236.4	153.0	(35.3)
Local government rate equivalent revenue	4.6	5.3	5.2	(2.0)
<b>Total dividends, income tax and rate equivalent revenue</b>	<b>404.0</b>	<b>1 008.6</b>	<b>1 001.9</b>	<b>(0.7)</b>

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2011-12 and 2012-13.

An expected increase in dividend revenue of \$524 million in 2011-12 is driven by profitability within the water sector and the application of dividend policy to the Victorian WorkCover Authority.

In 2012-13, dividend revenue is expected to increase by \$77 million and largely reflects the timing of proposed dividends from the State Electricity Commission of Victoria.

Lower total income tax equivalent revenue in 2012-13 reflects the expected reduction in profitability in the water sector, including costs associated with Victorian desalination plant.

## Sales of goods and services

Revenue from sales of goods and services is estimated to increase in 2012-13, with the largest component being fees for the provision of services. Details are shown in Table 4.4.

**Table 4.4: Sale of goods and services**

(\$ million)

	2010-11 Actual	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
Motor vehicle regulatory fees	144.6	160.4	162.9	1.5
Other regulatory fees	366.4	391.5	365.5	(6.6)
Sale of goods	166.1	144.4	123.1	(14.8)
Provision of services	3 964.3	4 103.0	4 562.1	11.2
Rental	49.3	51.4	51.4	..
Refunds and reimbursements	78.0	65.5	66.9	2.1
Inter-sector capital asset charge	1 175.4	1 291.0	1 421.2	10.1
<b>Total sales of goods and services</b>	<b>5 944.2</b>	<b>6 207.3</b>	<b>6 753.1</b>	<b>8.8</b>

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2011-12 and 2012-13.

The increase in revenue from the provision of services in 2012-13 primarily reflects the accounting treatment of revenue from Melbourne Water Corporation, relating to the commissioning of the Victorian desalination plant, which is now expected to attain commercial acceptance in 2012-13.

The increase in inter-sector capital asset charge revenue largely reflects increased VicTrack asset values due to additional capital expenditure.

## Other revenue

Other revenue includes the fair value of assets received free of charge, fines, royalties, donations and gifts and other miscellaneous income. These are shown in Table 4.5.

**Table 4.5: Other revenue**

(\$ million)

	2010-11 Actual	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<b>Fines</b>				
Road safety camera fines	234.9	256.9	305.9	19.1
Police on-the-spot fines	128.5	125.7	159.5	26.9
Toll road evasion fines	108.7	109.7	125.5	14.4
Non-traffic statutory and court fines	56.0	61.3	71.5	16.7
<b>Total fines</b>	<b>528.1</b>	<b>553.6</b>	<b>662.5</b>	<b>19.7</b>
Fair value of assets received free of charge or for nominal consideration	34.2	129.0	1.3	(99.0)
Royalties	57.8	45.7	46.3	1.3
Donations and gifts	274.1	309.4	217.2	(29.8)
Other non-property rental	28.4	20.0	19.9	(0.5)
Other miscellaneous income	1 052.9	1 431.1	942.1	(34.2)
<b>Other current revenue</b>	<b>1 975.5</b>	<b>2 488.7</b>	<b>1 889.4</b>	<b>(24.1)</b>

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2011-12 and 2012-13.

The increase in fines revenue is mainly due to a 12.5 per cent increase in the value of penalty units, CPI indexation and road safety initiatives.

Movements in the fair value of assets received free of charge or for nominal consideration reflect the changing composition of that category in each year. The elevated 2011-12 result and corresponding decline in 2012-13 reflect the transfer of non-centralised insurance liabilities (totalling \$103 million) from the Department of Health to the Victorian Managed Insurance Authority in 2011-12. This is consistent with the policy objective of centralising appropriate financial assets and liabilities with relevant government financial entities to promote prudent financial risk management.

The variation in other miscellaneous income reflects a one-off recognition in 2011-12 of the financial obligations of the Director of Housing to the Department of Treasury and Finance forming part of a package of reforms in the Housing portfolio with a focus on greater transparency, stronger governance and clear financial goals.

## COMMONWEALTH SOURCED REVENUE

### Grants

Table 4.6 provides a summary of the estimates for the various grants categories. The detailed estimates provided in this chapter represent the latest information available to the Victorian Government at the time of the *2012-13 Budget*. Weak growth in total grants reflects both the cessation of several specific purpose grants and modest growth in general purpose grants.

**Table 4.6: Grants**

(\$ million)

	2010-11 Actual	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
General purpose grants	10 630.9	10 382.9	11 041.7	6.3
Specific purpose grants for on-passing	2 493.1	2 498.7	2 784.9	11.5
Grants for specific purposes	9 163.7	8 875.2	8 289.8	(6.6)
<b>Total</b>	<b>22 287.8</b>	<b>21 756.8</b>	<b>22 116.4</b>	<b>1.7</b>
Other contributions and grants	137.8	117.5	103.6	(11.8)
<b>Total grants</b>	<b>22 425.6</b>	<b>21 874.3</b>	<b>22 220.0</b>	<b>1.6</b>

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2011-12 and 2012-13.

### General purpose grants

In accordance with the 2008 *Intergovernmental Agreement on Federal Financial Relations*, all Goods and Services Tax (GST) revenue is distributed to the states and territories. GST grants received by a state or territory reflect its share (as determined by the Commonwealth Treasurer) and national GST collections.

The Commonwealth Government has initiated a review of the distribution of GST revenue, with a final report due in September 2012. The Victorian Government has argued that Australia should progress towards a model that distributes GST on an equal per capita basis, with specific policy challenges dealt with separately in a transparent and accountable manner. Equal per capita is the most simple, transparent, stable, and efficient way of distributing the GST. Significant policy challenges should be treated separately from the GST distribution, through targeted Commonwealth-state agreements.

GST grants to Victoria are expected to be \$11.0 billion in 2012-13, 6.3 per cent higher than in 2011-12. This reflects an expected recovery in the national GST pool and a higher share compared to 2011-12.

The national GST pool is forecast to be \$48.1 billion in 2012-13, compared with \$45.6 billion in 2011-12. This follows a decline in the pool in 2011-12, and reflects an expected recovery in consumer spending and dwelling investment, and higher growth in consumer prices.

Every year the CGC updates its recommended GST relativities consistent with the terms of reference from the Commonwealth Treasurer. The CGC's *2012 Update* recommends an increase in Victoria's GST share to 23.0 per cent of the total GST pool in 2012-13. This compares with a GST share of 22.5 per cent in 2011-12. Victoria's share of the GST pool remains below its share of the national population, which is approximately 25 per cent.

### **Specific purpose grants for on-passing**

Table 4.7 lists Commonwealth grants for on-passing. The increase in grants predominantly reflects funding to be received as part of the National Education Agreement.

**Table 4.7: Grants for on-passing**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<b>National Education Agreement</b>			
Support for government and non-government school services. Increase is due to indexation as determined by the movement in the average government school recurrent cost.			
<i>Non-government schools</i>	2 116.5	2 276.4	7.6
<b>Commonwealth Government grants to local government</b>			
<i>Financial assistance grants to local government (operating)</i>			
An equal per capita basis is used for distributing total assistance to the states and territories pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> . These grants are estimated to increase by 33.1 per cent to \$371.7 million in 2012-13. The variance from the 2011-12 revised estimate to the <i>2012-13 Budget</i> estimate reflects lower receipts in 2011-12, as 25 per cent of the 2011-12 payment was received in 2010-11. The variance also allows for the indexation of the grants pool in line with inflation and population growth.			
	279.4	371.7	33.1
<i>Identified local roads grants to local government</i>			
Funding to local councils is provided on a per capita and road length basis pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> . These grants are estimated to increase by 33.1 per cent to \$136.8 million in 2012-13. The variance from the 2011-12 revised estimate to the <i>2012-13 Budget</i> estimate reflects lower receipts in 2011-12, as 25 per cent of the 2011-12 payment was received in 2010-11. The variance also allows for the indexation of the grants pool in line with inflation and population growth.			
	102.8	136.8	33.1
<b>Total</b>	<b>2 498.7</b>	<b>2 784.9</b>	<b>11.5</b>

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2011-12 and 2012-13.

## Grants for specific purposes

Table 4.8 lists Commonwealth grants for specific purposes. The decline in grants mainly reflects lapsing grants for the Commonwealth's *Economic Stimulus Plan*, and bring forward of funding into 2011-12 for the Victorian Comprehensive Cancer Centre and road projects.

**Table 4.8: Grants for specific purposes**

(\$ million)			
	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<b>National Affordable Housing Agreement</b>			
Funding is provided for the provision of affordable, safe and sustainable housing that contributes to economic and social participation in the community.			
	288.4	301.3	4.5
<b>National Agreement for Skills and Workforce Development</b>			
Funding for delivery of publicly funded training services.			
	338.1	345.7	2.2
<b>National Disability Agreement</b>			
Funding is provided to ensure that people with a disability and their carers have an enhanced quality of life and participate as valued members of the community.			
	284.6	306.9	7.9
<b>National Education Agreement</b>			
Funding to support government school services.			
Increase in 2012-13 is due to indexation as determined by the movement in the Average Government School Recurrent Cost.			
<i>Government schools</i>	876.5	936.1	6.8
<b>National Healthcare Agreement</b>			
Funding under the National Healthcare Specific Purpose Payment provides support for health care services for Victoria. The National Health Reform Agreement replaces this agreement in 2012-13.			
	3 099.8	..	(100.0)
<b>National Health Reform Agreement</b>			
The National Health Reform Agreement, which replaces the National Healthcare Agreement Specific Purpose Payment, commences on 1 July 2012. The Agreement sets out the shared intention of the Commonwealth, state and territory governments to work in partnership to improve health outcomes for all Australians and ensure the sustainability of the Australian health system.			
	..	3 323.9	n.a.
<b>Nation Building — Economic Stimulus Plan</b>			
<i>Nation Building and Jobs Plan</i>			
Funding is provided for the construction of around 4 500 new social dwellings in Victoria and the refurbishment of existing stock that would otherwise be unavailable for occupancy.			
The funding for the Commonwealth's <i>Economic Stimulus Plan</i> ceases at the end of 2011-12.			
	63.8	..	(100.0)

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<b>Building the Education Revolution</b>			
Funding for the construction of major new infrastructure.			
The funding for the Commonwealth's <i>Economic Stimulus Plan</i> ceases at the end of 2011-12.			
<i>Primary Schools for the 21st Century — Government schools</i>	92.9	..	(100.0)
<i>Primary Schools for the 21st Century — Non-government schools</i>	12.8	..	(100.0)
<b>National Partnerships</b>			
<i>Activity Based Funding</i>			
Funding is provided for the development and implementation of nationally consistent activity based funding — a management tool that has the potential to enhance public accountability and drive technical efficiency in the delivery of health services.			
The funding in 2011-12 includes a bring-forward of \$8 million from 2012-13.			
	19.0	6.7	(64.6)
<b>Aged Care Assessment</b>			
Funding is provided for the Aged Care Assessment Program (ACAP) to comprehensively assess the needs of frail, older people and assist them to gain access to the most appropriate types of health and aged care. An ACAP assessment is mandatory for entry to Commonwealth funded residential care facilities, the Transition Care Program and Commonwealth packaged care which includes Community Aged Care Packages (CACP), Extended Aged Care at Home (EACH) and EACH Dementia (EACHD). Aged Care Assessment Services also direct frail, older people who have complex social and medical problems into appropriate health and aged care services including restorative care options. From 1 July 2012, the program will cease to be a National Partnership and will become a Commonwealth Own Purpose Expenditure program.			
	21.7	..	(100.0)
<b>Ballarat Regional Integrated Cancer Centre</b> <sup>(b)</sup>			
Funding will help enable the establishment of a new state of the art regional cancer centre in Ballarat. The new cancer centre will expand and enhance radiotherapy services for the Grampians region and integrate Ballarat Health Services' cancer services into a patient friendly and high quality facility which supports multidisciplinary clinical and supportive care. It will provide a co-located, integrated cancer service with increased capacity for outpatient radiotherapy and chemotherapy services. Four bunkers, fitted with two new linear accelerators and the relocated existing linear accelerator, will provide the facilities to meet current and future demand for radiotherapy services.			
	35.0	7.0	(79.9)

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Caring for Our Country</i>			
Funding to help communities, farmers and other land managers protect the natural environment. Funding of \$29.2 million is expected to be provided to Victoria in 2012-13, the majority of which will be passed on to catchment management authorities.	31.9	29.2	(8.6)
<i>Certain concessions for pensioners and seniors card holders</i>			
This payment provides ongoing funding and provision of certain concessions for pensioners and seniors card holders, being rebates made available to pensioners for council/land and water rates, utilities including energy and sewerage, motor vehicle registration and public transport.	65.1	69.6	6.8
<i>Digital mammography</i>			
Funding under the National Partnership Agreement on Health Infrastructure supports transition of breast screening services in Victoria from analogue (film based) equipment to digital mammography systems. This funding is part of a four year roll-out of digital mammography technology across Australia, as a part of the BreastScreen Australia program.	16.3	5.3	(67.4)
<i>Early childhood education</i>			
Funding is provided to assist Victoria to work towards the Council of Australian Governments (COAG) target of access to 15 hours of early childhood education a week for all children in the year before school by 2013. Grants are estimated to increase in 2012-13 due to an additional step-up of funding to achieve the 2013 targets.	59.1	109.5	85.3
<i>Empowering Local Schools</i>			
Funding for the first phase of the program is provided to empower participating schools to make decisions at a local level, supporting them to better respond to the needs of students and the school community and provide services designed to assist their students to achieve their best educational outcomes. Funding for the second phase of the program is expected to commence from 2015-16.			
<i>Government schools</i>	9.4	..	(100.0)
<i>Essential Vaccines</i>			
Funding is provided for the Essential Vaccines Program to improve the health and wellbeing of Victorians through the cost effective delivery of immunisation programs, reducing the incidence of vaccine preventable diseases in the Australian population.	75.6	74.1	(2.0)

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Expanding Early Psychosis Prevention and Intervention Centre models</i>			
Funding is provided to explore Expanding Early Psychosis Prevention and Intervention Centre (EPPIC) models to reform early psychosis management. EPPICs provide integrated and comprehensive psychiatric services to help address the needs of people aged 15 to 24 with emerging psychotic disorders including early intervention and clinical treatment.			
	1.0	3.5	248.3
<i>Expansion of Gippsland Cancer Care Centre</i>			
Funding to expand and enhance radiotherapy services for the Gippsland region and to integrate Latrobe Regional Health Services' cancer services into a patient friendly and high quality facility which supports multi-disciplinary clinical and supportive care.			
	10.0	7.5	(25.0)
<i>Helping Public Patients in Hospitals Waiting for Nursing Home Places</i>			
Funding will assist older public patients who no longer require hospital care and who are waiting for alternative care and better meeting the needs of long stay public patients and improve their access to appropriate long term options. This is an extension of the Council of Australian Governments Health Services – improving care for older patients in public hospitals for 2010-11 and 2011-12.			
	14.3	9.5	(33.4)
<i>Home and Community Care</i>			
Funding to expand the Home and Community Care (HACC) Program. HACC delivers integrated home and community care services to frail older people, people with disabilities and their carers. Services funded by the program include home care, respite, nursing, allied health, personal care, social support and meals. Local councils, district nursing services, community health services and non-government organisations deliver these services, either in the home or in community centres.			
	324.1	346.8	7.0
<i>Home and Community Care for Veterans</i>			
The Department of Veterans' Affairs contribution to the Victorian HACC program.			
	3.8	3.8	..
<i>Homelessness</i>			
Funding under the <i>National Partnership Agreement on Homelessness</i> which commits the Commonwealth and states to work together to assist people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion. Actions undertaken by individual jurisdictions are linked to a national strategic approach focused on three key themes of investing in effective prevention and early intervention, breaking the cycle of homelessness, and reforming the homelessness service system to improve integration between mainstream and homeless specific services and enhance service quality.			
	25.9	31.2	20.4



**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Indigenous early childhood development</i>			
Funding to address the high levels of disadvantage experienced by Indigenous children in Victoria and provides funding for two children and families centres, additional maternal and child health services, antenatal care services for Indigenous women under 20 and teenage reproductive and sexual health programs.	2.2	4.6	109.6
<i>Improving Teacher Quality</i>			
Funding for measures to improve and maintain the quality of the teaching workforce. Non-government schools also participate in this National Partnership. The 2011-12 estimate captures an assessment of eligible payments that the State could potentially receive. No estimate has been captured for the 2012-13 eligible reward payments until targets are confirmed for this period.	56.4	4.6	(91.9)
<i>Literacy and numeracy</i>			
An assessment of eligible payments that the State can potentially receive in 2011-12 for systematic reforms to improve the quality of teaching and leadership in Victorian government schools, improve educational outcomes and reduce educational inequities. Non-government schools also participate in this National Partnership. These eligible reward payments conclude at the end of the 2011-12 year.	44.7	..	(100.0)
<i>Low socioeconomic status school communities</i>			
Funding to support a suite of school and community reforms designed to provide high quality teaching for participating schools, increase flexibility for principals, strengthen school accountability and improve partnerships between schools and the community. Non-government schools also participate in this National Partnership.	68.8	66.7	(3.0)
<i>Melbourne Metro 1</i> <sup>(b)</sup>			
As part of the Commonwealth Government's 2009-10 Budget, \$40 million in development funding was committed for planning a proposed rail tunnel between South Kensington and South Yarra.	20.0	20.0	..
<i>More Support for Students with Disabilities</i>			
The objective of this initiative is to strengthen the capacity of schools and teachers to provide additional support to students with disabilities, contributing to improved student learning experiences, educational outcomes and transitions to further education or work.			
<i>Government schools</i>	14.9	14.9	..
<i>Non-government schools</i>	4.6	4.7	0.3

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Nation Building — AusLink (Road and Rail)</i>			
In early 2009, the State and Commonwealth Governments entered into a memorandum of understanding for agreed rail and road projects to be delivered under the Nation Building Program (which includes National Network construction projects, formerly named AusLink II). From 2009 to 2014, the Commonwealth Government will make a funding contribution of over \$2 billion toward the agreed projects. The decrease in 2012-13 is due to the bring-forward of Commonwealth funding for road projects.	646.5	405.0	(37.3)
<i>National Disaster Resilience Program</i>			
Funding to identify and address natural disaster risk priorities across the nation. Funding is provided by the Commonwealth for initiatives to create safer and sustainable communities by better enabling them to withstand the effects of floods, storms, fires and other natural disasters.	4.1	4.2	2.4
<i>National Quality Agenda on Early Childhood Education and Care</i>			
Funding for the establishment of a jointly governed and unified National Quality Framework. The framework aims to improve the quality of early childhood services, provide parents with information about the quality of early childhood services, and reduce the administrative burden for early childhood services.	3.2	5.1	62.9
<i>National Secondary School Computer Fund – Digital Education Revolution</i>			
Funding for new information technology equipment for all secondary schools with students in Years 9 to 12 through the National Secondary School Computer Fund.			
<i>Government schools</i>	29.6	29.6	..
<i>Non-government schools</i>	19.8	19.8	..
<i>National Solar Schools Plan</i>			
Funding to install solar and other renewable power systems, solar hot water systems, rainwater tanks and energy efficiency measures.			
<i>Government schools</i>	10.3	0.9	(91.0)
<i>Non-government schools</i>	2.5	2.4	(3.5)
<i>Natural Disaster Relief<sup>(b)</sup></i>			
Applies to natural disasters declared in Victoria. The grants in 2011-12 are driven by claims following recent extreme weather conditions, particularly floods and bushfires.	33.0	..	(100.0)
<i>Plan for Perinatal Depression</i>			
Funding to improve prevention and early detection of antenatal and postnatal depression and provide better support and treatment for expectant and new mothers experiencing depression.	3.7	2.1	(45.1)

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Preventive Health</i>			
Funding is provided under the National Partnership Agreement on Preventive Health (NPAPH) to address the rising prevalence of lifestyle related chronic diseases by reducing the prevalence of overweight and obesity, increasing fruit and vegetable consumption, increasing physical activity in children and adults, and reducing tobacco and alcohol use in adults. The NPAPH aims to promote healthy behaviours by working with preschools, schools, workplaces and communities. As part of the NPAPH, Victoria is required to develop implementation plans for Healthy Workers, Healthy Children and Social Marketing – Measure Up.	18.2	33.1	82.3
<i>Productivity Places Program</i>			
Funding for Victoria and the Commonwealth Government to work together to increase the number of people with skills and trades qualifications, as well as the number of people with higher level qualifications. This program ceases at the end of June 2012 and is being replaced by the new National Partnership for Skills reform.	120.0	..	(100.0)
<i>Regional Rail Link</i>			
In May 2009, the Commonwealth Government announced its contribution of \$3.2 billion to the Regional Rail Link project. The project will provide a new rail line running from West Werribee through Deer Park and suburbs including Sunshine and Footscray to Southern Cross Station. It will separate regional trains from metropolitan trains, providing Geelong, Bendigo and Ballarat trains their own dedicated tracks. This will increase capacity and reliability of these services. It will also free up space for additional suburban services on the Werribee, Sunbury and Craigieburn lines.	448.0	522.0	16.5
<i>Reward for School Improvement</i>			
Funding to encourage a nationally consistent and rigorous approach to school self-evaluation and improvement planning through the implementation of a National School Improvement Framework and reward payments to schools showing the most improvement.			
<i>Government schools</i>	2.4	1.5	(35.2)
<i>Skills for all Australians – Skills Reform</i>			
Funding to support long-term reform in the vocational education and training (VET) sector. This includes entitlement to a training place, expansion of the availability of VET FEE-HELP for subsidised diploma and advanced diploma courses, and support for disadvantaged students. This NP is replacing the Productivity Places Program.	..	59.3	n.a.

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)			
	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Skills for all Australians – Training places for single and teenage parents</i>			
Funding for single and teenage parents to improve training outcomes with a guarantee of priority access to a government funded training place.	1.7	5.0	200.1
<i>Statewide enhancements to regional cancer services</i>			
Funding is provided to undertake statewide enhancements to existing regional cancer services in Victoria, to benefit areas including Bendigo and Traralgon.	8.5	1.0	(88.2)
<i>Supporting National Mental Health Reform</i>			
Funding is provided to deliver improved health, social, economic and housing outcomes for people with severe and persistent mental illness by addressing service gaps and preventing ongoing reliance on the State mental health systems.	1.7	9.2	424.3
<i>TAFE fee waivers for childcare qualifications</i>			
Funding to develop a child care workforce with high level qualifications to provide a strong foundation for the health and educational development of children, by ensuring that TAFE and other government providers do not levy compulsory regulated fees on students undertaking eligible child care qualifications.	15.8	10.3	(35.2)
<i>Trade training centres in schools</i>			
Funding to build new or upgrade existing, trade or vocational education and training facilities in secondary schools.	53.0	36.1	(31.8)
<i>Victorian Comprehensive Cancer Centre</i>			
Funding is provided to develop the Victorian Comprehensive Cancer Centre. The Centre will drive leadership and innovation in cancer treatment, research and education by having the largest concentration of cancer clinicians and researchers in the southern hemisphere, ranking it among the top 10 cancer centres in the world. Funding for 2011-12 includes a bring-forward of \$67 million from 2012-13.	232.9	..	(100.0)
<i>Victorian Cytology Service</i>			
Funding for Victorian Cytology Service to report on Pap test results. It is the largest single laboratory reporting Pap tests in Australia, examining approximately 300 000 Pap smears a year, just over half of the smears taken annually in Victoria. The Victorian Cytology Service aims to prevent the morbidity and mortality from cervical cancer among Victorian women by functioning as a national centre of excellence in the accurate and cost effective reporting of Pap tests.	7.7	8.1	5.0
<i>Victoria Legal Aid</i>			
Funding for a share of the service delivery costs of Victoria Legal Aid on Commonwealth law matters.	43.6	44.4	1.8

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Water for the Future</i>			
A long-term Commonwealth initiative to better balance the water needs of communities, farmers and the environment. It contains a suite of urban and rural policies and programs, including significant funding for water purchasing, irrigation modernisation, desalination, recycling, and stormwater capture. In October 2011, the Government announced that it had reached a funding agreement with the Commonwealth to deliver the \$1.2 billion Northern Victoria Irrigation Renewal Project and produce 214 gigalitres in water savings.			
Under <i>Water for the Future</i> , the Commonwealth is estimated to contribute to a number of Victorian projects in 2012-13, including stage 2 of the Northern Victorian Irrigation Renewal Project, the Barwon Water – Shell Recycling Plant, the Black Rock water recycling project and enhancements to Victoria’s water registry systems.			
	207.5	48.8	(76.5)
<i>Youth Attainment and Transitions</i>			
Funding to increase participation of young people in education and training, increase attainment levels, and improve successful transition from schools.			
	17.0	17.0	..
<b>COAG — National Health and Hospitals Reform</b>			
<i>Expanding Multipurpose Services</i>			
Multipurpose services provide a flexible combination of services including acute care, residential aged care, community health, home and community care and other health related services. Funding is provided over three years to increase the capacity of existing, multipurpose service facilities.			
	5.2	3.6	(30.8)
<i>Improving public hospital services</i>			
On 2 August 2011, COAG agreed a new National Health Reform Agreement, and a package of related documents, to work in partnership on national health reforms to deliver better outcomes for patients and to secure the long-term sustainability of Australia’s health system. This reform will contribute to improved public patient access to elective surgery, emergency departments and sub-acute care services by improving efficiency and capacity in public hospitals.			
	177.9	140.5	(21.0)
<i>Supporting long stay older patients</i>			
Funding is provided under the National Partnership Agreement on financial assistance for longstay older patients in recognition that some older people in public hospitals who have finished their acute and sub-acute care, and have been assessed as being suitable for Commonwealth aged care, remain in hospital longer than would otherwise be necessary while they secure an appropriate community or residential aged care place. The funding redirects 2 000 time-limited flexible aged care places to states and territories to support older people in hospitals.			
	12.7	11.1	(12.7)

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<b>Other payments to the State</b>			
<i>Housing Affordability Fund</i>			
Funding is provided for the renewal of inner city public housing estates at Prahran, Richmond and Fitzroy. The Housing Affordability Fund (HAF) is designed to increase housing supply, particularly for those on the lowest incomes, and is vital to improve housing affordability, by reducing the costs incurred by homebuyers as a result of planning delays and infrastructure costs.			
	54.1	81.5	50.6
<i>Interstate Road Transport</i>			
The Federal Interstate Registration Scheme (FIRS) levies registration charges on vehicles engaged in interstate trade and commerce under the <i>Interstate Road Transport Act 1985</i> (Cth). The Commonwealth Government pays a share of revenue collected under the FIRS scheme to states and territories, to cover the costs of maintenance and upkeep on roads used by motor vehicles registered under this Act.			
	22.8	24.0	5.0
<b>Commonwealth Own Purpose Expenses</b>			
<i>Aged Care Assessment</i>			
Funding is provided for the Aged Care Assessment Program (ACAP) to comprehensively assess the needs of frail, older people and assist them to gain access to the most appropriate types of health and aged care. An ACAP assessment is mandatory for entry to Commonwealth funded residential care facilities, the Transition Care Program and Commonwealth packaged care which includes Community Aged Care Packages (CACP), Extended Aged Care at Home (EACH) and EACH Dementia. Aged Care Assessment Services also direct frail, older people who have complex social and medical problems into appropriate health and aged care services including restorative care options.			
	..	21.7	n.a.
<i>Highly Specialised Drugs Program</i>			
Funding is provided for certain specialised medications under the Highly Specialised Drugs Program. Highly specialised drugs are medicines for the treatment of chronic conditions which, because of their clinical use or other special features, are restricted to supply through public or private hospitals having access to appropriate specialist facilities. To prescribe these drugs as pharmaceutical benefit items, medical practitioners are required to be affiliated with these specialist hospital units. A general practitioner or non-specialist hospital doctor may only prescribe highly specialised drugs to provide maintenance therapy under the guidance of the treating specialist. The Highly Specialised Drugs Program is a joint initiative of the Commonwealth Government and the states and territories. The decrease in funding in 2012-13 is due to health agencies making claims to Medicare directly.			
	60.0	..	(100.0)

**Table 4.8: Grants for specific purposes (continued)**

(\$ million)

	2011-12 Revised	2012-13 Budget	Change % <sup>(a)</sup>
<i>Integrated Regional Clinical Training Networks</i>			
Funding is provided to support Integrated Regional Clinical Training Networks (Clinical Placement Networks in Victoria) to facilitate the coordination, planning and delivery of quality clinical training activity through partnership, collaboration and communication across the health and education sectors.	2.9	3.3	16.6
<i>Simulated Learning Environments Program</i>			
Funding is provided to increase the use of simulated learning modalities in clinical training for entry level health professionals, postgraduate and vocational education and training health professionals, with the goal of increasing clinical training capacity and improving access for students to simulated training experiences in regional, rural, and remote settings.	9.8	2.8	(71.9)
<b>Other</b>	<b>618.3</b>	<b>703.1</b>	<b>13.7</b>
<b>Total</b>	<b>8 875.2</b>	<b>8 289.8</b>	<b>(6.6)</b>

Source: Department of Treasury and Finance

Notes:

(a) Per cent change between 2011-12 and 2012-13.

(b) One-off grant.





# CHAPTER 5 – TAX EXPENDITURES AND CONCESSIONS

## TAX EXPENDITURES

Tax expenditures are tax concessions granted to certain taxpayers, activities or assets that are a deviation from the normal taxation treatment. They include tax-free thresholds, exemptions, lower rates, deductions or tax rebates for a certain class of taxpayer, activity or asset.

Table 5.1 shows aggregate tax expenditure estimates by the main tax categories for the period 2011-12 to 2015-16, excluding the effect of tax-free thresholds for land tax and payroll tax. The expected increase in tax expenditures of \$740 million over this period reflects the expected growth in tax bases and the economy more generally.

In particular, land tax expenditures are expected to grow in line with the land tax revenue profile, while estimates of payroll tax expenditures are anticipated to increase in line with employment and wages growth.

**Table 5.1: Aggregate tax expenditures (excluding thresholds) by type**

<i>Description</i>	<i>(\$ million)</i>				
	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Land tax	2 312.9	2 578.8	2 515.5	2 759.2	2 691.0
Payroll tax	950.9	981.4	1 011.5	1 045.6	1 082.3
Gambling tax	76.0	81.3	84.5	87.5	90.6
Motor vehicle taxes	87.7	91.5	95.2	99.0	103.9
Other stamp duties <sup>(a)</sup>	254.5	353.8	389.4	434.7	450.8
Congestion levy	33.0	34.0	34.8	35.7	36.6
<b>Total estimated tax expenditures</b>	<b>3 715.1</b>	<b>4 120.7</b>	<b>4 130.9</b>	<b>4 461.6</b>	<b>4 455.2</b>

*Source: Department of Treasury and Finance*

*Note:*

(a) Principally duty on land transfers.

Table 5.2 lists the estimated individual tax expenditures that can be costed for the period 2011-12 to 2015-16 (including those arising from tax-free thresholds). The growth in the total value of tax expenditure is estimated at \$380 million in 2012-13, driven principally by increases in land tax expenditures. The land tax expenditure profile is shaped by land revaluations conducted every two years.

**Table 5.2: Tax expenditures that can be costed (including thresholds)**

	(\$ million)				
Description	2011-12 Estimate	2012-13 Estimate	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
<b>Land tax</b>					
Crown property (right of Victoria)	220.7	246.2	240.2	263.5	257.0
Principal place of residence	1 092.8	1 219.0	1 189.0	1 304.6	1 272.2
Land held in trust for public or municipal purposes or vested in any municipality	148.9	166.1	162.0	177.8	173.3
Land used by a charitable institution	81.4	90.8	88.5	97.2	94.7
Commonwealth land	185.2	206.6	201.5	221.1	215.6
Land used for primary production	310.0	345.8	337.3	370.1	360.9
Land vested in a public statutory authority	166.4	185.6	181.0	198.7	193.7
Land used for the CityLink network	22.4	25.0	24.4	26.8	26.1
Land used for EastLink	10.0	10.0	10.0	10.0	10.0
Assessment on a single holding basis for land owned by a municipality	2.8	3.2	3.1	3.4	3.3
Partial exemption for non-profit organisations solely for social, sporting, cultural or literary purposes; or horse, pony or harness racing	5.7	6.3	6.2	6.8	6.6
Assessment on a single holding basis for land owned by a charity	3.2	3.6	3.5	3.8	3.7
Retirement villages	16.8	18.8	18.3	20.1	19.6
Non-profit organisations providing outdoor cultural or sporting recreation (excluding horse, pony or harness racing)	32.1	35.9	35.0	38.4	37.4
Associations of ex-servicemen	0.6	0.7	0.6	0.7	0.7
Caravan parks	3.7	4.1	4.0	4.4	4.3
Residential care facilities	8.4	9.3	9.1	10.0	9.7
Low cost accommodation	1.7	1.9	1.8	2.0	1.9
Aggregated site value below tax-free threshold	67.3	75.1	73.2	80.3	78.3
<b>Total land tax expenditures</b>	<b>2 380.2</b>	<b>2 653.9</b>	<b>2 588.7</b>	<b>2 839.5</b>	<b>2 769.3</b>
<b>Payroll tax</b>					
Wages paid by public hospitals	290.7	300.6	310.4	321.2	332.7
Wages paid by public benevolent institutions/charities	264.9	273.9	282.9	292.8	303.2
Wages paid by non-profit, non-government schools	149.6	154.6	159.7	165.3	171.2

**Table 5.2: Tax expenditures that can be costed (including thresholds) (continued)**

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16
	Estimate	Estimate	Estimate	Estimate	Estimate
Commonwealth departments/agencies (excluding transport and communication)	38.5	39.8	41.1	42.5	44.1
Wages paid by non-profit hospitals	58.8	60.8	62.8	65.0	67.3
Municipal councils (not wages for trading activities)	123.3	127.5	131.7	136.3	141.1
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986 (Cth)</i>	16.8	14.5	13.0	12.3	12.2
Religious institutions	5.1	5.3	5.4	5.6	5.8
Construction industry leave entitlements paid by CoINVEST	1.9	2.0	2.1	2.2	2.3
Paid maternity leave	1.2	1.2	1.2	1.3	1.3
Government school councils	0.2	1.2	1.2	1.2	1.2
Wages paid to employees participating in voluntary emergency service work	..	..	..	..	..
Employers' payroll below \$550 000	1 858.7	1 825.6	1 814.1	1 796.9	1 772.6
<b>Total payroll tax expenditures</b>	<b>2 809.6</b>	<b>2 806.9</b>	<b>2 825.6</b>	<b>2 842.5</b>	<b>2 854.9</b>
<b>Congestion levy tax</b>					
Residential	1.8	1.8	1.9	1.9	2.0
Commercial and private	13.9	14.3	14.6	15.0	15.4
Short-stay car parks	17.4	17.9	18.3	18.8	19.2
<b>Total congestion levy tax expenditures</b>	<b>33.0</b>	<b>34.0</b>	<b>34.8</b>	<b>35.7</b>	<b>36.6</b>
<b>Gambling tax</b>					
Clubs pay lower tax rate on net cash balance (electronic gaming machines)	76.0	81.3	84.5	87.5	90.6
<b>Total gambling tax expenditures</b>	<b>76.0</b>	<b>81.3</b>	<b>84.5</b>	<b>87.5</b>	<b>90.6</b>
<b>Motor vehicle tax</b>					
Motor vehicle registration fee for eligible beneficiaries	72.2	75.4	78.6	81.9	85.4
Registration fee for primary production vehicles (4.5 tonnes or less)	13.1	13.4	13.8	14.1	14.5
Exemption for non-commercial vehicles owned by incapacitated war service pensioners	1.3	1.4	1.5	1.5	1.6
Motor vehicle duty concession for incapacitated and disabled persons	0.5	0.6	0.6	0.7	0.7
Motor registration discount for hybrid cars	0.5	0.6	0.7	0.8	1.8
<b>Total motor vehicle tax expenditures</b>	<b>87.7</b>	<b>91.5</b>	<b>95.2</b>	<b>99.0</b>	<b>103.9</b>
<b>Other stamp duties <sup>(a)</sup></b>					
Land transfer duty concession for first homebuyers of properties valued up to \$600 000	39.0	65.0	91.0	125.0	131.0

**Table 5.2: Tax expenditures that can be costed (including thresholds) (continued)**

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16
	Estimate	Estimate	Estimate	Estimate	Estimate
Land transfer duty concession for farmers under 35 years of age	0.8	2.0	2.0	2.0	2.0
Stamp duty for corporate reconstruction	21.2	84.1	84.1	85.7	85.7
Conveyance duty concession for first homebuyers with families	..	..	..	..	..
Conveyance duty concession for pensioners and concession cardholders	62.0	65.0	68.1	71.2	74.4
Stamp duty for principal place of residence	131.3	137.7	144.2	150.8	157.6
<b>Total other stamp duties expenditures</b>	<b>254.5</b>	<b>353.8</b>	<b>389.4</b>	<b>434.7</b>	<b>450.8</b>
<b>Total estimated tax expenditures</b>	<b>5 641.1</b>	<b>6 021.4</b>	<b>6 018.2</b>	<b>6 338.8</b>	<b>6 306.1</b>

Source: Department of Treasury and Finance

Note:

(a) Principally duty on land transfers.

Table 5.3 provides the ratio of tax expenditure to revenue by the main categories of tax in 2011-12. The ratio of tax expenditures (excluding thresholds) to tax revenue in 2011-12 is estimated at 25 per cent, unchanged from 2010-11.

**Table 5.3: Estimated aggregate tax expenditures (excluding thresholds) and tax revenue in 2011-12**

*(\$ million)*

<i>Description</i>	<i>Tax expenditure</i>	<i>Tax revenue</i>	<i>Ratio</i>
Land tax	2 312.9	1 377.2	1.68
Payroll tax	950.9	4 653.2	0.20
Gambling tax	76.0	1 751.2	0.04
Motor vehicle taxes	87.7	1 596.0	0.05
Other stamp duties <sup>(a)</sup>	254.5	3 293.4	0.08
Congestion levy	33.0	45.6	0.72
Other/miscellaneous	..	2 193.1	..
<b>Total for items estimated</b>	<b>3 715.1</b>	<b>14 909.7</b>	<b>0.25</b>

*Source: Department of Treasury and Finance*

*Note:*

*(a) Principally duty on land transfers.*

Table 5.4 provides a grouping of estimated tax expenditures to particular persons or entities based on the legal incidence of state taxes.

**Table 5.4: Aggregate tax expenditures (excluding thresholds) classified by persons or entities affected**

<i>Description</i>	<i>(\$ million)</i>				
	<i>2011-12 Estimate</i>	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>	<i>2015-16 Estimate</i>
Business	107.2	171.6	170.4	174.8	174.8
Construction industry	1.9	2.0	2.1	2.2	2.3
Charitable organisations	349.5	368.3	374.9	393.7	401.6
Educational institutions	149.8	155.8	160.9	166.5	172.4
Gambling clubs	76.0	81.3	84.5	87.5	90.6
Commonwealth and State Government	610.9	678.3	663.8	725.8	710.4
Local government	275.1	296.8	296.8	317.4	317.8
Hospitals	349.5	361.3	373.1	386.2	399.9
Pensioners/concession cardholders	153.0	161.3	167.1	175.5	181.7
Property owners	1 273.3	1 432.9	1 435.1	1 592.3	1 572.6
Primary producers	323.9	361.3	353.1	386.2	377.4
Religious institutions	5.1	5.3	5.4	5.6	5.8
Sporting, recreation and cultural organisations	37.8	42.2	41.1	45.1	44.0
Other	2.2	2.4	2.6	2.8	3.8
<b>Total for items estimated</b>	<b>3 715.1</b>	<b>4 120.7</b>	<b>4 130.9</b>	<b>4 461.6</b>	<b>4 455.2</b>

*Source: Department of Treasury and Finance*

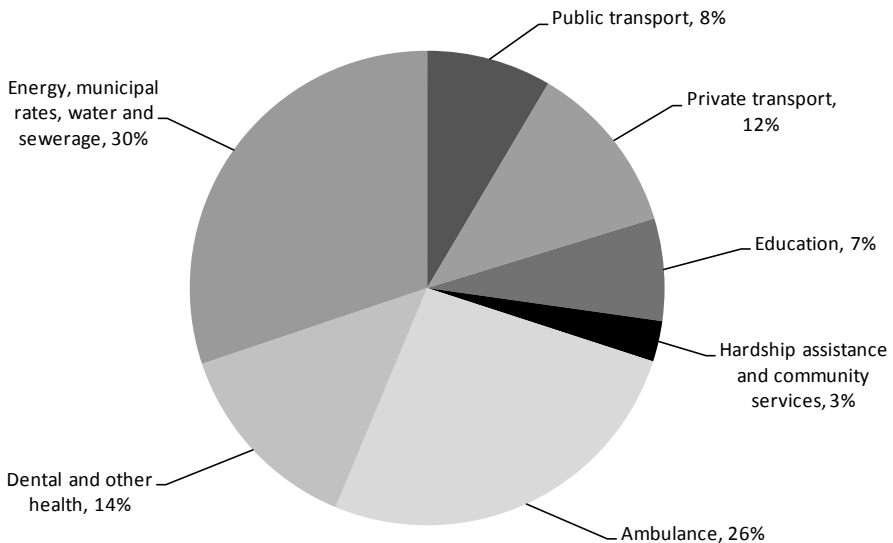
## CONCESSIONS

Concessions are a direct budget outlay or reduction in government charges that have the effect of reducing the price of a good or service for particular groups. Possession of a Commonwealth pension card or a health care card is the basis for entitlement.

Concessions are also provided to eligible holders of a Commonwealth Department of Veteran's Affairs Repatriation Health Card. Concessions allow groups in the community to access and/or purchase important amenities such as energy, health care and transportation at a cheaper rate or receive them free of charge.

Chart 5.1 shows the estimated distribution of concessions by category for 2012-13. At an aggregate level, the largest share of concessions is concentrated in health (ambulance, dental and community health programs) accounting for 39.8 per cent of total concessions.

**Chart 5.1: Estimated concessions by category for 2012-13**



Source: Department of Treasury and Finance

Table 5.5 classifies the major concessions by category. The increase in electricity concessions in 2011-12 is due to the introduction of the Annual Electricity Concession on 1 March 2011 which provides a discount on mains electricity bills all year round. This replaces the Winter Energy Concession which operated from 1 May to 31 October each year. The decrease in electricity and gas concessions in 2012-13 reflects the adjustment of energy concessions to align with the Commonwealth's carbon price compensation package.

**Table 5.5: Concessions by category**

(\$ million)

<i>Description</i>	<i>2010-11 Estimate</i>	<i>2011-12 Estimate</i>	<i>2012-13 Estimate</i>
Electricity	104.6	166.4	155.8
Mains gas	59.3	54.3	48.2
Municipal rates	88.7	82.2	89.2
Water and sewerage	135.3	152.3	165.0
<b>Total energy, municipal rates, water and sewerage</b>	<b>387.9</b>	<b>455.1</b>	<b>458.2</b>
Ambulance	350.9	363.9	399.2
Dental services and spectacles	107.0	110.2	112.8
Community health programs	87.2	91.2	92.4
<b>Total health</b>	<b>545.1</b>	<b>565.3</b>	<b>604.4</b>
<b>Education</b>	<b>107.5</b>	<b>133.9</b>	<b>105.9</b>
<b>Hardship schemes</b>	<b>38.5</b>	<b>33.5</b>	<b>36.4</b>
<b>Social and community services</b>	<b>5.0</b>	<b>5.1</b>	<b>5.5</b>
<b>Private transport</b>	<b>187.3</b>	<b>170.2</b>	<b>178.5</b>
<b>Public transport</b>	<b>119.8</b>	<b>124.2</b>	<b>129.0</b>
<b>Total for items estimated</b>	<b>1 391.3</b>	<b>1 487.3</b>	<b>1 517.8</b>

Source: Department of Treasury and Finance

Education concessions include the education maintenance allowance, concessions for preschool, and concessions for vocational education and training.

The social and community services category includes concessions for non-profit organisations such as the Good Shepherd Youth and Family Service Buying Service, Victorian Council of Social Service, Community Information Victoria, Bereavement Assistance Limited, the Charity Freight Service and Foodbank Victoria.

Transport concessions consist of a discount on Transport Accident Commission premiums for pensioners, funding for the Multi Purpose Taxi Program and public transport concessions.



# CHAPTER 6 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

## CONTINGENT ASSETS

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

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

**Table 6.1: Quantifiable contingent assets**

(\$ million)

	As at Nov 2011 <sup>(a)</sup>	Estimate for June 2012
Guarantees, indemnities and warranties	0.9	0.9
Legal proceedings and disputes <sup>(b)</sup>	36.7	74.3
Other	91.1	90.9
<b>Total quantifiable contingent assets</b>	<b>128.6</b>	<b>166.1</b>

Source: Department of Treasury and Finance

Notes:

(a) As published in the 2011-12 Budget Update.

(b) Relates to a legal insurance claim for flood damage to VicRoads' statewide road network.

## Non-quantifiable contingent assets

### **CityLink compensable enhancement claims**

The Melbourne CityLink Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent of additional revenue derived by CityLink Melbourne Limited (CML) as a result of certain events that particularly benefit CityLink, including changes to the adjoining road network.

Compensable enhancement claims have previously been lodged in respect of works for improving traffic flows on the West Gate Freeway (between Lorimer and Montague Streets), and in the vicinity of the intersection of Bulla Road and the Tullamarine Freeway. The claims were lodged on 20 May 2005 and 29 September 2006 respectively and remain outstanding.

## Revenue sharing from the Monash CityLink West Gate upgrade

In July 2006, CML, Transurban Infrastructure Management Ltd and the State entered into the M1 Corridor Redevelopment Deed.

Under the terms of this deed, the State will upgrade the Monash and West Gate Freeways, while CML will upgrade the Southern Link section of CityLink. The State will become entitled to 50 per cent of the additional CityLink revenue created by the Monash CityLink West Gate upgrade after CML recovers its construction and additional operating costs relating to works on the Southern Link.

The method used to calculate the additional CityLink revenue generated from the upgrade will be based on comparing actual CityLink revenue with agreed trends. The calculation date for the additional CityLink revenue and the State's revenue sharing entitlement is 30 June 2014.

## CONTINGENT LIABILITIES

Contingent liabilities are:

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

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

The table below contains quantifiable contingent liabilities as at November 2011 and revised estimates of those contingent liabilities as at June 2012.

**Table 6.2: Quantifiable contingent liabilities**

(\$ million)

	As at Nov 2011 <sup>(a)</sup>	Estimate for June 2012
Guarantees, indemnities and warranties	581.9	596.6
Legal proceedings and disputes	390.7	378.2
Other	379.8	402.4
Non-general government debt <sup>(b)</sup>	9 057.8	9 618.4
<b>Total quantifiable contingent liabilities</b>	<b>10 410.1</b>	<b>10 995.6</b>

Source: Department of Treasury and Finance

Notes:

(a) As published in the 2011-12 Budget Update.

(b) Represents guarantees by the general government sector for loans of agencies in the public non-financial corporations sector (primarily the water entities and other non-general government sector entities), and reflects loan balances as at 31 December 2011.

## **Non-quantifiable contingent liabilities**

A number of potential obligations, which are non-quantifiable at this time, have been recognised arising from:

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

An overview of the more significant non-quantifiable contingent liabilities follows.

### ***Asset sales***

Potential exposures exist associated with the sale of a number of assets and services where the purchaser was provided with various indemnities and warranties.

### ***Royal Melbourne Showgrounds redevelopment***

In October 2003, the State, through the Department of Primary Industries and the Royal Agricultural Society of Victoria (RASV), formed an unincorporated joint venture for the purposes of redeveloping the Royal Melbourne Showgrounds (the Showgrounds), with the State and the RASV each holding a 50 per cent interest in the joint venture. The joint venture participants then established an incorporated entity, Showgrounds Nominees Pty Ltd, to enter into contractual arrangements with a private sector party.

The project, a public private partnership, involved a private sector consortium (concessionaire), which was responsible for the design, construction and financing of the redevelopment of the Showgrounds. The concessionaire continues to be responsible for maintaining and providing facility management services at the Showgrounds for a period of 25 years from August 2006.

Under the contract, the State supports the underlying payment obligations of the joint venture participants for Showgrounds Nominees Pty Ltd to meet its obligations to pay the service fee to the concessionaire. Any actual financial support provided by the State on behalf of the RASV under the contract will be treated as a loan, which will be repaid by the RASV by the end of the 25 year contract term. Repayment by the RASV may take the form of the transfer to the State of part or whole of the RASV's participating interest in the joint venture.

Separately and similarly, under another agreement between the State and the RASV, the State supports certain obligations of the RASV that may arise out of a suite of joint venture agreements between the State and the RASV, or between the joint venture and a third party. In accordance with this agreement, the State will meet certain RASV obligations in the form of a loan, up to a maximum of \$20 million, if requested by the RASV if the RASV does not have the financial capacity to pay. The RASV must repay any loan by the end of the 25 year term and this repayment may take the form of a transfer to the State, of the whole or part, of the RASV participating interest in the joint venture.

### ***Contingent liabilities for employment related legal proceedings***

Under the Victorian Public Service (VPS) Agreement and the Nurses (Department of Education and Early Childhood Development) Agreement, relevant departments and agencies have an obligation to indemnify VPS employees in relation to the cost of employment related legal proceedings that may arise from their duties.

### ***National Electricity Code Administrator***

As part of the wind up of the National Electricity Code Administrator (NECA), the State has undertaken to indemnify the actions of the NECA directors for a period of seven years on completion of their tenure in 2015.

### ***Public transport rail partnership agreements***

The Director of Public Transport (the Director), on behalf of the Crown, entered into partnership contractual arrangements with franchisees to operate metropolitan rail transport services in the State, operative from 30 November 2009 until 30 November 2017. On 2 April 2012, the Public Transport Development Authority (operating as Public Transport Victoria [PTV]) became the successor party to the Director. The following summarises the major contingent liabilities arising from those arrangements in the event of early termination or expiry of the partnership agreement:

- *partnership assets*: to maintain continuity of services, the assets, at early termination or expiry of the franchise agreement, will revert to PTV or its successor. In the case of some assets, a reversion back to PTV would entail those assets as being purchased; and
- *unfunded superannuation*: at the early termination or expiry of the contract, PTV or its successor will assume any unfunded superannuation amounts (apart from contributions the franchisee is required to pay over the contract term) to the extent that the State becomes the successor operator.

### ***Kamco performance related payments***

The New Ticketing Solution Project Agreement provides a mechanism through which Kamco (Keane Australia Micropayments Consortium Pty Ltd) can claim performance related bonuses. While the amount or likelihood of such claims is uncertain, the Transport Ticketing Authority recognises a contingent liability for performance related payments to Kamco.

### ***Compulsory property acquisition to deliver transport projects***

The State has compulsorily acquired a number of properties (residential and commercial) through the *Land Acquisition and Compensation Act 1986* to facilitate delivery of various transport projects, including the Regional Rail Link project. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

## **Native title**

A number of claims that affect Victoria have been filed in the Federal Court under the Commonwealth *Native Title Act 1993*. It is not feasible at this time to quantify any future liability.

## **Department of Education and Early Childhood Development**

The Department has a number of unquantifiable contingent liabilities as follows.

Indemnities are provided by the Department to:

- **The Commonwealth:** The indemnity is in relation to funding contracts entered into with the State throughout the year. Each indemnity is limited to \$10 million for personal injuries and property damage, and \$50 million for damages arising from internet usage.
- **Teachers and school chaplains:** The specific indemnity for teachers and school chaplains is to protect them against liability for personal injuries to students provided the teacher or school chaplain was not intoxicated, or engaged in a criminal offence, or engaged in outrageous conduct, and was incurred in the course of their employment.
- **Volunteer school workers and volunteer student workers:** The *Education and Training Reform Act 2006* provides a specific indemnity for personal injuries suffered by volunteer school workers and volunteer student workers arising out of or in the course of engaging in school work or community work respectively.
- **Members of school councils:** The *Education and Training Reform Act 2006* provides an indemnity to members of school councils for any legal liability, whether in contract, negligence or defamation.

The Department holds insurance cover in the unlikely event that any one claim against these indemnities is greater than \$5 million.

No material losses are anticipated in respect of any of the above non-quantifiable contingent liabilities.

None of the above contingent liabilities are secured over any assets of the Department.

## **The Biosciences Research Centre**

The Biosciences Research Centre (BRC) project is a joint initiative between the State, through the Department of Primary Industries, and La Trobe University (La Trobe). The project is being delivered as a public private partnership. The Department of Primary Industries and La Trobe have formed an unincorporated joint venture for the purposes of undertaking the BRC project. The State holds a 75 per cent participating interest and La Trobe holds a 25 per cent participating interest in the joint venture. The facility that is being constructed will be known as AgriBio, Centre for AgriBioscience.

The project involves a partnership between the joint venture and the private sector consortium, Plenary Research Pty Ltd (concessionaire), which is responsible for the design, construction, commissioning and financing of AgriBio and the provision of contracted services required for the maintenance and operation of the facility. The joint venture participants established an incorporated entity known as Biosciences Research Centre Pty Ltd for the purpose of entering into contractual arrangements with the concessionaire. Construction of AgriBio commenced in May 2009, and the facility is expected to be fully operational in 2012.

Under the contract, the service fee payment obligations of Biosciences Research Centre Pty Ltd (on behalf of the joint venture participants) are supported by the State of Victoria. In accordance with the contract, the State supports the underlying payment obligations of the joint venture participants, including La Trobe, to the joint venture company, thereby enabling the joint venture company to meet its obligations to pay the service fee to the concessionaire pursuant to the contract. Any financial support provided by the State to La Trobe under the contract will be treated as a loan to be repaid by La Trobe by the end of the 25 year contract term. Repayment by La Trobe may take the form of the transfer to the State of part or all of La Trobe's participating interest in the joint venture.

### ***HIH Insurance***

The State's quantifiable direct exposures arising from the collapse of the HIH Insurance Group (HIH) are included in the liabilities shown in the financial statements of the entities directly responsible for them. The State's obligations in relation to its builders' warranty insurance rescue package are also shown as direct liabilities of the relevant government entities.

The State also retains some unquantifiable contingent exposures arising from the collapse. These contingent exposures arise primarily through the possibility that the State may be involved in litigation in which it would be entitled to recover damages from third parties. If these third parties were insured by HIH, recovery in full may not be possible.

### ***Land remediation – environmental concerns***

In addition to properties for which remediation costs have been provided in these financial statements, certain other properties have been identified as potentially contaminated sites. The State does not admit any liability in respect of these sites. However, remedial expenditure may be incurred to restore the sites to an acceptable environmental standard in the event of future developments taking place.

## ***Victorian Managed Insurance Authority – insurance cover***

The Victorian Managed Insurance Authority (VMIA) was established in 1996 as an insurer for departments and participating bodies (predominantly in the general government sector). VMIA provides its clients with a range of insurance cover, including for property, public and products liability, professional indemnity and contract works. VMIA reinsures in the private market for losses above \$50 million arising out of any one event, up to a maximum of \$750 million for public liability, and for losses above \$50 million arising out of any one event, up to a maximum of \$2.1 billion for property. The risk of losses above these reinsured levels is borne by the State.

VMIA also insures the Department of Health for all public sector medical indemnity claims incurred in each policy year from 1 July 2003, regardless of when the claims are finally settled. Under the Indemnity Deed to provide Stop Loss protection from VMIA, the Department of Treasury and Finance has agreed to reimburse VMIA if the ultimate claims payouts exceed by more than 20 per cent the initial estimate on which the risk premium was based.

Since 31 March 2010, pursuant to a ministerial direction under section 25A of the *Victorian Managed Insurance Authority Act 1996*, VMIA has underwritten domestic building insurance.

### ***Domestic building insurance***

In April 2002, the State agreed to provide temporary (to 30 June 2002) reinsurance support to domestic building insurance provider Dexta Corporation following the withdrawal of some of its commercial reinsurance support. While this support was subsequently extended to policies issued before 30 September 2002, the previous Government determined there would be no further extension.

The State received reinsurance premiums for this participation and may be required to contribute to payment of reinsured claims, as well as paying management fees. The precise timing and value of these receipts and payments is uncertain, as claims may be made by home owners for up to six and a half years after the arrangement ceases. These claims may also take an additional several years to be processed through the legal system.

Receipts and payments will be contingent on the volume of insurance underwritten and reinsured by 30 September 2002. Based on Dexta Corporation's previous levels of activity, the central estimate of the State's gross exposure (i.e. before premium receipts) is not more than \$6 million. While the State expects, like the commercial reinsurers who are party to the agreement, to at least break even on these arrangements, the State retains an unquantifiable contingent liability that claims may exceed the central estimate.

In March 2002, Victoria and New South Wales jointly announced a series of reforms to domestic building insurance arrangements. This announcement included a commitment to provide a catastrophe fund capable of supporting claims above \$10 million. To meet this commitment, the two states offered reinsurance arrangements to all builders' warranty insurers covering claims in respect of any one builder in excess of \$10 million, with each state reinsuring claims relating to properties in that state. South Australia has also become involved in these arrangements. Since domestic building insurance commenced, there have been no losses by an insurer to any one builder that exceed this amount.

Victoria has reinsurance agreements giving effect to these arrangements with three insurers. The agreements require the insurers to pay the reinsurance premiums to Victoria (and to any other state that is also a party to such an agreement), in respect of new insurance policies written that are estimated to be sufficient for the State to at least break even on these arrangements. However, the State retains an unquantifiable contingent liability for additional claims.

### ***Gambling licences***

In 1992, a gaming operator's licence was issued to the Trustees of the Will and Estate of the late George Adams, now trading as Tatts Group. In 1994, the State issued a wagering and gaming licence to TABCORP Holdings Limited (TABCORP). These licences expire in 2012. The *Gambling Regulation Act 2003* specifies end of licence arrangements which include compensation provisions for the licensees predicated on the current licensing arrangements being rolled over beyond 2012.

On 10 April 2008, the previous Government announced a new regulatory model for the post-2012 licences. The main changes include:

- separating the wagering and gaming licence to instead license wagering on a stand-alone basis; and
- transitioning from the current gaming operator duopoly to a system where venue operators are licensed to own and operate gaming machines in their own right.

After considering the end of licence arrangements in the *Gambling Regulation Act 2003*, the previous Government formed the view that neither Tatts Group nor TABCORP will be entitled to compensation after the expiration of their current licences.

### ***Melbourne Park redevelopment***

The State entered into an agreement with Tennis Australia and the Melbourne and Olympic Park Trust to provide for the Australian Open to remain at Melbourne Park until 2036. Stage 1 of the redevelopment of Melbourne Park (total estimated investment of \$363 million announced in the *2010-11 Budget*) was negotiated at the same time. The agreement had a number of conditions, including that further improvements will be made to Melbourne Park or that a rights fee will be paid to Tennis Australia, if works beyond stage 1 do not proceed for the Australian Open to remain at Melbourne Park.



### ***Current wagering licence arrangements***

Potential exposure exists for the Victorian racing industry in relation to the conclusion of the current wagering licence joint venture arrangements in August 2012. The State has indemnified the racing industry in respect of certain potential commercial matters.

### ***Public acquisition overlays for the future development of rail and road infrastructure***

A Public Acquisition Overlay is in place in order to reserve certain areas of land for future development of rail and road infrastructure. Under section 98 of the *Planning and Environment Act 1987*, the State has a legislative responsibility to pay compensation to eligible land and property owners who face either:

- loss on sale compensation – an eligible landowner is entitled to compensation for the incremental loss on sale when a property affected by a Public Acquisition Overlay is sold for less than its market value; or
- financial loss compensation – the entitlement to financial loss compensation is triggered when a development permit is refused because the property is required for a public purpose.

Compensation and purchase claims occur as a result of claims by land owners. The quantum of the future liability depends on factors including the number of claims received and the prevailing value of land at the time the claim is made, which is difficult to quantify.

### ***Carbon price***

Following the release of the Commonwealth Government's plan for tackling climate change *Securing a clean energy future*, the State is currently assessing the potential impacts this legislation has in relation to the State Electricity Commission of Victoria electricity contracts with the Point Henry and Portland aluminium smelters.



## APPENDIX A – PUBLIC ACCOUNT

---

The Public Account is the Government’s official bank account. The Public Account holds the cash balances of the Consolidated Fund and the Trust Fund.

The Public Account is maintained at one or more banks, as required by the *Financial Management Act 1994* (FMA). The State’s financial transactions on the Public Account are recorded in the public ledger.

The FMA also provides for:

- temporary advances from the Public Account for a number of purposes related to the needs of the Government;
- investment of the Public Account in trustee securities; and
- temporary borrowings, should the balance in the Consolidated Fund be insufficient to meet commitments during a financial year.

### Consolidated Fund

The Consolidated Fund is the Government’s primary financial account, established by the FMA, and receives all consolidated revenue under the *Constitution Act 1975* from which payments, appropriated by Parliament, are made.

### The Trust Fund

Within the Public Account, the Trust Fund embraces a range of specific purpose accounts established for funds that are not subject to parliamentary appropriation. Examples of these accounts include accounts to record specific purpose payments from the Commonwealth for on-passing by the State to third parties, suspense account balances for accounting purposes, working accounts for commercial and departmental service units, and accounts facilitating the receipt and disbursement of private funds held by the State in trust. Additional accounts may also be established within the Trust Fund to receive State revenues hypothecated to particular purposes (e.g. lotteries revenue for hospitals and charities).

**Table A.1: The Consolidated Fund**

Estimated receipts and payments for the year ended 30 June 2012 and for the year ending 30 June 2013.

(\$ million)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Receipts</b>			
Taxation	14 986	15 560	3.8
Fines and regulatory fees	678	713	5.1
Grants received <sup>(a)</sup>	18 833	15 366	(18.4)
Sales of goods and services (including Section 29 FMA annotated)	1 335	1 372	2.7
Interest received	210	303	44.1
Dividends and income tax equivalent and rate equivalent receipts	572	1 020	78.2
Other receipts	4 319	3 974	(8.0)
<b>Total operating activities</b>	<b>40 933</b>	<b>38 306</b>	<b>(6.4)</b>
<b>Total cash inflows from investing and financing</b>	<b>7 200</b>	<b>6 170</b>	<b>(14.3)</b>
<b>Total receipts</b>	<b>48 133</b>	<b>44 476</b>	<b>(7.6)</b>
<b>Payments</b>			
Special appropriations	5 415	3 966	(26.8)
Appropriations <sup>(b)</sup>			
Provision of outputs <sup>(a)</sup>	34 056	31 779	(6.7)
Additions to the net asset base	2 861	3 303	15.4
Payments made on behalf of the State	3 175	3 316	4.5
Receipts credited to appropriation			
Provision of outputs	2 613	2 353	(10.0)
Additions to the net asset base	1 116	1 011	(9.4)
<b>Sub total</b>	<b>49 236</b>	<b>45 728</b>	<b>(7.1)</b>
Appropriations remaining unspent	(601)	(761)	26.6
<b>Total payments</b>	<b>48 635</b>	<b>44 968</b>	<b>(7.5)</b>
<b>Net receipts/(payments)</b>	<b>(502)</b>	<b>(492)</b>	<b>(2.1)</b>
<b>Opening balance 1 July <sup>(c)</sup></b>	<b>(789)</b>	<b>(342)</b>	<b>(56.7)</b>
<b>Estimated closing balance 30 June</b>	<b>(1 292)</b>	<b>(833)</b>	<b>(35.5)</b>

Source: Department of Treasury and Finance

Notes:

- (a) As a result of the implementation of National Health Reform (from 1 July 2012), Commonwealth funding for hospitals will now be reflected in the Trust Fund rather than flowing through the Consolidated Fund.
- (b) Includes unapplied appropriations carried over from the previous year.
- (c) The opening balance of the 2012-13 budget is based on the closing balance of the revised 2011-12 budget and therefore differs from the closing balance of the published 2011-12 budget.

**Table A.2: Consolidated Fund receipts**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Operating receipts</b>			
<b>Taxation</b>			
Payroll tax	5 223 334	5 328 791	2.0
Land tax	1 351 157	1 552 852	14.9
Congestion levy	49 780	46 768	(6.1)
Duties from financial and capital transactions			
Land transfer duty	3 777 087	3 447 174	(8.7)
Other duties	3 902	4 043	3.6
Growth Areas Infrastructure Contribution	8 500	13 312	56.6
Financial accommodation levy	89 496	101 550	13.5
Levies on statutory corporations	73 700	70 150	(4.8)
Gambling taxes	1 796 694	2 018 384	12.3
Insurance	985 574	1 025 302	4.0
Motor vehicle			
<i>Road Safety Act (Registration Fees) 1986</i>	969 339	1 177 923	21.5
Duty on vehicle registrations and transfers	607 144	647 640	6.7
Liquor licence fees	22 157	21 813	(1.5)
Other taxes <sup>(a)</sup>	27 942	103 965	272.1
<b>Total</b>	<b>14 985 807</b>	<b>15 559 667</b>	<b>3.8</b>
<b>Fines and regulatory fees</b>			
Fines	338 436	354 238	4.7
Regulatory fees	340 039	358 672	5.5
<b>Total</b>	<b>678 475</b>	<b>712 909</b>	<b>5.1</b>
<b>Grants received</b>			
<b>Grants received by department</b>			
Department of Business and Innovation	5 000	5 000	..
Department of Education and Early Childhood Development	..	..	..
Department of Health	67 167	28 571	(57.5)
Department of Human Services	56 465	84 913	50.4
Department of Justice	15 532	2 829	(81.8)
Department of Planning and Community Development	..	..	..
Department of Premier and Cabinet	..	..	..
Department of Primary Industries	11 170	10 900	(2.4)
Department of Sustainability and Environment	22 216	22 257	0.2
Department of Transport	..	..	..
Department of Treasury and Finance	18 655 428	15 211 187	(18.5)
Parliament	..	..	..
<b>Total</b>	<b>18 832 978</b>	<b>15 365 656</b>	<b>(18.4)</b>
<b>Sales of goods and services</b>	<b>1 335 078</b>	<b>1 371 597</b>	<b>2.7</b>
<b>Interest received</b>	<b>210 006</b>	<b>302 587</b>	<b>44.1</b>

**Table A.2: Consolidated Fund receipts (continued)**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Dividends and income tax equivalent and rate equivalent revenue</b>			
Dividends	415 445	840 493	102.3
Income tax equivalent revenue	151 227	174 149	15.2
Local government tax equivalent revenue	5 600	5 200	(7.1)
<b>Total</b>	<b>572 272</b>	<b>1 019 841</b>	<b>78.2</b>
<b>Other receipts</b>			
Land rent received	20 701	15 110	(27.0)
Royalties received	46 779	46 005	(1.7)
Other <sup>(b)</sup>	4 251 157	3 912 475	(8.0)
<b>Total</b>	<b>4 318 637</b>	<b>3 973 589</b>	<b>(8.0)</b>
<b>Total operating activities</b>	<b>40 933 254</b>	<b>38 305 847</b>	<b>(6.4)</b>
<b>Cash inflows from investing and financing</b>			
GBEs loans repaid	17 003	7 851	(53.8)
Other loans	655	655	..
Return of capital – government entities	..	39 000	..
Borrowings	7 182 204	6 122 560	(14.8)
<b>Total cash in flows from investing and financing</b>	<b>7 199 862</b>	<b>6 170 066</b>	<b>(14.3)</b>
<b>Total Consolidated Funds receipts</b>	<b>48 133 115</b>	<b>44 475 913</b>	<b>(7.6)</b>

Source: Department of Treasury and Finance

Notes:

(a) Other taxes include concession fees (Transurban) and port licence fee (Port of Melbourne Corporation).

(b) Includes capital assets charge.

**Table A.3: Consolidated Fund appropriations – summary**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Business and Innovation</b>			
Special appropriations	..	..	..
Annual appropriations	608 007	744 601	22.5
<b>Total</b>	608 007	744 601	22.5
<b>Education and Early Childhood Development</b>			
Special appropriations	37 089	256	(99.3)
Annual appropriations	10 191 377	10 441 466	2.5
<b>Total</b>	10 228 466	10 441 722	2.1
<b>Health</b>			
Special appropriations	1 281 437	1 332 247	4.0
Annual appropriations <sup>(a)</sup>	10 900 708	8 082 623	(25.9)
<b>Total</b>	12 182 144	9 414 870	(22.7)
<b>Human Services</b>			
Special appropriations	63 935	63 935	..
Annual appropriations	3 515 220	3 558 921	1.2
<b>Total</b>	3 579 155	3 622 856	1.2
<b>Justice</b>			
Special appropriations	192 695	213 981	11.0
Annual appropriations	4 408 242	4 575 937	3.8
<b>Total</b>	4 600 937	4 789 918	4.1
<b>Planning and Community Development</b>			
Special appropriations	8 500	4 000	(52.9)
Annual appropriations	708 020	643 808	(9.1)
<b>Total</b>	716 520	647 808	(9.6)
<b>Premier and Cabinet</b>			
Special appropriations	12 191	8 640	(29.1)
Annual appropriations	625 721	563 622	(9.9)
<b>Total</b>	637 912	572 262	(10.3)
<b>Primary Industries</b>			
Special appropriations	..	..	..
Annual appropriations	528 428	566 102	7.1
<b>Total</b>	528 428	566 102	7.1
<b>Sustainability and Environment</b>			
Special appropriations	2 370	3 840	62.0
Annual appropriations	1 691 103	1 624 991	(3.9)
<b>Total</b>	1 693 473	1 628 831	(3.8)
<b>Transport</b>			
Special appropriations	12 757	96 767	658.5
Annual appropriations	7 457 081	7 807 390	4.7
<b>Total</b>	7 469 838	7 904 157	5.8

**Table A.3: Consolidated Fund appropriations – summary (*continued*)**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Treasury and Finance</b>			
Special appropriations	3 779 274	2 204 011	(41.7)
Annual appropriations	3 054 202	3 022 924	(1.0)
<b>Total</b>	<b>6 833 476</b>	<b>5 226 934</b>	<b>(23.5)</b>
<b>Parliament</b>			
Special appropriations	24 546	38 054	55.0
Annual appropriations	133 191	130 030	(2.4)
<b>Total</b>	<b>157 737</b>	<b>168 084</b>	<b>6.6</b>
<b>Total special appropriations</b>	<b>5 414 794</b>	<b>3 965 731</b>	<b>(26.8)</b>
<b>Total annual appropriations <sup>(b)</sup></b>	<b>43 821 301</b>	<b>41 762 413</b>	<b>(4.7)</b>
<b>Total appropriations</b>	<b>49 236 094</b>	<b>45 728 143</b>	<b>(7.1)</b>

Source: Department of Treasury and Finance

Notes:

- (a) As a result of the implementation of National Health Reform (from 1 July 2012), Commonwealth funding for hospitals will now be reflected in the Trust Fund rather than flowing through the Consolidated Fund.
- (b) Includes receipts credited to appropriation and unapplied previous year appropriations carried over.



**Table A.4: Consolidated Fund payments – special appropriations**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Education and Early Childhood Development</b>			
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth grants</i>	36 839	..	(100.0)
<i>Education and Training Reform Act No. 24/26 of 2006, Section 5.6.8 – Volunteer Workers Compensation</i>	250	256	2.4
<b>Total</b>	<b>37 089</b>	<b>256</b>	<b>(99.3)</b>
<b>Health</b>			
<i>Casino Control Act No. 47 of 1991, Section 114 – Hospitals and Charities Fund</i>	13 499	14 356	6.3
<i>Casino Control Act No. 47 of 1991, Section 114b- Hospitals and Charities Fund</i>	10 833	..	(100.0)
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations<sup>(a)</sup></i>	15 817	..	(100.0)
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth Grants</i>	..	84 254	..
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.4 – Hospitals and Charities Fund</i>	114 717	15 712	(86.3)
<i>Gambling Regulation Act No. 114 of 2003, Sections 4.4.11 and 4.6.8 – Hospitals and Charities Fund</i>	140 473	63 206	(55.0)
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 – Hospitals and Charities Fund and Mental Health Fund</i>	316 677	311 805	(1.5)
<i>Gambling Regulation Act No. 114 of 2003, Section 6.3.3 – Hospitals and Charities Fund and Mental Health Fund</i>	1 499	1 513	0.9
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.11 – Hospitals and Charities Fund and Mental Health Fund</i>	667 922	841 401	26.0
<b>Total</b>	<b>1 281 437</b>	<b>1 332 247</b>	<b>4.0</b>
<b>Human Services</b>			
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 – Hospitals and Charities Fund and Mental Health Fund</i>	63 935	63 935	..
<b>Total</b>	<b>63 935</b>	<b>63 935</b>	<b>..</b>
<b>Justice</b>			
<i>Constitution Act No. 8750 – Judges Supreme Court</i>	18 289	19 927	9.0
<i>Constitution Act No. 8750 – President Court of Appeal</i>	480	502	4.6
<i>Constitution Act No. 8750 – Judges Court of Appeal</i>	6 005	6 254	4.1
<i>Constitution Act No. 8750 – Chief Justice</i>	600	627	4.5
<i>County Court Act No. 6230 – Judges</i>	26 340	27 941	6.1
<i>Crown Proceedings Act No. 6232</i>	4 639	4 755	2.5
<i>EastLink Project Act No. 39 of 2004, Section 26</i>	1 128	1 156	2.5
<i>Electoral Act No. 23 of 2002, Section 181 – Electoral Expenses</i>	34 071	43 995	29.1
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations<sup>(a)</sup></i>	4 534	7 260	60.1
<i>Juries Act No. 53 of 2000, Section 59 – Compensation to Jurors</i>	21	22	4.8

**Table A.4: Consolidated Fund payments – special appropriations (continued)**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<i>Magistrates Court Act No. 51 of 1989</i>	41 551	43 407	4.5
<i>Melbourne City Link, Act No. 107 of 1995, Section 14(4)</i>	2 665	2 732	2.5
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – expenses</i>	2 359	2 419	2.5
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – awards</i>	48 764	51 704	6.0
<i>Victoria State Emergency Service Act No. 51 of 2005, Section 52 – Volunteer Workers Compensation</i>	838	859	2.5
<i>WorkCover Authority Fund, Corrections Act 1986, Part 9D, Section 104ZW</i>	103	106	2.9
<i>Emergency Management Act No 30 of 1986 Section 32 – Volunteer Workers Compensation</i>	308	315	2.3
<b>Total</b>	<b>192 695</b>	<b>213 981</b>	<b>11.0</b>
<b>Planning and Community Development</b>			
<i>Planning and Environment Act No. 45 of 1987, Section 46QB</i>	8 500	..	(100.0)
Payments to Building New Communities Fund pursuant to Section 46QB of the <i>Planning and Environment Act no. 45 of 1987</i>	..	2 000	..
Payments to Growth areas Public Transport Fund pursuant to Section 46QB of the <i>Planning and Environment Act no. 45 of 1987</i>	..	2 000	..
<b>Total</b>	<b>8 500</b>	<b>4 000</b>	<b>(52.9)</b>
<b>Premier and Cabinet</b>			
<i>Constitution Act No. 8750 – Executive Council</i>	50	50	..
<i>Constitution Act No. 8750 – Governor’s Salary</i> <sup>(b)</sup>	351	413	17.7
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations</i> <sup>(a)</sup>	5 625	500	(91.1)
<i>Ombudsman Act No. 8414</i> <sup>(b)</sup>	440	489	11.1
<i>Parliamentary Salaries and Superannuation Act No. 7723 of 1968</i> <sup>(b)</sup>	5 725	7 188	25.6
<b>Total</b>	<b>12 191</b>	<b>8 640</b>	<b>(29.1)</b>
<b>Sustainability and Environment</b>			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations</i> <sup>(a)</sup>	2 370	3 840	62.0
<b>Total</b>	<b>2 370</b>	<b>3 840</b>	<b>62.0</b>
<b>Transport</b>			
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth Grants</i>	..	94 767	..
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations</i> <sup>(a)</sup>	10 757	..	(100.0)
<i>Transport Act No. 9921 of 1983, Section 213A</i>	2 000	2 000	..
<b>Total</b>	<b>12 757</b>	<b>96 767</b>	<b>658.5</b>

**Table A.4: Consolidated Fund payments – special appropriations (continued)**

(\$ thousand)

	2011-12 Budget	2012-13 Budget	Variation %
<b>Treasury and Finance</b>			
<i>Constitution Act No. 8750 – Governor’s Pension</i>	909	946	4.0
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	9 100	9 328	2.5
<i>County Court Act No. 6230 – Judges</i>	12 600	12 915	2.5
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations<sup>(a)</sup></i>	1 207	190	(84.3)
<i>Financial Management Act No. 18 of 1994, Section 39 – Interest on Advances</i>	20 000	20 000	..
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.12 – Community Support Fund</i>	109 568	108 180	(1.3)
<i>Liquor Control Reform Act No. 94 of 1998, Section 177(2)</i>	3 500	3 500	..
<i>State Electricity Commission Act 1958, Section 85B(2) – Indemnity</i>	26 000	112 372	332.2
<i>State Owned Enterprises Act No. 90 of 1992, Section 88 – State Tax Equivalent Payments</i>	660	..	(100.0)
<i>State Superannuation Act No. 50 of 1988, Section 90(2) – contributions</i>	594 030	934 881	57.4
<i>Taxation (Interest on Overpayments) Act No 35 of 1986, Section 11</i>	1 000	1 000	..
<i>Treasury Corporation of Victoria Act No. 80 of 1992, Section 38 – Debt Retirement</i>	3 000 700	1 000 700	(66.7)
<b>Total</b>	<b>3 779 274</b>	<b>2 204 011</b>	<b>(41.7)</b>
<b>Parliament</b>			
<i>Audit Act No. 2 of 1994, Section 17(3) – Audit of Auditor-General’s Office</i>	31	33	6.5
<i>Constitution Act No. 8750, Section 94A – Auditor-General’s Salary</i>	472	484	2.5
<i>Constitution Act No. 8750 – Clerk of the Parliaments</i>	2	2	..
<i>Constitution Act No. 8750 – Legislative Assembly</i>	550	550	..
<i>Constitution Act No. 8750 – Legislative Council</i>	200	200	..
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations<sup>(a)</sup></i>	640	4 270	567.2
<i>Parliamentary Salaries and Superannuation Act No. 7723, Section 13(1) – contributions</i>	..	9 300	..
<i>Parliamentary Salaries and Superannuation Act No. 7723 – salaries and allowances</i>	22 651	23 215	2.5
<b>Total</b>	<b>24 546</b>	<b>38 054</b>	<b>55.0</b>
<b>Total special appropriations</b>	<b>5 414 794</b>	<b>3 965 731</b>	<b>(26.8)</b>

Source: Department of Treasury and Finance

Notes:

(a) Relates to accumulated surplus – previously applied appropriation.

(b) The 2012-13 figure includes salary increases for both 2010-11 and 2011-12.

**Table A.5: Consolidated Fund payments: total annual appropriations**

Details of total annual appropriations for 2012-13, including amounts of estimates of unapplied 2011-12 appropriation carried forward pursuant to Section 32 of the *Financial Management Act 1994* and certain revenue and asset sales proceeds credited to appropriation pursuant to Section 29 of the *Financial Management Act 1994*. Estimates for 2012-13 Budget are in **bold**. Estimates for 2011-12 Budget in *italics* reflect amounts published in the 2011-12 Budget. Please note that these figures are rounded to the nearest thousand dollars.

(\$ thousand)

	Provision of outputs	Additions to net asset base	Payments made on behalf of the State	Total
<b>Business and Innovation</b>				
Appropriation <sup>(a)</sup>	<b>477 893</b>	<b>194 043</b>	<b>54 000</b>	<b>725 936</b>
	<i>496 482</i>	<i>31 088</i>	<i>54 000</i>	<i>581 570</i>
Receipts credited to appropriation <sup>(b)</sup>	..	..	..	..
	..	..	..	..
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>18 665</b>	..	..	<b>18 665</b>
	<i>26 437</i>	..	..	<i>26 437</i>
<b>Total appropriation</b>	<b>496 558</b>	<b>194 043</b>	<b>54 000</b>	<b>744 601</b>
	<i>522 919</i>	<i>31 088</i>	<i>54 000</i>	<i>608 007</i>
<b>Education and Early Childhood</b>				
<b>Development</b>				
Appropriation <sup>(a)</sup>	<b>9 545 978</b>	..	..	<b>9 545 978</b>
	<i>9 159 281</i>	<i>55 937</i>	..	<i>9 215 218</i>
Receipts credited to appropriation <sup>(b)</sup>	<b>616 431</b>	<b>69 136</b>	..	<b>685 567</b>
	<i>548 609</i>	<i>145 750</i>	..	<i>694 359</i>
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>141 335</b>	<b>68 586</b>	..	<b>209 921</b>
	<i>80 000</i>	<i>201 800</i>	..	<i>281 800</i>
<b>Total appropriation</b>	<b>10 303 744</b>	<b>137 722</b>	..	<b>10 441 466</b>
	<i>9 787 890</i>	<i>403 486</i>	..	<i>10 191 377</i>
<b>Health</b>				
Appropriation <sup>(a) (e)</sup>	<b>6 796 019</b>	<b>71 128</b>	..	<b>6 867 147</b>
	<i>9 610 612</i>	..	..	<i>9 610 612</i>
Receipts credited to appropriation <sup>(b)</sup>	<b>874 336</b>	<b>274 930</b>	..	<b>1 149 265</b>
	<i>939 930</i>	<i>281 020</i>	..	<i>1 220 950</i>
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>66 211</b>	..	..	<b>66 211</b>
	<i>39 862</i>	<i>29 284</i>	..	<i>69 146</i>
<b>Total appropriation</b>	<b>7 736 565</b>	<b>346 058</b>	..	<b>8 082 623</b>
	<i>10 590 404</i>	<i>310 304</i>	..	<i>10 900 708</i>

**Table A.5: Consolidated Fund payments: total annual appropriations (continued)**

(\$ thousand)

	<i>Provision of outputs</i>	<i>Additions to net asset base</i>	<i>Payments made on behalf of the State</i>	<i>Total</i>
<b>Human Services</b>				
Appropriation <sup>(a)</sup>	<b>3 375 362</b>	<b>70 795</b>	..	<b>3 446 157</b>
	3 297 975	51 060	..	3 349 035
Receipts credited to appropriation <sup>(b)</sup>	<b>19 859</b>	<b>92 055</b>	..	<b>111 913</b>
	14 696	134 089	..	148 785
Unapplied previous year appropriation carried over <sup>(c)</sup>	..	<b>850</b>	..	<b>850</b>
	2 470	14 930	..	17 400
<b>Total appropriation</b>	<b>3 395 221</b>	<b>163 700</b>	..	<b>3 558 921</b>
	3 315 140	200 079	..	3 515 220
<b>Justice</b>				
Appropriation <sup>(a)</sup>	<b>3 983 708</b>	<b>242 488</b>	<b>54 461</b>	<b>4 280 657</b>
	3 838 835	203 982	54 461	4 097 278
Receipts credited to appropriation <sup>(b)</sup>	<b>200 858</b>	<b>600</b>	..	<b>201 458</b>
	209 144	5 100	..	214 244
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>75 285</b>	<b>18 537</b>	..	<b>93 822</b>
	73 720	23 000	..	96 720
<b>Total appropriation</b>	<b>4 259 851</b>	<b>261 625</b>	<b>54 461</b>	<b>4 575 937</b>
	4 121 699	232 082	54 461	4 408 242
<b>Planning and Community Development</b>				
Appropriation <sup>(a)</sup>	<b>464 064</b>	<b>163 714</b>	<b>850</b>	<b>628 628</b>
	499 533	183 119	850	683 502
Receipts credited to appropriation <sup>(b)</sup>	..	..	..	..
	..	1 000	..	1 000
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>2 700</b>	<b>12 480</b>	..	<b>15 180</b>
	15 518	8 000	..	23 518
<b>Total appropriation</b>	<b>466 764</b>	<b>176 194</b>	<b>850</b>	<b>643 808</b>
	515 051	192 119	850	708 020
<b>Premier and Cabinet</b>				
Appropriation <sup>(a)</sup>	<b>539 883</b>	<b>21 254</b>	..	<b>561 137</b>
	549 680	68 371	..	618 051
Receipts credited to appropriation <sup>(b)</sup>	<b>485</b>	..	..	<b>485</b>
	550	..	..	550
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>2 000</b>	..	..	<b>2 000</b>
	5 000	2 120	..	7 120
<b>Total appropriation</b>	<b>542 368</b>	<b>21 254</b>	..	<b>563 622</b>
	555 230	70 491	..	625 721

**Table A.5: Consolidated Fund payments: total annual appropriations (continued)**

(\$ thousand)

	Provision of outputs	Additions to net asset base	Payments made on behalf of the State	Total
<b>Primary Industries</b>				
Appropriation <sup>(a)</sup>	<b>408 598</b>	<b>23 227</b>	..	<b>431 825</b>
	405 922	29 871	..	435 793
Receipts credited to appropriation <sup>(b)</sup>	<b>92 870</b>	..	..	<b>92 870</b>
	63 382	..	..	63 382
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>28 893</b>	<b>12 514</b>	..	<b>41 407</b>
	17 136	12 117	..	29 253
<b>Total appropriation</b>	<b>530 361</b>	<b>35 741</b>	..	<b>566 102</b>
	486 440	41 988	..	528 428
<b>Sustainability and Environment</b>				
Appropriation <sup>(a)</sup>	<b>819 858</b>	<b>47 837</b>	456 992	<b>1 324 687</b>
	986 893	128 233	281 895	1 397 021
Receipts credited to appropriation <sup>(b)</sup>	<b>112 986</b>	<b>32 071</b>	..	<b>145 057</b>
	131 746	52 230	..	183 976
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>87 835</b>	<b>65 637</b>	<b>1 774</b>	<b>155 246</b>
	45 841	64 265	..	110 106
<b>Total appropriation</b>	<b>1 020 679</b>	<b>145 546</b>	<b>458 766</b>	<b>1 624 991</b>
	1 164 481	244 728	281 895	1 691 103
<b>Transport</b>				
Appropriation <sup>(a)</sup>	<b>4 590 995</b>	<b>2 248 750</b>	..	<b>6 839 745</b>
	4 535 872	1 584 271	..	6 120 143
Receipts credited to appropriation <sup>(b)</sup>	<b>404 442</b>	<b>542 600</b>	..	<b>947 042</b>
	679 265	497 000	..	1 176 265
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>16 253</b>	<b>4 350</b>	..	<b>20 603</b>
	24 980	135 694	..	160 674
<b>Total appropriation</b>	<b>5 011 690</b>	<b>2 795 700</b>	..	<b>7 807 390</b>
	5 240 117	2 216 965	..	7 457 081
<b>Treasury and Finance</b>				
Appropriation <sup>(a)</sup>	<b>225 261</b>	<b>32 764</b>	<b>2 748 130</b>	<b>3 006 155</b>
	235 126	30 058	2 783 299	3 048 484
Receipts credited to appropriation <sup>(b)</sup>	<b>8 468</b>	..	..	<b>8 468</b>
	5 718	..	..	5 718
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>4 290</b>	<b>4 010</b>	..	<b>8 300</b>
	..	..	..	..
<b>Total appropriation</b>	<b>238 019</b>	<b>36 774</b>	<b>2 748 130</b>	<b>3 022 923</b>
	240 844	30 058	2 783 299	3 054 202

**Table A.5: Consolidated Fund payments: total annual appropriations (continued)**

(\$ thousand)

	Provision of outputs	Additions to net asset base	Payments made on behalf of the State	Total
<b>Parliament</b>				
Appropriation <sup>(d)</sup>	<b>101 175</b>	..	..	<b>101 175</b>
	102 549	4 000	..	106 549
Receipts credited to appropriation <sup>(b)</sup>	<b>22 505</b>	..	..	<b>22 505</b>
	20 459	..	..	20 459
Unapplied previous year appropriation carried over <sup>(c)</sup>	<b>6 350</b>	..	..	<b>6 350</b>
	6 183	..	..	6 183
<b>Total appropriation</b>	<b>130 030</b>	..	..	<b>130 030</b>
	129 191	4 000	..	133 191

Source: Department of Treasury and Finance

Notes:

- (a) Appropriation (2012/2013) Bill 2012.
- (b) Financial Management Act 1994 Section 29.
- (c) Financial Management Act 1994 Section 32.
- (d) Appropriation (Parliament 2012/2013) Bill 2012.
- (e) As a result of the implementation of National Health Reform (from 1 July 2012), Commonwealth funding for hospitals will now be reflected in the Trust Fund rather than flowing through the Consolidated Fund.

**Table A.6: Appropriation of certain revenue and asset sales proceeds pursuant to Section 29 of the *Financial Management Act 1994***

Estimates for *2012-13 Budget* are in **bold**; estimates for *2011-12 Budget* are in *italics*.

(\$ thousand)

<i>Department</i>	<i>Receipt source</i>			<i>Total</i>
	<i>Outputs</i>	<i>Commonwealth</i>	<i>Other</i> <sup>(a)</sup>	
Business and Innovation	..	..	..	..
	..	..	..	..
Education and Early Childhood Development	<b>1 557</b>	<b>651 010</b>	<b>33 000</b>	<b>685 567</b>
	<i>1 519</i>	<i>662 240</i>	<i>30 600</i>	<i>694 359</i>
Health	<b>310 533</b>	<b>837 233</b>	<b>1 500</b>	<b>1 149 265</b>
	<i>340 550</i>	<i>878 900</i>	<i>1 500</i>	<i>1 220 950</i>
Human Services	<b>8 780</b>	<b>95 040</b>	<b>8 093</b>	<b>111 913</b>
	<i>8 350</i>	<i>126 991</i>	<i>13 444</i>	<i>148 785</i>
Justice	<b>152 028</b>	<b>48 830</b>	<b>600</b>	<b>201 458</b>
	<i>161 214</i>	<i>52 430</i>	<i>600</i>	<i>214 244</i>
Planning and Community Development	..	..	..	..
	..	..	<i>1 000</i>	<i>1 000</i>
Premier and Cabinet	<b>485</b>	..	..	<b>485</b>
	<i>550</i>	..	..	<i>550</i>
Primary Industries	<b>92 450</b>	<b>420</b>	..	<b>92 870</b>
	<i>63 382</i>	..	..	<i>63 382</i>
Sustainability and Environment	<b>82 883</b>	<b>56 103</b>	<b>6 071</b>	<b>145 057</b>
	<i>100 734</i>	<i>60 872</i>	<i>22 370</i>	<i>183 976</i>
Transport	..	<b>947 042</b>	..	<b>947 042</b>
	<i>873</i>	<i>1 175 392</i>	..	<i>1 176 265</i>
Treasury and Finance	<b>8 468</b>	..	..	<b>8 468</b>
	<i>5 718</i>	..	..	<i>5 718</i>
Parliament	<b>21 193</b>	<b>1 312</b>	..	<b>22 505</b>
	<i>20 459</i>	..	..	<i>20 459</i>

Source: Department of Treasury and Finance

Note:

(a) Includes Addition to Net Asset Base (ATNAB), local government and other territory government contributions.



**Table A.7: The Trust Fund**

(\$ thousand)

	2011-12 Budget <sup>(a)</sup>	2011-12 Revised	2012-13 Budget	Variation %
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Taxation	265 867	286 222	291 205	9.5
Regulatory fees and fines	48 281	51 313	49 042	1.6
Grants received <sup>(b)</sup>	3 107 394	3 094 473	6 548 381	110.7
Sale of goods and services	773 863	788 432	810 034	4.7
Interest received	130 312	132 632	136 328	4.6
Net transfers from Consolidated Fund <sup>(b)</sup>	12 351 279	12 134 542	9 282 017	(24.8)
Other receipts <sup>(c)</sup>	155 217	166 316	149 741	(3.5)
	<b>16 832 213</b>	<b>16 653 931</b>	<b>17 266 748</b>	<b>2.6</b>
<b>Payments</b>				
Payments for employees	(109 139)	(134 662)	(158 451)	45.2
Superannuation	(6 929)	(8 165)	(7 928)	14.4
Interest paid	(13 915)	(13 615)	(13 623)	(2.1)
Grants and subsidies	(12 571 327)	(12 505 012)	(12 881 543)	2.5
Goods and services and other payments	(4 012 052)	(3 824 186)	(3 975 617)	(0.9)
	<b>(16 713 362)</b>	<b>(16 485 640)</b>	<b>(17 037 162)</b>	<b>1.9</b>
<b>Net cash flows from operating activities</b>	<b>118 850</b>	<b>168 291</b>	<b>229 586</b>	<b>93.2</b>
<b>Cash flows from investing activities</b>				
Purchases of non-financial assets	(51 564)	(59 109)	(42 417)	(17.7)
Sales of non-financial assets	34 000	40 164	39 736	16.9
Other investing activities	(29 020)	(62 553)	(99 883)	244.2
<b>Net cash flows from investing activities</b>	<b>(46 584)</b>	<b>(81 497)</b>	<b>(102 564)</b>	<b>120.2</b>
<b>Cash flows from financing activities</b>				
Net borrowings <sup>(d)</sup>	(24 061)	(816 934)	(17 418)	(27.6)
<b>Net cash flow from financing activities</b>	<b>(24 061)</b>	<b>(816 934)</b>	<b>(17 418)</b>	<b>(27.6)</b>
<b>Net cash inflow/(outflow)</b>	<b>48 205</b>	<b>(730 140)</b>	<b>109 604</b>	<b>127.4</b>
<b>Represented by:</b>				
Cash and cash equivalent held at beginning of reporting period <sup>(e)</sup>	3 044 583	3 044 583	2 314 443	(24.0)
<b>Cash and deposits held at end year</b>	<b>3 092 788</b>	<b>2 314 443</b>	<b>2 424 047</b>	<b>(21.6)</b>

Source: Department of Treasury and Finance

## Notes:

- (a) 2011-12 budget has been revised from the original published estimates to more appropriately reflect the grants to non-government schools with no impact on net cash flows from operating activities.
- (b) As a result of the implementation of National Health Reform (from 1 July 2012), Commonwealth funding for hospitals will now be reflected in the Trust Fund rather than flowing through the Consolidated Fund.
- (c) Includes transfers between funds.
- (d) Relates to loans and advances.
- (e) Cash and deposits held at the end of the year for the 2011-12 budget and revised 2011-12 budget are based on the 2011-12 actual opening balance plus the 2011-12 budgeted movement.



## **APPENDIX B – 2011-12 BUDGET OUTCOME INCORPORATING THE FINANCIAL REPORT FOR THE MARCH QUARTER 2012**

---

This appendix provides estimates of the budget outcome for the 2011-12 financial year, taking into account government policy decisions and economic developments impacting on both income and expenses since the presentation of the *2011-12 Budget* to Parliament in May 2011. This appendix also presents the financial results for the general government sector for the nine months ending 31 March 2012, prepared consistent with the requirements of the *Financial Management Act 1994*. Comparisons are made between the revised 2011-12 full year estimates, the May 2011 budget and the actual results for the nine months ending 31 March 2012.

### **FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR**

#### **Revised 2011-12 budget outcome**

The comprehensive operating statement presented in Table B.1 incorporates the estimated operating outcome at the *2011-12 Budget* and the revised outcome for 2011-12, as well as the results for the nine months ending 31 March 2012. The revised net result from transactions for 2011-12 is estimated at \$126 million, which is broadly in line with the estimates published in both the *2011-12 Budget* and the *2011-12 Budget Update*.

#### ***Revenue from transactions***

Total revenue from transactions for 2011-12 is now estimated at \$46.9 billion, a decrease of \$564 million since the *2011-12 Budget*. Of this movement, \$540 million has occurred since the *2011-12 Budget Update*. The main factors contributing to the revision in estimates are discussed below.

Taxation revenue has been revised downwards by \$478 million since the published 2011-12 budget to \$14.9 billion, of which \$179 million was reported in the *2011-12 Budget Update*. Since then, there has been a further downward revision of the taxation estimates of \$299 million, mainly associated with a decrease in land transfer duties as a result of weakening activity in the property market.

Grants revenue of \$21.9 billion is \$642 million lower than the estimate in the *2011-12 Budget*, or \$358 million lower than that estimated in the *2011-12 Budget Update*. This mainly reflects a reduction in GST revenue of \$428 million mainly associated with more modest expectations for the national GST pool, partly offset by revisions to various other Commonwealth grants.

The revision of the date of commercial acceptance of the Victorian desalination plant is the main driver for the downward revision in interest revenue since the *2011-12 Budget Update* of \$205 million, which is offset by a corresponding decrease in interest expense. The delay has also resulted in the deferred recognition of income from Melbourne Water Corporation to 2012-13.

The downward revisions in revenue discussed above are offset to a large extent by an increase in other revenue of \$441 million since the *2011-12 Budget Update*. This is mainly associated with housing portfolio reforms which focus on greater transparency of the financial obligations of the Director of Housing. In addition, there have been higher than expected dividends and income tax equivalent revenue from the public non-financial corporations (PNFC) sector.

### ***Expenses from transactions***

Expenses from transactions are now budgeted to be \$46.7 billion for 2011-12, a decrease of \$550 million since the original published budget and \$519 million lower than what was reported in the *2011-12 Budget Update*. The reduction since the *2011-12 Budget Update* is mainly driven by lower than expected interest expenses associated with the desalination plant as discussed above, and a \$359 million decrease in other operating expenses reflecting a revision of expenditure estimates across various departments in the general government sector.

### ***Other economic flows and the net result***

The net result is now estimated to be \$6.0 billion which is mainly due to a \$5.9 billion actuarial loss on the State's defined benefit superannuation plans. This actuarial loss on superannuation is primarily attributable to adverse movements in the bond rates that are used to value the liability, as well as lower than expected investment returns.

It is important to note that superannuation actuarial losses associated with bond rate movements arise solely due to the application of Australian Accounting Standards and do not affect the amount of cash required to fund the liability over time.

### **Result for the period to 31 March 2012**

For the nine months ending 31 March 2012, the net result from transactions is a surplus of \$657 million. This is \$222 million above the pro rata result and is mainly attributable to the majority of land tax revenue being accrued in the March quarter, and the timing of various Commonwealth grants. At slightly under 74 per cent of the revised outcome, the expenditure for the period to 31 March 2012 is consistent with expectations.

## **Balance sheet**

The balance sheet presented in Table B.2 shows that net assets are now expected to be \$116.4 billion at 30 June 2012, a downward movement of \$6.9 billion compared to the *2011-12 Budget*. This movement is primarily associated with actuarial losses on the State's defined benefit superannuation plans since 30 June 2011, as outlined above. For the nine months ending 31 March 2012, net assets of \$113 billion are in line with revised expectations for the full year, after taking into account estimated asset revaluations in the last quarter of the financial year.

## **Cash flow statement**

The revised estimate for net cash from operations of \$2.5 billion for 2011-12 is consistent with the original published budget. Movements in cash flows from operations shown in Table B.3 are broadly consistent with the factors impacting on the operating statement. The cash from operations provides a significant source of funding, around 45 per cent, for the Government's infrastructure investment program in 2011-12.

## **Infrastructure investment**

The Government's infrastructure investment program in 2011-12, which includes capital purchases by the general government sector and contributions by the general government sector to other sectors of government for capital purposes, is now estimated to total \$5.5 billion with the majority of investment occurring in the transport, health and education sectors.

For the year to 31 March 2012, net infrastructure investment is \$4.0 billion or 73 per cent of the revised 2011-12 budget estimate. Net purchases of non-financial assets at \$2.8 billion are consistent with expectations for this time of year and on track to achieve the revised budget estimate of \$3.4 billion. Capital contributions to other sectors (net cash flows from investments in financial assets for policy purposes) are at 65 per cent of the revised budget estimate and broadly in line with expectations. The majority of spending is in the transport sector.

**Table B.1: Comprehensive operating statement for the period ended 31 March**

(\$ million)

2010-11 Actual to Mar		Notes	2011-12 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
<b>Revenue from transactions</b>							
11 456.2	Taxation revenue	2	11 606.9	14 909.7	15 387.9	(478.2)	(3.1)
289.1	Interest		310.1	386.5	575.5	(189.1)	(32.9)
361.1	Dividends and income tax equivalent and rate equivalent revenue	3	724.1	1 008.6	574.9	433.7	75.4
4 387.3	Sales of goods and services	4	4 554.8	6 207.3	6 465.8	(258.5)	(4.0)
16 847.4	Grants	5	16 774.3	21 874.3	22 516.6	(642.3)	(2.9)
1 428.0	Other revenue	6	1 407.8	2 488.7	1 918.4	570.3	29.7
<b>34 769.2</b>	<b>Total revenue from transactions</b>		<b>35 378.0</b>	<b>46 875.1</b>	<b>47 439.2</b>	<b>(564.1)</b>	<b>(1.2)</b>
<b>Expenses from transactions</b>							
12 091.6	Employee expenses		12 611.7	16 840.5	16 649.0	191.5	1.2
699.3	Superannuation interest expense	7	607.5	808.6	880.6	(72.0)	(8.2)
1 244.9	Other superannuation expenses	7	1 319.1	1 756.2	1 690.7	65.5	3.9
1 455.6	Depreciation	8	1 644.7	2 235.5	2 345.4	(109.9)	(4.7)
697.0	Interest expense		895.2	1 233.2	1 394.1	(160.9)	(11.5)
6 601.1	Grants and other transfers		6 604.9	8 206.1	8 077.3	128.8	1.6
10 949.8	Other operating expenses		11 037.5	15 668.9	16 261.6	(592.7)	(3.6)
<b>33 739.3</b>	<b>Total expenses from transactions</b>	9	<b>34 720.7</b>	<b>46 749.1</b>	<b>47 298.8</b>	<b>(549.6)</b>	<b>(1.2)</b>
<b>1 029.9</b>	<b>Net result from transactions – net operating balance</b>		<b>657.3</b>	<b>126.0</b>	<b>140.4</b>	<b>(14.4)</b>	<b>(10.3)</b>
<b>Other economic flows included in net result</b>							
(23.1)	Net gain/(loss) on sale of non-financial assets		(64.0)	142.2	111.2	31.0	27.9
8.1	Net gain/(loss) on financial assets or liabilities at fair value		(8.7)	1.7	1.7	..	0.9
848.4	Net actuarial gains/(losses) of superannuation defined benefits plans		(5 861.3)	(5 861.3)	..	(5 861.3)	..
107.1	Other gains/(losses) from other economic flows	10	(344.4)	(393.6)	(189.2)	(204.4)	108.1
<b>940.6</b>	<b>Total other economic flows included in net result</b>		<b>(6 278.5)</b>	<b>(6 111.0)</b>	<b>(76.3)</b>	<b>(6 034.7)</b>	<b>7913.1</b>
<b>1 970.5</b>	<b>Net result</b>		<b>(5 621.1)</b>	<b>(5 985.0)</b>	<b>64.2</b>	<b>(6 049.2)</b>	<b>(9428.5)</b>
<b>Other economic flows – other movements in equity</b>							
10.3	Net gain/(loss) on financial assets at fair value		(9.6)	..	..	..	..
(14.0)	Movement of non-financial asset reserves		16.8	3 699.1	4 518.8	(819.7)	(18.1)
835.7	Net gain on equity investments in other sector entities at proportional share of the carrying amount of the carrying amount of net assets		(285.9)	(393.4)	(230.0)	(163.4)	71.1
178.4	Other movements in equity		(35.8)	91.4	0.8	90.6	..
<b>1 010.4</b>	<b>Total other economic flows – other movements in equity</b>		<b>(314.5)</b>	<b>3 397.1</b>	<b>4 289.6</b>	<b>(892.5)</b>	<b>(20.8)</b>
<b>2 980.9</b>	<b>Comprehensive result – Total change in net worth</b>		<b>(5 935.6)</b>	<b>(2 588.0)</b>	<b>4 353.7</b>	<b>(6 941.7)</b>	<b>(159.4)</b>

**Table B.1: Comprehensive operating statement for the period ended 31 March  
(continued)**

(\$ million)

2010-11 Actual to Mar		Notes	2011-12 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
<b>FISCAL AGGREGATES</b>							
<b>1 029.9</b>	<b>Net operating balance</b>		<b>657.3</b>	<b>126.0</b>	<b>140.4</b>	<b>(14.4)</b>	<b>(10.3)</b>
2 287.4	Less: Net acquisition of non-financial assets from transactions <sup>(a)</sup>	11	2 078.4	2 420.4	2 722.5	(302.0)	(11.1)
<b>(1 257.5)</b>	<b>Net lending/(borrowing)</b>		<b>(1 421.1)</b>	<b>(2 294.4)</b>	<b>(2 582.0)</b>	<b>287.6</b>	<b>(11.1)</b>

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) Inclusion of 'Change of Inventories' in purchases of non-financial assets has required re-presentation of the comparative result.

**Table B.2: Balance Sheet as at 31 March**

(\$ million)

2010-11 Actual 31 Mar	Notes	Opening 1 Jul	2011-12 Actual 31 Mar	Revised budget	2011-12 budget <sup>(a)</sup>	Revised Movement	Budgeted Movement
<b>Assets</b>							
<b>Financial assets</b>							
2 306.5		3 667.6	2 822.6	4 146.4	3 801.3	478.8	133.7
290.2		289.5	287.7	307.3	4 502.9	17.8	4 213.3
3 558.8	12	3 407.1	3 855.8	3 748.3	3 465.6	341.2	58.5
2 654.6		2 367.8	2 717.7	2 560.6	2 360.4	192.8	(7.4)
33.7		35.1	33.6	35.1	35.1	..	..
62 300.4		65 273.9	66 300.0	67 088.7	67 335.3	1 814.8	2 061.4
<b>71 144.2</b>		<b>75 041.0</b>	<b>76 017.4</b>	<b>77 886.3</b>	<b>81 500.6</b>	<b>2 845.4</b>	<b>6 459.6</b>
<b>Non-financial assets</b>							
266.6		273.4	290.2	263.3	260.7	(10.1)	(12.8)
70.2		73.2	74.7	64.7	66.6	(8.5)	(6.6)
91 568.1	13	93 935.9	95 841.2	100 215.6	101 387.8	6 279.7	7 451.9
889.8	14	796.8	945.3	807.5	747.4	10.8	(49.3)
<b>92 794.7</b>		<b>95 079.2</b>	<b>97 151.4</b>	<b>101 351.1</b>	<b>102 462.4</b>	<b>6 271.8</b>	<b>7 383.2</b>
<b>163 938.9</b>		<b>170 120.2</b>	<b>173 168.7</b>	<b>179 237.4</b>	<b>183 963.0</b>	<b>9 117.2</b>	<b>13 842.8</b>
<b>Liabilities</b>							
468.8		427.4	425.6	426.9	426.9	(0.5)	(0.5)
4 153.0		4 929.2	4 503.1	5 330.7	4 561.2	401.5	(368.0)
15 598.0		17 734.4	20 581.9	22 670.4	26 982.0	4 936.0	9 247.7
4 500.8	15	4 519.9	4 932.9	4 716.0	4 679.4	196.1	159.5
22 084.1		22 780.3	28 963.8	29 071.8	23 247.5	6 291.5	467.1
693.4		704.7	671.3	585.3	688.0	(119.5)	(16.8)
<b>47 498.1</b>		<b>51 095.9</b>	<b>60 078.6</b>	<b>62 801.1</b>	<b>60 584.9</b>	<b>11 705.1</b>	<b>9 489.0</b>
<b>116 440.8</b>		<b>119 024.3</b>	<b>113 090.2</b>	<b>116 436.4</b>	<b>123 378.0</b>	<b>(2 588.0)</b>	<b>4 353.7</b>
<b>Net assets</b>							
45 360.2		43 940.7	38 300.1	38 029.0	43 980.1	(5 911.7)	39.4
71 036.1		75 035.1	74 740.1	78 358.9	79 349.4	3 323.8	4 314.3
44.5		48.5	50.0	48.5	48.5	..	..
<b>116 440.8</b>		<b>119 024.3</b>	<b>113 090.2</b>	<b>116 436.4</b>	<b>123 378.0</b>	<b>(2 588.0)</b>	<b>4 353.7</b>
<b>FISCAL AGGREGATES</b>							
23 646.1		23 945.1	15 938.8	15 085.3	20 915.6	(8 859.8)	(3 029.4)
38 654.3		41 328.8	50 361.2	52 003.4	46 419.6	10 674.6	5 090.8
10 815.5	16	11 836.8	15 179.4	16 082.9	16 744.3	4 246.1	4 907.5

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Notes:

- (a) Budget represents actual opening balances as at 1 July 2011 plus 2011-12 budgeted movement.  
 (b) Changes to the 2010-11 actual figures as published in the 2011-12 Budget are due to the inclusion of provisions for deferred tax liabilities in the PNFC sector.



**Table B.3: Statement of cash flows for the period ended 31 March**

(\$ million)

2010-11 Actual to Mar		2011-12 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
	Notes					
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
10 694.5	Taxes received	11 598.6	15 280.1	15 368.6	(88.4)	(0.6)
16 848.3	Grants	16 736.2	21 837.1	22 516.6	(679.5)	(3.0)
4 793.7	Sales of goods and services <sup>(a)</sup>	5 041.9	6 845.1	6 805.7	39.4	0.6
292.7	Interest received	312.5	354.0	543.0	(189.1)	(34.8)
410.4	Dividends and income tax equivalent and rate equivalent receipts	706.3	988.2	571.7	416.5	72.9
1 224.8	Other receipts	1 191.2	1 833.2	1 716.6	116.6	6.8
<b>34 264.4</b>	<b>Total receipts</b>	<b>35 586.7</b>	<b>47 137.8</b>	<b>47 522.2</b>	<b>(384.4)</b>	<b>(0.8)</b>
<b>Payments</b>						
(11 921.2)	Payments for employees	(12 307.7)	(16 646.8)	(16 491.7)	(155.1)	0.9
(1 545.9)	Superannuation	(1 604.5)	(2 134.6)	(2 104.2)	(30.5)	1.4
(653.5)	Interest paid	(853.0)	(1 182.2)	(1 351.2)	169.0	(12.5)
(6 749.2)	Grants and subsidies	(6 887.1)	(8 245.5)	(8 103.3)	(142.2)	1.8
(11 216.1)	Goods and services <sup>(a)</sup>	(11 762.1)	(15 876.1)	(16 454.0)	577.9	(3.5)
(393.5)	Other payments	(429.7)	(585.4)	(535.6)	(49.8)	9.3
<b>(32 479.3)</b>	<b>Total payments</b>	<b>(33 844.1)</b>	<b>(44 670.6)</b>	<b>(45 039.9)</b>	<b>369.3</b>	<b>(0.8)</b>
<b>1 785.1</b>	<b>Net cash flows from operating activities</b>	<b>1 742.6</b>	<b>2 467.2</b>	<b>2 482.3</b>	<b>(15.1)</b>	<b>(0.6)</b>
<b>Cash flows from investing activities</b>						
(3 636.0)	Purchases of non-financial assets	(2 772.4)	(3 751.0)	(4 119.1)	368.1	(8.9)
102.6	Sales of non-financial assets	83.8	303.2	302.4	0.8	0.3
(3 533.4)	Cash flows from investments in non-financial assets	(2 688.7)	(3 447.8)	(3 816.7)	368.9	(9.7)
(977.5)	Net cash flows from investments in financial assets for policy purposes	(1 336.1)	(2 067.6)	(2 326.7)	259.1	(11.1)
<b>(4 510.9)</b>	<b>Subtotal</b>	<b>(4 024.8)</b>	<b>(5 515.5)</b>	<b>(6 143.4)</b>	<b>628.0</b>	<b>(10.2)</b>
32.9	Net cash flows from investments in financial assets for liquidity management purposes	(369.6)	(190.4)	9.8	(200.2)	..
<b>(4 478.0)</b>	<b>Net cash flows from investing activities</b>	<b>(4 394.4)</b>	<b>(5 705.9)</b>	<b>(6 133.6)</b>	<b>427.8</b>	<b>(7.0)</b>
<b>Cash flows from financing activities</b>						
(1.2)	Advances received (net)	0.4	(0.5)	(0.5)	..	..
1 523.8	Net borrowings	1 808.6	3 718.0	3 785.5	(67.6)	(1.8)
(9.5)	Deposits received (net)	(2.2)	..	..	..	..
<b>1 513.1</b>	<b>Net cash flows from financing activities</b>	<b>1 806.7</b>	<b>3 717.5</b>	<b>3 785.0</b>	<b>(67.6)</b>	<b>(1.8)</b>
<b>(1 179.8)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(845.0)</b>	<b>478.8</b>	<b>133.7</b>	<b>345.1</b>	<b>..</b>
3 221.3	Cash and cash equivalents at beginning of reporting period	3 667.6	3 667.6	3 667.6	..	..
<b>2 041.5</b>	<b>Cash and cash equivalents at end of reporting period</b>	<b>2 822.6</b>	<b>4 146.4</b>	<b>3 801.3</b>	<b>345.1</b>	<b>9.1</b>
<b>FISCAL AGGREGATES</b>						
1 785.1	Net cash flows from operating activities	1 742.6	2 467.2	2 482.3	(15.1)	(0.6)
(3 533.4)	Net cash flows from investments in non-financial assets	(2 688.7)	(3 447.8)	(3 816.7)	368.9	(9.7)
<b>(1 748.3)</b>	<b>Cash surplus/(deficit)</b>	<b>(946.0)</b>	<b>(980.6)</b>	<b>(1 334.4)</b>	<b>353.8</b>	<b>(26.5)</b>

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) Inclusive of goods and services tax.

**Table B.4: Statement of changes in equity for the period ended 31 March***(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Non- controlling interest</i>
<b>2010-11 (Actual)</b>		
Balance at 1 July 2011	43 263.9	44.5
Adjustment in accounting policy	7.5	..
Net result	1 970.5	..
Other comprehensive income for the year	118.3	..
<b>Total equity at end of period</b>	<b>45 360.2</b>	<b>44.5</b>
<b>2011-12 (Actual)</b>		
Balance at 1 July 2011	43 940.7	48.5
Adjustment in accounting policy	11.6	..
Net result	(5 621.1)	..
Other comprehensive income for the year	(31.0)	..
Transactions with owners in their capacity as owners	..	1.5
<b>Total equity at end of period</b>	<b>38 300.1</b>	<b>50.0</b>
<b>2011-12 (Revised)</b>		
Balance at 1 July 2011	43 940.7	48.5
Net result	(5 985.0)	..
Other comprehensive income for the year	73.3	..
<b>Total equity at end of period</b>	<b>38 029.0</b>	<b>48.5</b>
<b>2011-12 (Budget)</b>		
Balance at 1 July 2011	43 940.7	48.5
Net result	64.2	..
Other comprehensive income for the year	(24.7)	..
<b>Total equity at end of period</b>	<b>43 980.1</b>	<b>48.5</b>

*Source: Department of Treasury and Finance*

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
33 193.2	36 063.2	895.0	113 460.0
..	..	..	7.5
..	..	..	1 970.5
(14.0)	835.7	63.0	1 002.9
<b>33 179.2</b>	<b>36 898.9</b>	<b>958.0</b>	<b>116 440.8</b>
34 956.4	39 068.6	1 010.1	119 024.3
..	..	..	11.6
..	..	..	(5 621.1)
16.8	(285.9)	(25.9)	(326.1)
..	..	..	1.5
<b>34 973.2</b>	<b>38 782.7</b>	<b>984.2</b>	<b>113 090.2</b>
34 956.4	39 068.6	1 010.1	119 024.3
..	..	..	(5 985.0)
3 699.1	(393.4)	18.1	3 397.1
<b>38 655.5</b>	<b>38 675.2</b>	<b>1 028.2</b>	<b>116 436.4</b>
34 956.4	39 068.6	1 010.1	119 024.3
..	..	..	64.2
4 518.8	(230.0)	25.5	4 289.6
<b>39 475.2</b>	<b>38 838.6</b>	<b>1 035.6</b>	<b>123 378.0</b>

## NOTES TO THE FINANCIAL STATEMENTS

Note 1:	Statement of significant accounting policies.....	231
Note 2:	Taxation .....	233
Note 3:	Dividends and income tax equivalent and rate equivalent revenue .....	234
Note 4:	Sales of goods and services .....	234
Note 5:	Grants.....	235
Note 6:	Other revenue.....	235
Note 7:	Superannuation .....	236
Note 8:	Depreciation .....	236
Note 9:	Total expenses from transactions by department .....	237
Note 10:	Other gains/(losses) from other economic flows .....	237
Note 11:	Net acquisition of non-financial assets.....	238
Note 12:	Receivables .....	238
Note 13:	Property, plant and equipment .....	239
Note 14:	Other non-financial assets .....	241
Note 15:	Employee benefits .....	241
Note 16:	Application of cash resources.....	242
Note 17:	Public Account .....	243

## **Note 1: Statement of significant accounting policies**

The following summarises the significant accounting policies that have been adopted in preparing and presenting this March Quarter Financial Report.

### **(A) Compliance framework**

This report is a special purpose consolidated interim financial report of the general government sector for the nine months ending 31 March 2012 as required by section 26 of the *Financial Management Act 1994*.

The March Quarter Financial Report has been prepared in accordance with the *Financial Management Act 1994*, relevant Australian Accounting Standards (AAS) issued by the Australian Accounting Standards Board (AASB), including those paragraphs applicable to not-for-profit entities, and AASB Interpretations.

This unaudited special purpose financial report should be read in conjunction with the audited *2010-11 Annual Financial Report* published in the *2010-11 Financial Report* and the *2011-12 Mid-Year Financial Report*. It only includes explanatory notes that provide relevant information for interim reporting.

### **(B) Basis of accounting and measurement**

The accrual basis of accounting has been used in the preparation of this financial report whereby assets, liabilities, equity, revenues and expenses are recognised in the reporting period to which they relate, regardless of when cash will be received or paid.

### **(C) General government sector economic entity**

The general government sector includes all government departments, offices and other government bodies engaged in providing services free of charge or at prices significantly below their cost of production. The services provided by these entities are financed mainly through taxes, other compulsory levies and user charges. The general government sector is not a separate entity but represents a sector within the State of Victoria reporting entity.

### **(D) Basis of consolidation**

The March Quarter Financial Report includes all reporting entities in the general government sector that are controlled by the State. Details of entities consolidated for the general government sector are included in Note 25 of Chapter 1, which should be read in conjunction with Note 40 *Controlled entities* of the *2010-11 Annual Financial Report*. In the process of reporting the general government sector as a single economic entity, all material transactions and balances within the sector are eliminated.

**Note 1: Statement of significant accounting policies (continued)**

Entities in the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors are not consolidated into the financial statements of the Victorian general government sector, but are accounted for as equity investments measured at the Government's proportional share of the carrying amount of net assets of the PNFC and PFC sector entities before consolidation eliminations. Where the carrying amount of the entities' net assets before consolidation eliminations is less than zero, the amount is not included.

Any change in the carrying amount of the investment from period to period is accounted for as if the change in the carrying amount is a change in fair value and accounted for in a manner consistent with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, as part of other economic flows in the comprehensive operating statement.

## Note 2: Taxation

(\$ million)

<i>2010-11</i>		<i>2011-12</i>	
<i>Actual</i>		<i>Actual</i>	<i>Revised</i>
<i>to Mar</i>		<i>to Mar</i>	<i>budget</i>
<b>3 279.9</b>	<b>Taxes on employers' payroll and labour force</b>	<b>3 531.0</b>	<b>4 653.2</b>
	<b>Taxes on property</b>		
	<b>Taxes on immovable property</b>		
1 281.7	Land tax	1 355.6	1 377.2
41.3	Congestion levy	46.8	45.6
124.0	Metropolitan improvement levy	130.2	130.0
26.8	Property owner contributions to fire brigades	28.6	32.0
<b>1 473.8</b>	<b>Total taxes on immovable property</b>	<b>1 561.2</b>	<b>1 584.8</b>
	<b>Financial and capital transactions</b>		
2 998.1	Land transfer duty	2 510.7	3 285.0
..	Growth areas infrastructure contribution	58.0	58.1
21.0	Other property duties	5.7	8.3
52.0	Financial accommodation levy	60.1	85.9
<b>3 071.1</b>	<b>Total financial and capital transactions</b>	<b>2 634.6</b>	<b>3 437.4</b>
<b>4 544.9</b>	<b>Total taxes on property</b>	<b>4 195.8</b>	<b>5 022.2</b>
	<b>Taxes on the provision of goods and services</b>		
254.5	Private lotteries	281.8	379.0
755.6	Electronic gaming machines	762.1	1 033.8
112.1	Casino	126.6	197.5
99.0	Racing	91.7	124.9
10.0	Other	11.4	16.0
<b>1 231.1</b>	<b>Total gambling taxes</b>	<b>1 273.6</b>	<b>1 751.2</b>
<b>50.8</b>	<b>Levies on statutory corporations</b>	<b>50.8</b>	<b>69.4</b>
<b>1 104.8</b>	<b>Taxes on insurance</b>	<b>1 247.6</b>	<b>1 610.1</b>
<b>2 386.8</b>	<b>Total taxes on the provision of goods and services</b>	<b>2 572.1</b>	<b>3 430.8</b>
	<b>Taxes on the use of goods and performance of activities</b>		
	<b>Motor vehicle taxes</b>		
685.4	Vehicle registration fees	722.8	1 002.7
440.2	Duty on vehicle registrations and transfers	436.3	593.3
<b>1 125.7</b>	<b>Total motor vehicle taxes</b>	<b>1 159.0</b>	<b>1 596.0</b>
<b>20.1</b>	<b>Franchise taxes</b>	<b>21.8</b>	<b>21.4</b>
<b>98.8</b>	<b>Other</b>	<b>127.1</b>	<b>186.2</b>
<b>1 244.6</b>	<b>Total taxes on the use of goods and performance of activities</b>	<b>1 307.9</b>	<b>1 803.6</b>
<b>11 456.2</b>	<b>Total taxation</b>	<b>11 606.9</b>	<b>14 909.7</b>

**Note 3: Dividends and income tax equivalent and rate equivalent revenue**

*(\$ million)*

<i>2010-11 Actual to Mar</i>		<i>2011-12 Actual to Mar</i>		<i>Revised budget</i>
235.2	Dividends	515.8	767.0	
121.2	Income tax equivalent revenue	203.0	236.4	
4.6	Local government rate equivalent revenue	5.3	5.3	
<b>361.1</b>	<b>Total dividends and income tax equivalent and rate equivalent revenue</b>	<b>724.1</b>	<b>1 008.6</b>	

**Note 4: Sales of goods and services**

*(\$ million)*

<i>2010-11 Actual to Mar</i>		<i>2011-12 Actual to Mar</i>		<i>Revised budget</i>
105.3	Motor vehicle regulatory fees	120.6	160.4	
317.5	Other regulatory fees	302.9	391.5	
141.4	Sale of goods	98.7	144.4	
2 868.5	Provision of services	2 995.9	4 103.0	
38.2	Rental	38.9	51.4	
37.3	Refunds and reimbursements	29.0	65.5	
879.1	Inter-sector capital asset charge	968.8	1 291.0	
<b>4 387.3</b>	<b>Total sales of goods and services</b>	<b>4 554.8</b>	<b>6 207.3</b>	



## Note 5: Grants

(\$ million)

2010-11 Actual to Mar		2011-12	
		Actual to Mar	Revised budget
8 302.0	General purpose grants	8 124.0	10 382.9
2 321.8	Specific purpose grants for on-passing	2 381.8	2 498.7
6 144.1	Payments for specific purposes	6 216.6	8 875.2
<b>16 767.8</b>	<b>Total</b>	<b>16 722.4</b>	<b>21 756.8</b>
79.6	Other contributions and grants	51.9	117.5
<b>16 847.4</b>	<b>Total grants</b>	<b>16 774.3</b>	<b>21 874.3</b>

## Note 6: Other revenue

(\$ million)

2010-11 Actual to Mar		2011-12	
		Actual to Mar	Revised budget
19.2	Fair value of assets received free of charge or for nominal consideration	1.1	129.0
397.4	Fines	400.3	553.6
35.7	Royalties	34.2	45.7
176.4	Donations and gifts	192.6	309.4
17.6	Other non-property rental income	22.1	20.0
781.8	Other miscellaneous income	757.6	1 431.1
<b>1 428.0</b>	<b>Total other revenue</b>	<b>1 407.8</b>	<b>2 488.7</b>

## Note 7: Superannuation

(\$ million)

2010-11 Actual to Mar		2011-12	
		Actual to Mar	Revised budget
	<b>Defined benefit plans</b>		
1 535.9	Interest cost	1 486.2	1 977.9
(836.6)	Expected return on plan assets (net of expenses)	(878.6)	(1 169.3)
<b>699.3</b>	<b>Superannuation interest expense</b>	<b>607.5</b>	<b>808.6</b>
522.3	Current service cost	538.6	720.1
(848.4)	Actuarial (gains)/losses	5 861.3	5 861.3
<b>373.2</b>	<b>Total expense recognised in respect of defined benefit plans</b>	<b>7 007.5</b>	<b>7 390.0</b>
	<b>Defined contribution plans</b>		
672.5	Employer contributions to defined contribution plans	727.1	966.2
50.1	Other (including pensions)	53.4	69.9
<b>722.6</b>	<b>Total expense recognised in respect of defined contribution plans</b>	<b>780.5</b>	<b>1 036.1</b>
<b>1 095.8</b>	<b>Total superannuation expense recognised in operating statement</b>	<b>7 788.0</b>	<b>8 426.2</b>
	<b>Represented by:</b>		
699.3	Superannuation interest expense	607.5	808.6
1 244.9	Other superannuation	1 319.1	1 756.2
<b>1 944.2</b>	<b>Superannuation expense from transactions</b>	<b>1 926.7</b>	<b>2 564.8</b>
<b>(848.4)</b>	<b>Superannuation expense from other economic flows</b>	<b>5 861.3</b>	<b>5 861.3</b>
<b>1 095.8</b>	<b>Total superannuation expense recognised in operating statement</b>	<b>7 788.0</b>	<b>8 426.2</b>

## Note 8: Depreciation

(\$ million)

2010-11 Actual to Mar		2011-12	
		Actual to Mar	Revised budget
589.7	Buildings	691.1	899.0
387.8	Plant, equipment and infrastructure systems	401.2	653.5
334.8	Road networks	354.5	478.0
9.3	Other assets (including cultural assets)	9.6	16.8
27.0	Leased plant and equipment	38.4	28.9
71.0	Leasehold buildings	87.7	101.1
36.0	Intangible produced assets <sup>(a)</sup>	62.2	58.2
<b>1 455.6</b>	<b>Total depreciation</b>	<b>1 644.7</b>	<b>2 235.5</b>

Note:

(a) Amortisation of intangible non-produced assets is included under other economic flows.

## Note 9: Total expenses from transactions by department

(\$ million)

2010-11		2011-12	
Actual to Mar		Actual to Mar	Revised budget
2 037.4	Business and Innovation	475.7	727.2
9 065.9	Education and Early Childhood Development	10 641.8	13 442.5
9 975.0	Health	10 585.8	14 237.9
2 433.2	Human Services	2 503.8	3 392.4
3 083.4	Justice	3 179.7	4 327.9
757.4	Planning and Community Development	651.2	947.7
480.7	Premier and Cabinet	487.2	661.0
352.7	Primary Industries	338.1	505.3
1 031.0	Sustainability and Environment	1 080.1	1 570.8
4 091.2	Transport	4 311.8	5 965.7
4 749.5	Treasury and Finance	4 803.2	5 737.5
117.8	Parliament	111.2	155.2
1 546.0	Regulatory bodies and other part-funded agencies <sup>(a)</sup>	1 446.7	2 022.2
..	Contingencies not allocated to departments <sup>(b)</sup>	..	(92.5)
<b>39 721.3</b>	<b>Total</b>	<b>40 616.3</b>	<b>53 600.9</b>
<i>(5 982.0)</i>	<i>Less eliminations and adjustments <sup>(c)</sup></i>	<i>(5 895.6)</i>	<i>(6 851.8)</i>
<b>33 739.3</b>	<b>Total expense from transactions <sup>(d)</sup></b>	<b>34 720.7</b>	<b>46 749.1</b>

Notes:

- (a) Other general government sector agencies which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.
- (b) This contingency includes a provision for programs lapsing, future demand growth, departmental underspending and items not yet formalised at the time of publication.
- (c) Mainly comprising payroll tax, capital asset charge and inter-departmental transfers.
- (d) This table shows total expenses per department including administered items.

## Note 10: Other gains/(losses) from other economic flows

(\$ million)

2010-11		2011-12	
Actual to Mar		Actual to Mar	Revised budget
(181.4)	Net (increase) in provision for doubtful receivables	(188.1)	(240.2)
(6.1)	Amortisation of intangible non-produced assets	(9.6)	(10.3)
(60.6)	Net (increase) in bad debts	(44.3)	(41.4)
355.1	Other gains/(losses)	(102.4)	(101.6)
<b>107.1</b>	<b>Total other gains/(losses) from other economic flows</b>	<b>(344.4)</b>	<b>(393.6)</b>

## Note 11: Net acquisition of non-financial assets

(\$ million)

2010-11		2011-12	
Actual		Actual	Revised
to Mar		to Mar	budget
3 636.0	Purchase of non-financial assets (including change in inventories) <sup>(a)</sup>	2 772.4	3 751.0
(102.6)	Less: Sales of non-financial assets	(83.8)	(303.2)
(1 455.6)	Less: Depreciation	(1 644.7)	(2 235.5)
209.7	Plus: Other movements in non-financial assets	1 034.5	1 208.1
<b>2 287.4</b>	<b>Total net acquisition of non-financial assets</b>	<b>2 078.4</b>	<b>2 420.4</b>

Note:

(a) Inclusion of 'Change of Inventories' in purchases of non-financial assets has required re-presentation of the comparative results.

## Note 12: Receivables

(\$ million)

2010-11		2011-12		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
<b>Contractual</b>				
795.6	Sales of goods and services	745.3	807.9	762.7
60.3	Accrued investment income	64.7	79.9	85.6
385.0	Other receivables	562.9	594.9	776.1
(48.0)	Provision for doubtful contractual receivables	(49.0)	(49.7)	(49.6)
<b>Statutory</b>				
1 666.5	Tax receivables	1 374.2	1 792.5	1 412.8
943.5	Fines and regulatory fees	960.2	1 066.5	1 252.6
260.2	GST input tax credits recoverable	304.8	224.9	303.7
(504.3)	Provision for doubtful statutory receivables	(556.0)	(661.1)	(795.4)
<b>3 558.8</b>	<b>Total receivables</b>	<b>3 407.1</b>	<b>3 855.8</b>	<b>3 748.3</b>
<b>Represented by:</b>				
3 483.4	Current receivables	3 342.3	3 728.7	3 287.8
75.4	Non-current receivables	64.9	127.1	460.5

## Note 13: Property, plant and equipment

### (a) Total land, buildings, infrastructure, plant and equipment

(\$ million)

2010-11 Actual 31 Mar		Opening 1 Jul	2011-12 Actual 31 Mar	Revised Budget
21 135.8	Buildings (written down value)	22 238.6	23 799.4	24 429.8
36 884.9	Land and national parks	36 660.8	36 588.8	36 654.4
1 250.8	Infrastructure systems (written down value)	1 713.6	1 736.3	1 718.7
2 483.3	Plant, equipment and vehicles (written down value)	2 477.6	2 626.6	2 606.5
18 930.2	Roads (written down value)	18 968.0	19 257.7	21 974.4
6 479.2	Earthworks	6 544.3	6 544.3	7 553.5
4 404.0	Cultural assets (written down value)	5 333.0	5 288.1	5 278.2
<b>91 568.1</b>	<b>Total land, buildings, infrastructure, plant and equipment</b>	<b>93 935.9</b>	<b>95 841.2</b>	<b>100 215.6</b>

### (b) Land and buildings

(\$ million)

2010-11 Actual 31 Mar		Opening 1 Jul	2011-12 Actual 31 Mar	Revised budget
24 272.7	Buildings	25 151.7	27 408.9	28 346.3
(3 136.9)	Accumulated depreciation	(2 913.1)	(3 609.5)	(3 916.5)
<b>21 135.8</b>	<b>Buildings (written down value)</b>	<b>22 238.6</b>	<b>23 799.4</b>	<b>24 429.8</b>
34 744.7	Land	35 006.6	34 900.7	34 980.1
2 140.2	National Parks and other 'land only' holdings	1 654.2	1 688.1	1 674.3
<b>36 884.9</b>	<b>Land and national parks</b>	<b>36 660.8</b>	<b>36 588.8</b>	<b>36 654.4</b>
<b>58 020.6</b>	<b>Total land and buildings</b>	<b>58 899.4</b>	<b>60 388.2</b>	<b>61 084.2</b>

## Note 13: Property, plant and equipment (*continued*)

### (c) Plant, equipment and vehicles, and infrastructure systems

(\$ million)

2010-11		2011-12		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
1 608.9	Infrastructure systems	1 923.4	1 986.6	1 951.1
(358.1)	Accumulated depreciation	(209.8)	(250.3)	(232.4)
<b>1 250.8</b>	<b>Infrastructure systems (written down value)</b>	<b>1 713.6</b>	<b>1 736.3</b>	<b>1 718.7</b>
5 360.9	Plant, equipment and vehicles	5 320.7	5 750.7	6 081.1
(2 964.0)	Accumulated depreciation	(2 918.3)	(3 179.8)	(3 520.2)
195.1	Leased plant, equipment and vehicles	193.4	264.1	193.8
(108.7)	Accumulated depreciation	(118.2)	(208.3)	(148.2)
<b>2 483.3</b>	<b>Plant, equipment and vehicles (written down value)</b>	<b>2 477.6</b>	<b>2 626.6</b>	<b>2 606.5</b>
<b>3 734.1</b>	<b>Total plant, equipment and vehicles, and infrastructure systems</b>	<b>4 191.2</b>	<b>4 362.9</b>	<b>4 325.2</b>

### (d) Road networks and earthworks

(\$ million)

2010-11		2011-12		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
23 879.0	Roads	23 192.3	23 836.5	27 515.3
(9 796.3)	Accumulated depreciation	(9 940.0)	(10 214.3)	(11 865.9)
7 739.6	Road infrastructure	8 614.7	8 614.7	9 786.6
(2 892.1)	Accumulated depreciation	(2 899.1)	(2 979.2)	(3 461.7)
<b>18 930.2</b>	<b>Roads (written down value)</b>	<b>18 968.0</b>	<b>19 257.7</b>	<b>21 974.4</b>
<b>6 479.2</b>	<b>Earthworks</b>	<b>6 544.3</b>	<b>6 544.3</b>	<b>7 553.5</b>
<b>25 409.4</b>	<b>Total road networks and earthworks</b>	<b>25 512.3</b>	<b>25 802.0</b>	<b>29 528.0</b>

### (e) Cultural assets

(\$ million)

2010-11		2011-12		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
4 516.2	Cultural assets	5 462.3	5 416.2	5 393.5
(112.2)	Accumulated depreciation	(129.4)	(128.1)	(115.3)
<b>4 404.0</b>	<b>Total cultural assets</b>	<b>5 333.0</b>	<b>5 288.1</b>	<b>5 278.2</b>

## Note 14: Other non-financial assets

(\$ million)

2010-11		2011-12		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
760.4	Intangibles produced assets	780.2	843.8	815.8
(301.7)	Accumulated depreciation	(318.3)	(370.6)	(368.2)
84.3	Intangibles non-produced assets	94.7	99.2	94.7
(39.2)	Accumulated depreciation	(48.4)	(67.0)	(58.7)
<b>503.9</b>	<b>Total intangibles</b>	<b>508.2</b>	<b>505.3</b>	<b>483.6</b>
30.1	Investment properties	62.2	61.8	44.2
32.1	Biological assets <sup>(a)</sup>	33.7	34.3	36.6
323.8	Other assets	192.7	343.8	243.1
<b>889.8</b>	<b>Total other non-financial assets</b>	<b>796.8</b>	<b>945.3</b>	<b>807.5</b>

Note:

(a) The majority of biological assets comprises commercial forests and also includes any living animal, plant or agricultural produce which is the harvested product of biological assets.

## Note 15: Employee benefits

(\$ million)

2010-11		2011-12		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
	<b>Current</b>			
1 367.6	Accrued salaries and wages <sup>(a)</sup>	1 317.8	1 556.6	1 348.4
2 637.6	Long service leave	2 724.8	2 863.3	2 848.8
<b>4 005.2</b>	<b>Total current employee benefits</b>	<b>4 042.6</b>	<b>4 419.9</b>	<b>4 197.1</b>
	<b>Non-current</b>			
1.8	Accrued salaries and wages <sup>(a)</sup>	..	1.8	..
493.7	Long service leave	477.4	511.2	518.9
<b>495.6</b>	<b>Total non-current employee benefits</b>	<b>477.4</b>	<b>513.0</b>	<b>518.9</b>
<b>4 500.8</b>	<b>Total employee benefits</b>	<b>4 519.9</b>	<b>4 932.9</b>	<b>4 716.0</b>

Note:

(a) Includes accrued annual leave, payroll tax and other similar on-costs.

## Note 16: Application of cash resources

(\$ million)

	2011-12	
	Budget	Revised
<b>Net result from transactions</b>	<b>140.4</b>	<b>126.0</b>
Add back: Non-cash income and expenses (net) <sup>(a)</sup>	2 341.9	2 341.2
<b>Net cash flows from operating activities</b>	<b>2 482.3</b>	<b>2 467.2</b>
Less:		
<b>Net investment in fixed assets</b>		
Expenditure on approved projects	6 445.8	5 818.6
Proceeds from asset sales	(302.4)	(303.2)
<b>Total net investment in fixed assets</b>	<b>6 143.4</b>	<b>5 515.5</b>
Finance leases	1 250.9	1 210.6
Other investment activities (net)	(4.6)	(12.8)
<b>Decrease/(increase) in net debt</b>	<b>(4 907.5)</b>	<b>(4 246.1)</b>

Source: Department of Treasury and Finance

Note:

(a) Includes depreciation and movements in the unfunded superannuation liability and liability for employee benefits.



## Note 17: Public Account

### (a) Consolidated Fund receipts and payments

(\$ million)

2010-11		2011-12	
Actual to Mar		Actual to Mar	Revised budget
<b>Receipts</b>			
10 494.6	Taxation	11 253.7	14 904.6
414.0	Fines and regulatory fees	474.3	696.6
13 703.3	Grants received	13 908.5	18 668.5
757.5	Sales of goods and services	666.4	980.3
19.5	Interest received	8.7	3.0
411.8	Dividends and income tax equivalent and rate equivalent receipts	702.4	986.0
2 633.4	Other receipts	3 051.7	4 135.1
<b>28 434.1</b>	<b>Total operating activities</b>	<b>30 065.7</b>	<b>40 374.0</b>
2 366.7	Total inflows from investing and financing	2 777.8	7 423.4
<b>30 800.8</b>	<b>Total receipts</b>	<b>32 843.5</b>	<b>47 797.4</b>
<b>Payments to departments</b>			
1 602.2	Business and Innovation	437.0	697.7
7 491.7	Education and Early Childhood Development	8 327.4	10 574.0
8 353.3	Health	8 853.3	11 620.0
2 467.7	Human Services	2 587.3	3 564.0
4 785.1	Transport	5 265.2	7 322.0
3 096.9	Justice	3 195.7	4 330.4
444.4	Premier and Cabinet	447.8	620.4
380.0	Primary Industries	329.4	474.9
853.4	Sustainability and Environment	989.5	1 365.3
2 132.0	Treasury and Finance	2 078.0	5 983.6
490.5	Planning and Community Development	473.1	642.1
121.8	Parliament	108.6	155.2
<b>32 219.0</b>	<b>Total payments</b>	<b>33 092.5</b>	<b>47 349.6</b>
<b>(1 418.2)</b>	<b>Net receipts/(payments)</b>	<b>(249.0)</b>	<b>447.8</b>
<b>(369.1)</b>	<b>Opening balance at 1 July</b>	<b>(789.4)</b>	<b>(789.4)</b>
<b>(1 787.3)</b>	<b>Closing balance</b>	<b>(1 038.4)</b>	<b>(341.6)</b>

## Note 17: Public Account (continued)

### (b) Trust Fund cash flow statement

(\$ million)

2010-11		2011-12	
Actual		Actual	Revised
to Mar		to Mar	budget
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
171.7	Taxation	235.1	286.2
58.3	Regulatory fees and fines	38.9	51.3
3 080.3	Grants received	2 857.4	3 094.5
540.5	Sale of goods and services	593.2	788.4
111.5	Interest received	108.3	132.6
8 988.9	Net transfers from Consolidated Fund	9 472.6	12 134.5
194.3	Other receipts	64.9	166.3
<b>13 145.4</b>	<b>Total receipts</b>	<b>13 370.4</b>	<b>16 653.9</b>
<b>Payments</b>			
(104.6)	Payments for employees	(111.2)	(134.7)
(7.4)	Superannuation	(8.1)	(8.2)
(10.7)	Interest paid	(9.0)	(13.6)
(10 008.1)	Grants and subsidies	(10 344.0)	(12 505.0)
(2 770.7)	Goods and services and other payments	(2 879.3)	(3 824.2)
<b>(12 901.5)</b>	<b>Total payments</b>	<b>(13 351.5)</b>	<b>(16 485.6)</b>
<b>243.9</b>	<b>Net cash flows from operating activities</b>	<b>18.9</b>	<b>168.3</b>
<b>Cash flows from investing activities</b>			
(0.4)	Net proceeds from customer loans	0.2	..
(51.9)	Purchases of non-financial assets	(30.6)	(59.1)
37.8	Sales of non-financial assets	36.7	40.2
(45.2)	Other investing activities	(74.9)	(62.6)
<b>(59.6)</b>	<b>Net cash flows from investing activities</b>	<b>(68.6)</b>	<b>(81.5)</b>
<b>Cash flows from financing activities</b>			
(511.3)	Net borrowings <sup>(a)</sup>	(809.7)	(816.9)
<b>(511.3)</b>	<b>Net cash flows from financing activities</b>	<b>(809.7)</b>	<b>(816.9)</b>
<b>(327.0)</b>	<b>Net cash inflow/(outflow)</b>	<b>(859.4)</b>	<b>(730.1)</b>

Note:

(a) Relates to loans and advances.

## Note 17: Public Account *(continued)*

### (c) Reconciliation of cash flows to balances held

*(\$ million)*

	<i>Balances held at 30 Jun 2011</i>	<i>Mar movement YTD</i>	<i>Balances held at 31 Mar 2012</i>
<b>Cash and deposits</b>			
Cash balances outside the Public Account	(2.9)	1.4	(1.4)
Deposits held with the Public Account – specific trusts	277.5	53.9	331.4
Deposits held with the Public Account – general trusts	..	..	..
Other balances held in the Public Account on behalf of trust accounts	2 769.9	(1 953.1)	816.9
<b>Total cash and deposits</b>	<b>3 044.6</b>	<b>(1 897.8)</b>	<b>1 146.8</b>
<b>Investments</b>			
Investments held with the Public Account – specific trusts	739.8	63.8	803.6
<b>Total investments</b>	<b>739.8</b>	<b>63.8</b>	<b>803.6</b>
<b>Total fund balances</b>	<b>3 784.4</b>	<b>(1 834.0)</b>	<b>1 950.5</b>
<b>Less funds held outside the Public Account</b>			
Cash	(2.9)	1.4	(1.4)
<b>Total fund balances held outside the Public Account</b>	<b>(2.9)</b>	<b>1.4</b>	<b>(1.4)</b>
<b>Total fund held within the Public Account <sup>(a)</sup></b>	<b>3 787.3</b>	<b>(1 835.4)</b>	<b>1 951.9</b>

*Note:*

(a) See Note 17 (d) on the following page for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

## Note 17: Public Account *(continued)*

### (d) Details of securities held

(\$ million)

2010-11 Actual 31 Mar		2010-11 Actual 30 Jun	2011-12 Actual 31 Mar
1 079.0	Amounts invested on behalf of specific trust accounts	1 017.4	1 135.0
..	Amounts invested on behalf of general trust accounts	..	..
227.9	General account balances	2 769.9	816.9
<b>1 306.9</b>	<b>Total Public Account</b>	<b>3 787.3</b>	<b>1 951.9</b>
	<b>Represented by:</b>		
962.7	Stocks and securities <sup>(a)</sup>	1 017.4	803.6
128.8	Cash and investments <sup>(a)</sup>	1 417.0	670.5
<b>1 091.5</b>	<b>Total stock, securities, cash and investments</b>	<b>2 434.3</b>	<b>1 474.2</b>
	Add cash advanced for:		
215.4	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	563.6	477.7
	Temporary Advance to the Consolidated Fund pursuant to Section 38 of the <i>Financial Management Act, 1994</i>	789.4	
<b>1 306.9</b>	<b>Total Public Account</b>	<b>3 787.3</b>	<b>1 951.9</b>

Note:

(a) Deposits held with Treasury Corporation of Victoria at call have been reclassified from stocks and securities to cash and investments.

## RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

Table B.5: Operating statement for the past five quarters

(\$ million)

	2010-11			2011-12	
	Mar	Jun	Sept	Dec	Mar
<b>Revenue</b>					
Taxation revenue	4 554.1	3 401.3	3 606.9	3 320.4	4 679.6
Interest	90.6	131.0	105.7	98.2	106.3
Dividends and income tax equivalent and rate equivalent revenue	44.5	42.9	64.0	406.8	253.3
Sales of goods and services	1 476.4	1 556.8	1 570.3	1 569.5	1 415.0
Grants	5 485.9	5 578.2	5 374.0	5 552.3	5 848.0
Other revenue	533.0	547.5	437.2	557.9	412.7
<b>Total revenue from transactions</b>	<b>12 184.5</b>	<b>11 257.7</b>	<b>11 158.1</b>	<b>11 505.1</b>	<b>12 714.8</b>
<b>Expenses from transactions</b>					
Employee expenses	4 045.5	4 283.2	4 093.9	4 313.6	4 204.2
Superannuation interest expense	229.7	232.3	222.0	184.5	201.0
Other superannuation expenses	417.7	450.7	425.6	439.9	453.7
Depreciation	501.5	554.4	519.4	514.1	611.2
Interest expense	233.5	288.7	277.9	314.0	303.3
Other operating expenses	3 730.1	4 014.8	3 776.1	3 830.1	3 431.3
Grants and other transfers	2 478.3	1 946.3	2 013.7	2 079.5	2 511.7
<b>Total expenses from transactions</b>	<b>11 636.4</b>	<b>11 770.3</b>	<b>11 328.6</b>	<b>11 675.8</b>	<b>11 716.3</b>
<b>Net result from transactions – net operating balance</b>	<b>548.1</b>	<b>(512.6)</b>	<b>(170.5)</b>	<b>(170.7)</b>	<b>998.5</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on sale of non-financial assets	0.3	(17.3)	(17.9)	(19.6)	(26.5)
Net gain/(loss) on financial assets or liabilities at fair value	2.1	(0.9)	(5.2)	(4.3)	0.7
Net actuarial gains/(losses) of superannuation defined benefits plans	(271.0)	(542.4)	(4 166.5)	(2 157.0)	462.1
Share of net profit/(loss) from associates/ joint venture entities, excluding dividends	..	(0.7)	..	(0.1)	..
Other gains/(losses) from other economic flows	(92.5)	(160.7)	(125.6)	(307.9)	89.1
<b>Total other economic flows included in net result</b>	<b>(361.1)</b>	<b>(722.0)</b>	<b>(4 315.1)</b>	<b>(2 488.8)</b>	<b>525.4</b>
<b>Net result</b>	<b>186.9</b>	<b>(1 234.6)</b>	<b>(4 485.6)</b>	<b>(2 659.4)</b>	<b>1 523.9</b>
<b>Other economic flows – other movements in equity</b>					
Net gain on financial assets at fair value	3.3	0.7	(5.0)	(7.8)	3.2
Movement of non-financial asset reserves	35.1	1 777.2	23.6	30.7	(37.5)
Net gain on equity investments in other sector entities at proportional share of net assets	(353.3)	2 169.7	..	78.6	(364.5)

**Table B.5: Operating statement for the past five quarters (*continued*)**

*(\$ million)*

	2010-11			2011-12	
	<i>Mar</i>	<i>Jun</i>	<i>Sept</i>	<i>Dec</i>	<i>Mar</i>
Other movements in equity	89.3	(133.6)	(22.6)	(8.9)	(4.3)
<b>Total other economic flows – other movements in equity</b>	<b>(225.6)</b>	<b>3 814.0</b>	<b>(4.0)</b>	<b>92.6</b>	<b>(403.2)</b>
<b>Comprehensive result – total change in net worth</b>	<b>(38.7)</b>	<b>2 579.5</b>	<b>(4 489.6)</b>	<b>(2 566.8)</b>	<b>1 120.8</b>
<b>FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>548.1</b>	<b>(512.6)</b>	<b>(170.5)</b>	<b>(170.7)</b>	<b>998.5</b>
Less: Net acquisition of non-financial assets from transactions	1 189.1	575.5	483.5	425.5	1 169.4
<b>Net lending/(borrowing)</b>	<b>(641.0)</b>	<b>(1 088.1)</b>	<b>(654.0)</b>	<b>(596.2)</b>	<b>(170.9)</b>

*Source: Department of Treasury and Finance*

**Table B.6: Balance sheet as at the end of the quarter**

(\$ million)

	2010-11			2011-12	
	Mar	Jun	Sept	Dec	Mar
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	2 306.5	3 667.6	2 713.2	2 398.4	2 822.6
Advances paid	290.2	289.5	281.4	284.7	287.7
Receivables	3 558.8	3 407.1	3 133.4	2 751.9	3 855.8
Investments, loans and placements	2 654.6	2 367.8	2 656.6	2 619.5	2 717.7
Investments accounted for using equity method	33.7	35.1	35.1	33.6	33.6
Investments in other sector entities	62 300.4	65 273.9	65 655.6	66 300.0	66 300.0
<b>Total financial assets</b>	<b>71 144.2</b>	<b>75 041.0</b>	<b>74 475.3</b>	<b>74 388.1</b>	<b>76 017.4</b>
<b>Non-financial assets</b>					
Inventories	266.6	273.4	292.7	274.8	290.2
Non-financial assets held for sale	70.2	73.2	69.4	77.8	74.7
Land, buildings, infrastructure, plant and equipment	91 568.1	93 935.9	94 262.9	95 743.9	95 841.2
Other non-financial assets	889.8	796.8	906.4	1 015.0	945.3
<b>Total non-financial assets</b>	<b>92 794.7</b>	<b>95 079.2</b>	<b>95 531.3</b>	<b>97 111.6</b>	<b>97 151.4</b>
<b>Total assets</b>	<b>163 938.9</b>	<b>170 120.2</b>	<b>170 006.6</b>	<b>171 499.7</b>	<b>173 168.7</b>
<b>Liabilities</b>					
Deposits held and advances received	468.8	427.4	378.0	402.1	425.6
Payables	4 153.0	4 929.2	4 482.8	4 203.2	4 503.1
Borrowings	15 598.0	17 734.4	18 121.7	20 187.3	20 581.9
Employee benefits	4 500.8	4 519.9	4 717.0	4 748.6	4 932.9
Superannuation	22 084.1	22 780.3	27 064.6	29 319.3	28 963.8
Other provisions	693.4	704.7	707.9	669.7	671.3
<b>Total liabilities</b>	<b>47 498.1</b>	<b>51 095.9</b>	<b>55 471.9</b>	<b>59 530.3</b>	<b>60 078.6</b>
<b>Net assets</b>	<b>116 440.8</b>	<b>119 024.3</b>	<b>114 534.7</b>	<b>111 969.4</b>	<b>113 090.2</b>
Accumulated surplus/(deficit)	45 360.2	43 940.7	39 434.2	36 791.1	38 300.1
Reserves	71 036.1	75 035.1	75 052.0	75 128.3	74 740.1
Non-controlling interest	44.5	48.5	48.5	50.0	50.0
<b>Net worth</b>	<b>116 440.8</b>	<b>119 024.3</b>	<b>114 534.7</b>	<b>111 969.4</b>	<b>113 090.2</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	23 646.1	23 945.1	19 003.4	14 857.8	15 938.8
Net financial liabilities	38 654.3	41 328.8	46 652.3	51 442.2	50 361.2
Net debt	10 815.5	11 836.8	12 848.5	15 286.8	15 179.4

Source: Department of Treasury and Finance

**Table B.7: Statement of cash flows for the past five quarters**

(\$ million)

	2010-11			2011-12	
	Mar	Jun	Sept	Dec	Mar
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received	3 309.8	3 734.1	4 141.1	3 560.4	3 897.2
Grants	5 487.0	5 500.0	5 206.7	5 686.5	5 843.0
Sales of goods and services <sup>(a)</sup>	1 541.9	1 654.5	1 691.8	1 697.0	1 653.2
Interest received	95.9	127.4	108.2	98.2	106.1
Dividends and income tax equivalent and rate equivalent receipts	45.1	42.3	56.6	410.4	239.3
Other receipts	360.0	440.8	278.1	487.6	425.4
<b>Total receipts</b>	<b>10 839.7</b>	<b>11 499.1</b>	<b>11 482.4</b>	<b>11 940.1</b>	<b>12 164.2</b>
<b>Payments</b>					
Payments for employees	(3 876.4)	(4 287.4)	(3 947.2)	(4 344.2)	(4 016.4)
Superannuation	(516.5)	(529.2)	(529.8)	(526.6)	(548.1)
Interest paid	(226.6)	(261.2)	(268.1)	(292.2)	(292.7)
Grants and subsidies	(2 452.5)	(1 521.6)	(2 156.2)	(2 185.3)	(2 545.5)
Goods and services <sup>(a)</sup>	(3 260.1)	(3 654.7)	(4 092.6)	(4 284.8)	(3 384.7)
Other payments	(90.1)	(133.8)	(165.8)	(144.8)	(119.2)
<b>Total payments</b>	<b>(10 422.3)</b>	<b>(10 387.8)</b>	<b>(11 159.7)</b>	<b>(11 777.9)</b>	<b>(10 906.5)</b>
<b>Net cash flows from operating activities <sup>(a)</sup></b>	<b>417.4</b>	<b>1 111.3</b>	<b>322.7</b>	<b>162.2</b>	<b>1 257.7</b>
<b>Cash flows from investing activities</b>					
Purchases of non-financial assets	(967.9)	(1 250.3)	(773.6)	(1 184.8)	(814.0)
Sales of non-financial assets	24.3	81.7	23.7	23.2	36.9
Cash flows from investments in non-financial assets	(943.5)	(1 168.7)	(749.9)	(1 161.6)	(777.2)
Net cash flows from investments in financial assets for policy purposes	(278.6)	(960.0)	(369.4)	(588.3)	(378.3)
<b>Subtotal</b>	<b>(1 222.2)</b>	<b>(2 128.7)</b>	<b>(1 119.4)</b>	<b>(1 749.9)</b>	<b>(1 155.5)</b>
Net cash flows from investments in financial assets for liquidity management purposes	48.4	288.0	(298.9)	23.8	(94.4)
<b>Net cash flows from investing activities</b>	<b>(1 173.8)</b>	<b>(1 840.7)</b>	<b>(1 418.3)</b>	<b>(1 726.1)</b>	<b>(1 249.9)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	(0.2)	(0.7)	..	0.3	..
Net borrowings	685.3	2 396.9	10.5	1 345.2	452.9
Deposits received (net)	(53.4)	(40.7)	(49.4)	23.7	23.4
<b>Net cash flows from financing activities</b>	<b>631.7</b>	<b>2 355.5</b>	<b>(38.8)</b>	<b>1 369.2</b>	<b>476.3</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(124.6)</b>	<b>1 626.1</b>	<b>(1 134.4)</b>	<b>(194.7)</b>	<b>484.1</b>



**Table B.7: Statement of cash flows for the past five quarters (*continued*)**

(\$ million)

	2010-11			2011-12	
	Mar	Jun	Sept	Dec	Mar
Cash and cash equivalents at beginning of reporting period	2 166.1	2 041.5	3 667.6	2 533.2	2 338.4
<b>Cash and cash equivalents at end of reporting period</b>	<b>2 041.5</b>	<b>3 667.6</b>	<b>2 533.2</b>	<b>2 338.4</b>	<b>2 822.6</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	417.4	1 111.3	322.7	162.2	1 257.7
Net cash flows from investments in non-financial assets	(943.5)	(1 168.7)	(749.9)	(1 161.6)	(777.2)
<b>Cash surplus/(deficit)</b>	<b>(526.1)</b>	<b>(57.4)</b>	<b>(427.2)</b>	<b>(999.4)</b>	<b>480.6</b>

Source: Department of Treasury and Finance

Note:

(a) Inclusive of goods and services tax.



# APPENDIX C – COMPLIANCE INDEX – REQUIREMENTS OF THE *FINANCIAL MANAGEMENT ACT 1994*

---

The provisions of the *Financial Management Act 1994* have been complied with in these budget papers. Table C1 details these requirements together with appropriate references in the document.

**Table C1: Statements required by the *Financial Management Act 1994* and their location in the 2012-13 Budget**

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
Sections 23E-G of the <i>Financial Management Act 1994</i> Statement of financial policy objectives and strategies for the year.	Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i> Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements and notes</i>
Sections 23H-J of the <i>Financial Management Act 1994</i> Estimated financial statements for the year comprising: <ul style="list-style-type: none"> <li>– an estimated statement of financial performance</li> <li>– an estimated statement of financial position at the end of the year</li> <li>– an estimated statement of cash flows for the year</li> <li>– a statement of the accounting policies on which these statements are based and explanatory notes</li> </ul>	Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements and notes</i>

**Table C1: Statements required by the *Financial Management Act 1994* and their location in the 2012-13 Budget (continued)**

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
<p>Section 23K of the <i>Financial Management Act 1994</i>            Accompanying statements in association with each set of estimated financial statements comprising:</p> <ul style="list-style-type: none"> <li>– a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements</li> <li>– a discussion of the sensitivity of the estimated financial statements to changes in those economic and other assumptions</li> <li>– an overview of the estimated tax expenditures for the financial years covered by the estimated financial statements</li> <li>– a statement of risks that may have a material effect on the estimated financial statements</li> </ul>	<p>Budget Paper No. 2, Chapter 2  <i>Economic context</i>            Budget Paper No. 2, Chapter 4  <i>Budget position and outlook</i>            Budget Paper No. 5, Chapter 1  <i>Estimated Financial Statements and notes</i>            Budget Paper No. 2, Appendix A  <i>Sensitivity analysis table</i></p> <p>Budget Paper No. 5, Chapter 5  <i>Tax expenditures and concessions</i></p> <p>Budget Paper No. 2, Chapter 2  <i>Economic context</i>            Budget Paper No. 2, Chapter 4  <i>Budget position and outlook</i>            Budget Paper No. 5, Chapter 6  <i>Contingent assets and contingent liabilities</i></p>
<p>Section 26(1) of the <i>Financial Management Act 1994</i>            A quarterly financial report for each quarter of each financial year.</p>	<p>Budget Paper No. 5, Appendix B            2011-12 Budget <i>outcome incorporating the financial report for the March quarter 2012</i></p>
<p>Section 40 of the <i>Financial Management Act 1994</i>            A statement of information under departmental headings setting out:</p> <ul style="list-style-type: none"> <li>– a description of the goods and services to be produced or provided by each department during the period to which the statement related, together with comparative information for the preceding financial year</li> </ul>	<p>Budget Paper No. 3, Chapter 2  <i>Departmental performance statements</i></p>

**Table C1: Statements required by the *Financial Management Act 1994* and their location in the *2012-13 Budget (continued)***

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
<ul style="list-style-type: none"> <li>– a description of the amount available or to be available to each department during the period to which the statement relates, whether appropriated by the Parliament for that purpose or otherwise received or to be received by the department, together with comparative figures for the preceding financial year</li> <li>– the estimated amount of the receipts and receivables of each department during the period to which the statement relates, together with comparative figures for the preceding financial year</li> </ul>	<p>Budget Paper No. 5, Chapter 3 <i>Departmental financial statements</i></p>
<p>Section 16B of the <i>Audit Act 1994</i> The Auditor-General review and report on the estimated financial statements to ensure they are consistent with accounting convention and that the methodologies and assumptions used are reasonable.</p>	<p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements and notes</i></p>



## STYLE CONVENTIONS

---

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

The notation used in the tables is as follows:

n.a.	not available or not applicable
..	zero, or rounded to zero
(xxx.x)	negative numbers
200x – 0x	year period

The notation used in the text is as follows:

–xxx.x	negative numbers within text.
--------	-------------------------------





If you would like to receive this publication in an accessible format  
please telephone 9651 0909 or email [information@dtf.vic.gov.au](mailto:information@dtf.vic.gov.au).

This document is also available in PDF at [www.budget.vic.gov.au](http://www.budget.vic.gov.au).

