



Building for Growth

2013-14 VICTORIAN BUDGET

Statement of Finances
Budget Paper No. 5

Presented by the Hon. Michael O'Brien MP
Treasurer of the State of Victoria



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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)

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Statement of Finances

2013-14



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The Hon. Michael O'Brien MP

Treasurer of the State of Victoria

for the information of Honourable Members

Budget Paper No. 5

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CHAPTER 1 – ESTIMATED FINANCIAL STATEMENTS FOR THE GENERAL GOVERNMENT SECTOR

The following Estimated Financial Statements and accompanying explanatory notes set out the forecast financial results for the Victorian general government sector for the period 2013-14 to 2016-17.

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 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 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. However, appropriate professional judgement has been applied in preparing the Estimated Financial Statements.

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

AUDITOR-GENERAL'S REPORT

VAGO

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INDEPENDENT AUDITOR'S 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 2014 and the three forward years ending 30 June 2015, 2016, and 2017 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 2013 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 Financial Report

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.

Auditing in the Public Interest

AUDITOR-GENERAL'S REPORT *(continued)*

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

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.

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;
- 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 Audited Financial Report

This review report relates to the estimated financial statements of the Victorian General Government Sector for the years ending 30 June 2014, 2015, 2016 and 2017 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
3 May 2013

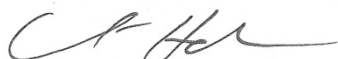


Dr Peter Frost
Acting Auditor-General

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
2 May 2013

ESTIMATED FINANCIAL STATEMENTS

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

(\$ million)

	Notes	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Revenue from transactions					
Taxation revenue	2	16 454.4	17 514.5	18 299.4	19 262.0
Interest revenue		867.0	867.3	862.9	857.4
Dividends and income tax equivalent and rate equivalent revenue	3	671.5	634.8	778.4	740.8
Sales of goods and services	4	6 949.5	7 085.2	7 336.7	7 422.1
Grants	5	23 310.5	23 937.0	25 199.6	26 230.4
Other revenue	6	2 074.5	1 935.9	1 997.3	2 030.7
Total revenue from transactions		50 327.5	51 974.7	54 474.3	56 543.4
Expenses from transactions					
Employee expenses		17 947.1	18 667.7	19 292.7	19 860.4
Net superannuation interest expense	7a	1 129.2	1 121.1	1 111.5	1 094.2
Other superannuation	7a	1 901.8	1 913.4	1 935.8	1 954.2
Depreciation	8	2 377.7	2 541.2	2 620.7	2 750.1
Interest expense	9	2 176.9	2 309.8	2 299.0	2 291.8
Other operating expenses	10	16 573.0	16 678.2	16 764.6	17 271.4
Grants and other transfers	11	7 997.4	8 344.8	8 522.4	8 773.8
Total expenses from transactions	12	50 103.0	51 576.0	52 546.6	53 996.0
Net result from transactions – net operating balance		224.5	398.7	1 927.7	2 547.4
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		111.3	101.9	83.9	83.7
Net gain/(loss) on financial assets or liabilities at fair value		(0.4)	(0.4)	(0.4)	(0.4)
Other gains/(losses) from other economic flows	13	(374.8)	(394.4)	(418.5)	(435.2)
Total other economic flows included in net result		(264.0)	(293.0)	(335.1)	(352.0)
Net result		(39.6)	105.8	1 592.6	2 195.4
Other economic flows – other comprehensive income ^(a)					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus		3 918.0	2 299.5	1 048.8	2 041.0
Remeasurement of superannuation defined benefit plans		593.2	606.8	617.3	626.4
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	14	1 559.2	1 184.1	544.7	(460.1)
Other movements in equity		2.3	1.3	(19.5)	(19.9)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value		1.0	1.0	1.0	1.1
Total other economic flows – other comprehensive income		6 073.5	4 092.6	2 192.3	2 188.4
Comprehensive result – total change in net worth		6 033.9	4 198.4	3 784.9	4 383.8

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

(\$ million)

	Notes	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
KEY FISCAL AGGREGATES					
Net operating balance		224.5	398.7	1 927.7	2 547.4
Less: Net acquisition of non-financial assets from transactions	15	2 120.0	1 205.2	1 341.2	732.6
Net lending/(borrowing)		(1 895.6)	(806.5)	586.4	1 814.7

The accompanying notes form part of these Estimated Financial Statements.

Note:

- (a) The changed item description 'other economic flows – other comprehensive income' and related inclusion of sub-headings are due to new requirements of AASB 101 Presentation of Financial Statements and AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Table 1.2: Government fiscal result

(\$ million)

	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
GOVERNMENT FISCAL PARAMETER				
Net operating balance	224.5	398.7	1 927.7	2 547.4
Plus: Expected return on superannuation assets in excess of AASB 119 discount rate taken to other comprehensive income	593.2	606.8	617.3	626.4
Government fiscal result	817.6	1 005.5	2 545.0	3 173.8

For the 2013-14 Budget, the Government has introduced the Government fiscal result to ensure consistent, comprehensive and informed assessments can continue to be made of the State's financial performance in light of the substantial change and volatility introduced by the revised Australian Accounting Standard AASB 119 *Employee Benefits* in reporting the State's defined benefit superannuation interest expense.

The Government fiscal result is comparable to the 'net result from transactions – net operating balance' published in previous budgets, to which previous budget settings and estimated outcomes were based.

The Government fiscal result complements Victoria's reported net operating balance, providing another analytical measure of the State's operating performance. Compared with the net operating balance, the Government fiscal result also takes into account the full impact of the expected return of the superannuation plan assets dedicated to fund and support the costs associated with servicing the Government's defined superannuation obligations.

Refer to Note 7 *Superannuation* for further details.

Table 1.3: Estimated general government sector balance sheet for the financial year ending 30 June

(\$ million)

	Notes	2013 Revised	2014 Budget	2015 Estimate	2016 Estimate	2017 Estimate
Assets						
Financial assets						
Cash and deposits		4 709.3	4 897.5	5 114.7	5 416.9	5 748.9
Advances paid	16	4 634.3	4 592.1	4 543.5	4 487.7	4 460.3
Receivables		4 078.1	3 902.6	3 721.8	3 524.0	3 326.3
Investments, loans and placements	16	2 645.0	2 729.0	2 798.5	2 860.7	2 947.3
Investments accounted for using equity method		47.1	47.1	47.1	47.1	47.1
Investments in other sector entities	14	69 752.0	73 591.5	76 868.4	77 918.4	77 897.7
Total financial assets		85 865.9	89 759.9	93 094.1	94 254.7	94 427.7
Non-financial assets						
Inventories		235.4	235.9	236.3	236.7	237.1
Non-financial assets held for sale		142.6	136.0	129.4	122.8	116.2
Land, buildings, infrastructure, plant and equipment	17, 18	99 871.1	105 139.7	108 063.1	110 083.0	112 627.0
Other non-financial assets		813.9	778.5	743.2	679.8	616.2
Total non-financial assets		101 063.0	106 290.1	109 171.9	111 122.3	113 596.4
Total assets	19c	186 928.9	196 049.9	202 266.0	205 377.0	208 024.1
Liabilities						
Deposits held and advances received		370.3	377.2	377.2	377.2	377.2
Payables		5 446.8	5 158.6	4 890.1	4 621.8	4 388.0
Borrowings	20	31 458.6	34 824.6	37 132.1	36 773.3	35 474.8
Employee benefits	21	5 219.8	5 412.7	5 611.5	5 818.2	6 033.6
Superannuation	7d	28 867.5	28 657.5	28 416.3	28 139.3	27 695.5
Other provisions		586.7	606.3	627.2	650.7	674.8
Total liabilities		71 949.7	75 036.8	77 054.5	76 380.6	74 643.9
Net assets		114 979.1	121 013.1	125 211.5	128 996.4	133 380.2
Accumulated surplus/(deficit)		37 920.9	38 465.8	39 168.6	41 348.0	44 138.8
Reserves	22	77 008.2	82 497.3	85 992.9	87 598.4	89 191.4
Non-controlling interest		50.0	50.0	50.0	50.0	50.0
Net worth		114 979.1	121 013.1	125 211.5	128 996.4	133 380.2
FISCAL AGGREGATES						
Net financial worth		13 916.2	14 723.0	16 039.6	17 874.1	19 783.7
Net financial liabilities		55 835.9	58 868.5	60 828.9	60 044.3	58 114.0
Net debt		19 840.4	22 983.1	25 052.6	24 385.3	22 695.6

The accompanying notes form part of these Estimated Financial Statements.

Table 1.4: Estimated general government sector cash flow statement for the financial year ending 30 June

(\$ million)

Notes	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Cash flows from operating activities				
Receipts				
Taxes received	16 450.9	17 513.8	18 339.0	19 321.5
Grants	23 310.5	23 937.0	25 199.6	26 230.4
Sales of goods and services ^(a)	7 631.3	7 772.7	8 052.3	8 144.3
Interest received	844.9	846.4	843.9	840.1
Dividends and income tax equivalent and rate equivalent receipts	650.4	631.2	778.3	735.3
Other receipts	1 784.9	1 603.5	1 622.0	1 643.0
Total receipts	50 672.9	52 304.6	54 835.0	56 914.5
Payments				
Payments for employees	(17 757.4)	(18 471.4)	(19 089.1)	(19 648.2)
Superannuation	(2 647.9)	(2 668.8)	(2 707.0)	(2 865.8)
Interest paid	(2 133.0)	(2 268.6)	(2 259.3)	(2 254.7)
Grants and subsidies	(8 118.3)	(8 402.4)	(8 586.6)	(8 836.2)
Goods and services ^(a)	(16 662.0)	(16 747.6)	(16 833.8)	(17 313.5)
Other payments	(622.8)	(659.0)	(688.2)	(717.4)
Total payments	(47 941.3)	(49 217.8)	(50 164.1)	(51 635.8)
Net cash flows from operating activities	2 731.6	3 086.9	4 671.0	5 278.8
Cash flows from investing activities				
Purchases of non-financial assets	19a,b (4 868.9)	(4 136.7)	(3 344.7)	(3 851.9)
Sales of non-financial assets	420.2	434.3	500.8	437.0
Cash flows from investments in non-financial assets	(4 448.7)	(3 702.4)	(2 843.9)	(3 415.0)
Net cash flows from investments in financial assets for policy purposes	(1 377.3)	(1 399.4)	(47.2)	(112.8)
Sub-total	(5 826.0)	(5 101.8)	(2 891.0)	(3 527.8)
Net cash flows from investments in financial assets for liquidity management purposes	(83.1)	(68.5)	(61.1)	(85.6)
Net cash flows from investing activities	(5 909.1)	(5 170.3)	(2 952.2)	(3 613.4)
Cash flows from financing activities				
Net borrowings	3 359.0	2 300.6	(1 416.6)	(1 333.3)
Deposits received (net)	6.8	..	..	..
Net cash flows from financing activities	3 365.7	2 300.6	(1 416.6)	(1 333.3)
Net increase/(decrease) in cash and cash equivalents	188.2	217.2	302.2	332.1
Cash and cash equivalents at beginning of reporting period	4 709.3	4 897.5	5 114.7	5 416.9
Cash and cash equivalents at end of reporting period	4 897.5	5 114.7	5 416.9	5 748.9

Table 1.4: Estimated general government sector cash flow statement for the financial year ending 30 June (continued)

(\$ million)

	2013-14	2014-15	2015-16	2016-17
Notes	Budget	Estimate	Estimate	Estimate
FISCAL AGGREGATES				
Net cash flows from operating activities	2 731.6	3 086.9	4 671.0	5 278.8
Net cash flows from investments in non-financial assets	(4 448.7)	(3 702.4)	(2 843.9)	(3 415.0)
Cash surplus/(deficit)	(1 717.1)	(615.6)	1 827.1	1 863.8

The accompanying notes form part of these Estimated Financial Statements.

Note:

(a) Inclusive of goods and services tax.

Table 1.5: Estimated general government sector statement of changes in equity for the financial year ending 30 June

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non- controlling Interest</i>
2013-14		
Balance at 1 July 2013	37 920.9	50.0
Net result for the year	(39.6)	..
Other comprehensive income for the year	584.4	..
Balance as at 30 June 2014	38 465.8	50.0
2014-15		
Balance at 1 July 2014	38 465.8	50.0
Net result for the year	105.8	..
Other comprehensive income for the year	597.1	..
Balance as at 30 June 2015	39 168.6	50.0
2015-16		
Balance at 1 July 2015	39 168.6	50.0
Net result for the year	1 592.6	..
Other comprehensive income for the year	586.8	..
Balance as at 30 June 2016	41 348.0	50.0
2016-17		
Balance at 1 July 2016	41 348.0	50.0
Net result for the year	2 195.4	..
Other comprehensive income for the year	595.4	..
Balance as at 30 June 2017	44 138.8	50.0

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>
37 250.8	38 762.6	994.8	114 979.1
..	..	..	( 39.6)
3 918.0	1 559.2	11.9	6 073.5
41 168.8	40 321.8	1 006.7	121 013.1
41 168.8	40 321.8	1 006.7	121 013.1
..	..	..	105.8
2 299.5	1 184.1	12.0	4 092.6
43 468.3	41 505.9	1 018.7	125 211.5
43 468.3	41 505.9	1 018.7	125 211.5
..	..	..	1 592.6
1 048.8	544.7	12.1	2 192.3
44 517.0	42 050.5	1 030.8	128 996.4
44 517.0	42 050.5	1 030.8	128 996.4
..	2 195.4
2 041.0	(460.1)	12.1	2 188.4
46 558.0	41 590.5	1 042.9	133 380.2

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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 (referred to as the budget and forward estimates period).

(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 26 April 2013.

(B) Basis of accounting, preparation and measurement

The Estimated Financial Statements have been prepared for the 2013-14 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 that 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 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 comprehensive income'.

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 in the audited *2011-12 Annual Financial Report* published in the *2011-12 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 *2011-12 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 in 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 PNFC and PFC sector entities before consolidation eliminations. Where the carrying amount of an entity's 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 listed in the *2011-12 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^(a)

	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast
			(\$ billion)	
Nominal gross state product	360.4	380.1	400.7	422.0
			(percentage change) ^(b)	
Real gross state product	2.25	2.75	2.75	2.75
Employment	1.50	1.75	1.75	1.50
Unemployment rate	5.50	5.25	5.00	5.00
Consumer price index ^(c)	2.50	2.50	2.50	2.50
Wage price index ^(d)	3.50	3.50	3.50	3.50
Population	1.70	1.70	1.70	1.70

Source: Department of Treasury and Finance

Notes:

- (a) The key assumptions underlying the economic projections include interest rate movements that follow market expectations from the Bloomberg survey up to the June quarter 2014 and held at zero thereafter, constant exchange rates, and oil prices that follow the path suggested by oil futures.
- (b) Year-average per cent change on previous year, except for the unemployment rate which is a year-average per cent, and population which is a year-ended per cent change to 30 June. 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.
- (c) All references to the consumer price index refer to the Melbourne consumer price index.
- (d) Total hourly rate excluding bonuses.

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 2013-14 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 previous three annual per capita relativities.

Beyond 2013-14, 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 published budget information (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 based on 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

A revised version of AASB 119 *Employee Benefits*, which came into effect on 1 January 2013, changed the way defined benefit superannuation costs 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 on plan assets, as was previously the case. This results in an increase in the reported net interest cost associated with the superannuation liabilities, thereby negatively impacting on the general government sector's net result from transactions.

However, the overall estimated cost of defined benefit superannuation liabilities will not change, as any increase in net interest cost will be offset by a corresponding increase in other comprehensive income to take into account the expected return on plan assets. The estimated superannuation liabilities will remain unchanged under the revised standard.

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

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

Future defined benefit superannuation costs, and the superannuation liabilities 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 discount and inflation rates are based on prevailing long-term Commonwealth Government bonds (both nominal and inflation linked) and are assumed to remain constant across the budget and forward estimates period. An expected return on plan assets is assumed when projecting assets, and the return this provides in excess of the discount rate is included in other comprehensive income. Actual experience may differ from assumptions and may cause significant variations in the reported superannuation liabilities. Any such variations were previously included in the net result but, under the revised AASB 119, will be reported under 'other economic flows – other comprehensive income'.

Superannuation assumptions

<i>Underlying assumptions for all listed schemes</i> ^(a)	<i>Per cent</i>
Discount rate ^(b)	4.0
Wages growth ^(c)	4.1
Inflation rate ^(d)	2.6
<i>Expected return on assets</i> ^(e)	
Emergency Services and State Super	8.0
Parliamentary Contributory Superannuation Fund	8.0
Health Super Fund Defined Benefit Scheme	7.2
Constitutionally protected schemes ^(f)	na

Source: Department of Treasury and Finance

Notes:

- All rates are nominal annual rates and are applicable to all the listed schemes.
- The discount rate is based on the longest dated fixed interest Commonwealth Government bond rate, which is an annual effective rate, gross of tax.
- Wages growth is based on actuarial expectations.
- 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.
- The expected return on assets stated is gross of tax. Estimated tax payments are explicitly allowed for in the calculation process.
- 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 2012, 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 budget and 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 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.

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.

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

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

The State sometimes enters into concession 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.

For projects approved in previous budgets, prior to entering into a binding contract with the private sector, the forecasts assume that a project will be built directly by government. On signing the contract with the private sector, the forecasts are revised to reflect the actual provisions of the contracts for the relevant periods. This typically includes payments by government allocated between a finance lease component for the asset use and a service component accounted for as operating and maintenance costs.

The Government has recently announced a package of reforms to the public private partnership framework to more effectively engage with the private sector in infrastructure delivery. As part of this reform, projects specifically approved to be delivered as public private partnerships in or after this *2013-14 Budget* are budgeted for consistently with the expected delivery model from the date of approval, and in accordance with the accounting policies applicable to service concession arrangements outlined in the *2011-12 Annual Financial Report*.

Some service concession arrangements, such as user pays toll roads, also include the right for the State to take control of the asset at the end of the concession 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 revenue

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Taxes on employers' payroll and labour force	5 110.9	5 407.7	5 721.8	6 040.2
Taxes on property				
Taxes on immovable property				
Land tax	1 564.6	1 801.8	1 760.5	1 982.2
Fire Services Property Levy	610.9	605.9	612.4	625.1
Congestion levy	93.5	95.8	98.2	100.6
Metropolitan improvement levy	141.3	146.2	151.3	157.9
Total taxes on immovable property	2 410.2	2 649.7	2 622.4	2 865.7
Financial and capital transactions				
Land transfer duty	3 459.5	3 708.6	3 931.1	4 168.9
Other property duties	8.1	8.3	8.5	8.7
Financial accommodation levy	132.8	172.4	215.0	243.5
Growth areas infrastructure contributions	64.3	71.6	73.2	75.5
Total financial and capital transactions	3 664.7	3 960.9	4 227.8	4 496.6
Total taxes on property	6 074.9	6 610.6	6 850.2	7 362.3
Taxes on the provision of goods and services				
Gambling taxes				
Private lotteries	410.1	414.5	430.8	444.3
Electronic gaming machines	1 154.4	1 183.2	1 221.2	1 264.3
Casino	230.6	257.9	270.7	284.1
Racing	91.3	92.5	93.8	95.0
Other	20.2	25.3	31.9	40.5
Total gambling taxes	1 906.6	1 973.4	2 048.4	2 128.2
Levies on statutory corporations ^(a)	117.5	116.3	114.7	..
Taxes on insurance	1 049.8	1 120.4	1 192.0	1 268.0
Total taxes on the provision of goods and services	3 073.8	3 210.0	3 355.1	3 396.2
Taxes on the use of goods and performance of activities				
Motor vehicle taxes				
Vehicle registration fees	1 239.7	1 301.2	1 366.8	1 435.4
Duty on vehicle registrations and transfers	661.1	680.9	701.6	722.9
Total motor vehicle taxes	1 900.8	1 982.1	2 068.4	2 158.3
Liquor licence fees	23.5	22.9	22.2	22.8
Other	270.6	281.3	281.7	282.2
Total taxes on the use of goods and performance of activities	2 194.8	2 286.3	2 372.3	2 463.4
Total taxation revenue	16 454.4	17 514.5	18 299.4	19 262.0

Note:

(a) The existing environmental levy payable by water authorities is not expected to continue beyond 2015-16.

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

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Dividends	449.4	407.4	542.5	507.8
Income tax equivalent revenue	216.8	221.9	230.1	226.9
Local government rate equivalent revenue	5.3	5.5	5.8	6.0
Total dividends and income tax equivalent and rate equivalent revenue	671.5	634.8	778.4	740.8

Note 4: Sales of goods and services

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Motor vehicle regulatory fees	227.3	212.9	210.1	194.6
Other regulatory fees	402.3	400.8	411.5	421.8
Sale of goods	108.4	93.9	95.0	94.1
Provision of services ^(a)	4 565.1	4 624.2	4 805.7	4 899.2
Rental	53.7	53.8	53.8	53.8
Refunds and reimbursements	68.3	69.7	71.2	71.2
Inter-sector capital asset charge	1 524.4	1 629.9	1 689.5	1 687.4
Total sales of goods and services	6 949.5	7 085.2	7 336.7	7 422.1

Note:

(a) Further disclosure on provision of services by department is available on the Department of Treasury and Finance's website.

Note 5: Grants

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
General purpose grants – goods and services tax	11 297.2	11 784.0	12 634.8	13 655.7
Specific purpose grants for on-passing	2 977.9	3 190.5	3 447.6	3 673.2
Grants for specific purposes	8 904.6	8 831.7	9 005.5	8 789.4
Total	23 179.8	23 806.2	25 087.8	26 118.4
Other contributions and grants	130.7	130.8	111.8	111.9
Total grants	23 310.5	23 937.0	25 199.6	26 230.4

Note 6: Other revenue

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Fair value of assets received free of charge or for nominal consideration	1.8	1.8	1.7	1.9
Fines	714.9	744.2	760.5	777.0
Royalties	47.5	48.6	49.8	49.8
Donations and gifts	235.7	239.7	254.0	254.6
Other non-property rental	21.0	21.1	21.2	21.2
Other miscellaneous revenue	1 053.6	880.6	910.0	926.2
Total other revenue	2 074.5	1 935.9	1 997.3	2 030.7

Note 7: Superannuation

A revised accounting standard, AASB 119 *Employee Benefits*, has been issued which changes the way defined benefit superannuation expenses are calculated from 2013-14.

Prior to the revision, the interest expense relating to superannuation liabilities was determined by netting the expected return on plan assets against the gross interest cost on the defined benefit superannuation obligation.

The revised AASB 119 requires the superannuation interest cost to be calculated by applying the discount rate (which is the Government bond rate for not-for-profit entities) to the net superannuation liability at the beginning of the relevant reporting period. As outlined in Note 1, the expected return on superannuation plan assets is expected to be higher than the discount rate. This higher return will be reported as a remeasurement under the revised standard, which will no longer be included in the State's reported net operating balance. This presentational change has no impact on the overall estimated cost to service the State's defined superannuation obligations. Actual experience may differ from assumptions and may cause significant variations in reported superannuation costs, as detailed in Note 1.

(a) Superannuation costs recognised in the operating statement

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Defined benefit plans				
Net superannuation interest	1 129.2	1 121.1	1 111.5	1 094.2
Current service cost	763.8	746.6	722.7	709.2
Remeasurements:				
Expected return on plan assets not included in net superannuation interest	(593.2)	(606.8)	(617.3)	(626.4)
Total costs recognised in respect of defined benefit plans	1 299.8	1 260.9	1 216.9	1 177.0
Defined contribution plans				
Employer contributions to defined contribution plans	1 078.4	1 105.6	1 152.0	1 184.0
Other (including pensions)	59.6	61.1	61.1	61.1
Total expense recognised in respect of defined contribution plans	1 138.0	1 166.7	1 213.1	1 245.1
Total superannuation costs recognised in operating statement	2 437.9	2 427.6	2 430.0	2 422.0
Represented by:				
Net superannuation interest	1 129.2	1 121.1	1 111.5	1 094.2
Other superannuation	1 901.8	1 913.4	1 935.8	1 954.2
Superannuation expense from transactions	3 031.0	3 034.4	3 047.3	3 048.4
Remeasurements recognised in other comprehensive income	(593.2)	(606.8)	(617.3)	(626.4)
Total superannuation costs recognised in operating statement	2 437.9	2 427.6	2 430.0	2 422.0

Note 7: Superannuation (*continued*)

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

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Opening balance of defined benefit obligation	45 889.5	46 159.2	46 308.9	46 349.2
Current service cost	763.8	746.6	722.7	709.2
Interest expense	1 793.0	1 801.3	1 805.0	1 799.6
Contributions by plan participants	199.3	193.4	187.5	181.3
Benefits paid	(2 486.5)	(2 591.7)	(2 674.9)	(2 818.0)
Closing balance of defined benefit obligation	46 159.2	46 308.9	46 349.2	46 221.2

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

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Opening balance of plan assets	17 027.1	17 501.7	17 892.5	18 209.9
Interest income	663.8	680.2	693.5	705.4
Return on plan assets not included in interest income	593.2	606.8	617.3	626.4
Employer contributions	1 504.8	1 502.1	1 494.0	1 620.8
Contributions by plan participants	199.3	193.4	187.5	181.3
Benefits paid (including tax paid)	(2 486.5)	(2 591.7)	(2 674.9)	(2 818.0)
Closing balance of plan assets	17 501.7	17 892.5	18 209.9	18 525.8

Note 7: Superannuation (continued)

(d) Reconciliation of the superannuation liabilities

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Emergency Services and State Super				
Defined benefit obligation	40 959.0	41 128.3	41 191.2	41 122.7
Tax liability ^(a)	2 729.8	2 690.0	2 663.8	2 596.6
Plan assets	(16 184.3)	(16 578.5)	(16 907.1)	(17 234.4)
Net liability/(asset)	27 504.5	27 239.8	26 947.9	26 484.9
Other funds ^(b)				
Defined benefit obligation	2 474.3	2 494.1	2 497.1	2 504.4
Tax liability ^(a)	(4.0)	(3.5)	(2.9)	(2.5)
Plan assets	(1 317.4)	(1 314.0)	(1 302.8)	(1 291.4)
Net liability/(asset)	1 152.9	1 176.6	1 191.4	1 210.5
Total superannuation				
Defined benefit obligation	43 433.4	43 622.3	43 688.2	43 627.1
Tax liability ^(a)	2 725.8	2 686.5	2 660.9	2 594.1
Plan assets	(17 501.7)	(17 892.5)	(18 209.9)	(18 525.8)
Superannuation liability	28 657.5	28 416.3	28 139.3	27 695.5
Represented by:				
Current liability	1 000.0	1 000.0	1 133.4	1 264.2
Non-current liability	27 657.5	27 416.3	27 005.9	26 431.2

Notes:

- (a) Tax liability represents the present value of tax payments on contributions that are expected to be required to fund accrued benefits.
- (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)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Buildings ^(a)	947.5	1 043.9	1 067.6	1 186.5
Leasehold buildings	92.3	91.4	91.0	90.6
Infrastructure systems	25.1	25.8	26.3	26.3
Plant, equipment and vehicles	669.0	671.6	672.4	674.4
Roads and road networks	569.3	639.3	685.0	693.8
Cultural assets	19.0	19.2	19.2	19.2
Intangible produced assets ^(b)	55.4	50.0	59.1	59.2
Total depreciation	2 377.7	2 541.2	2 620.7	2 750.1

Notes:

- (a) Includes estimated depreciation on amounts not yet allocated to projects in 2013-14 to 2016-17.
- (b) Amortisation of intangible non-produced assets is included under other gains/(losses) from other economic flows.

Note 9: Interest expense

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	Budget	Estimate	Estimate	Estimate
Interest on long-term interest-bearing liabilities	1 306.2	1 456.2	1 483.1	1 404.9
Interest on short-term interest-bearing liabilities	52.7	52.6	52.6	52.6
Finance charges on finance leases	774.4	760.0	723.9	797.4
Discount interest on payables	43.6	41.0	39.4	36.8
Total interest expense	2 176.9	2 309.8	2 299.0	2 291.8

Note 10: Other operating expenses

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	Budget	Estimate	Estimate	Estimate
Purchase of supplies and consumables ^(a)	7 640.3	7 690.1	7 519.0	7 873.7
Cost of goods sold	178.7	15.3	15.6	15.7
Finance expenses and fees	24.3	21.0	20.6	20.5
Purchase of services ^(a)	7 037.5	7 188.5	7 399.6	7 523.9
Maintenance	821.1	825.0	851.5	848.3
Operating lease payments	231.8	262.9	253.6	255.6
Other	639.2	675.4	704.7	733.8
Total other operating expenses	16 573.0	16 678.2	16 764.6	17 271.4

Note:

(a) Further disclosure on other operating expenses by department is available on the Department of Treasury and Finance's website.

Note 11: Grants and other transfers

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Current grants and other transfers expense				
Commonwealth Government	170.7	157.1	157.2	156.7
Local government (including grants for on-passing)	781.8	749.7	734.2	734.3
Private sector and not-for-profit for on-passing	3 931.8	4 182.5	4 490.9	4 730.8
Other private sector and not-for-profit	177.7	156.1	155.6	158.1
Grants within the Victorian government	2 767.7	2 935.9	2 902.7	2 909.0
Grants to other state governments	11.3	11.6	11.8	11.8
Total current grants and other transfers	7 841.0	8 192.9	8 452.5	8 700.7
Capital grants expense				
Commonwealth Government	0.3	0.2	0.2	0.2
Local government (including grants for on-passing)	77.3	80.2	34.8	41.1
Private sector and not-for-profit on-passing	69.7	50.9	30.8	27.2
Other private sector and not-for-profit	3.5	3.5	3.5	4.0
Other grants	5.5	17.0	0.5	0.5
Total capital grants and other transfers	156.4	151.9	69.9	73.1
Total grants and other transfers	7 997.4	8 344.8	8 522.4	8 773.8

Note 12: Expenses by government purpose and by department

(a) Expenses by government purpose classification ^(a)

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Expenses				
General public services	361.4	382.6	382.2	403.4
Public order and safety	5 491.0	5 671.5	5 693.3	5 885.9
Education	13 949.8	14 229.3	14 612.2	15 028.0
Health	13 982.3	14 320.0	14 619.2	15 128.6
Social security and welfare	3 233.1	3 218.4	3 305.9	3 412.2
Housing and community amenities	2 092.5	2 496.4	2 561.0	2 580.7
Recreation and culture	622.0	720.3	725.5	742.6
Fuel and energy	20.2	24.1	24.6	25.0
Agriculture, forestry, fishing, and hunting	839.3	803.4	760.9	774.3
Mining, manufacturing, and construction	15.6	18.7	19.1	19.4
Transport and communications	5 535.1	5 649.1	5 818.8	6 016.8
Other economic affairs	684.9	629.3	631.2	567.5
Other purposes	3 275.8	3 413.0	3 392.7	3 411.7
Total expenses by government purpose classification	50 103.0	51 576.0	52 546.6	53 996.0

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)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Expenses				
Education and Early Childhood Development	14 080.1	14 394.0	14 798.0	14 989.7
Environment and Primary Industries	3 305.1	3 322.1	3 178.3	3 000.3
Health	15 864.2	16 154.0	16 534.2	16 813.6
Human Services	3 718.6	3 736.5	3 825.7	3 885.9
Justice	8 300.3	8 623.1	8 729.1	8 950.5
Parliament	190.7	178.3	179.7	181.5
Premier and Cabinet	672.0	652.7	632.5	636.0
State Development, Business and Innovation	1 179.0	866.3	707.4	629.7
Transport, Planning and Local Infrastructure	9 611.0	9 850.4	9 981.8	10 166.0
Treasury and Finance	40 963.3	42 330.9	44 363.3	45 895.0
Regulatory bodies and other part funded agencies ^(a)	1 920.2	1 892.1	1 885.2	1 863.5
Contingencies not allocated to departments ^(b)	(88.4)	834.4	1 385.4	2 108.2
Total expenses by department including administered items	99 716.2	102 834.8	106 200.6	109 120.0
Less eliminations and adjustments ^(c)	(49 613.2)	(51 258.8)	(53 654.0)	(55 124.0)
Total expenses	50 103.0	51 576.0	52 546.6	53 996.0

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)

	2013-14	2014-15	2015-16	2016-17
	Budget	Estimate	Estimate	Estimate
Net (increase) in provision for doubtful receivables	(267.7)	(289.4)	(270.0)	(264.3)
Amortisation of intangible non-produced assets	(10.5)	(10.5)	(10.5)	(10.5)
Net (increase) in bad debts	(114.1)	(119.3)	(153.0)	(153.2)
Other gains/(losses)	17.4	24.7	14.9	(7.2)
Total other gains/(losses) from other economic flows	(374.8)	(394.4)	(418.5)	(435.2)

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

(\$ million)

	2014	2015	2016	2017
	Budget	Estimate	Estimate	Estimate
Balance of investment in PNFC and PFC sectors at beginning of period	69 752.0	73 591.5	76 868.4	77 918.4
Net contributions to other sectors by owner	2 280.3	2 092.9	505.2	439.4
Revaluation gain/(loss) for period	1 559.2	1 184.1	544.7	(460.1)
Investment in other sector entities at end of period	73 591.5	76 868.4	77 918.4	77 897.7

Note 15: Net acquisition of non-financial assets from transactions

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	Budget	Estimate	Estimate	Estimate
Purchases of non-financial assets (including change in inventories)	4 868.9	4 136.7	3 344.7	3 851.9
Less: sale of non-financial assets	(420.2)	(434.3)	(500.8)	(437.0)
Less: depreciation	(2 377.7)	(2 541.2)	(2 620.7)	(2 750.1)
Plus: other movements in non-financial assets	48.9	43.9	1 118.0	67.8
Total net acquisition of non-financial assets	2 120.0	1 205.2	1 341.2	732.6

Note 16: Advances paid and investments, loans and placements

(\$ million)

	2013	2014	2015	2016	2017
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Current advances paid and investments, loans and placements					
Loans and advances receivable	11.3	11.3	11.3	11.3	11.3
Equities and managed investment schemes	227.9	250.8	274.4	275.0	275.2
Australian dollar term deposits	1 904.9	1 990.6	2 057.2	2 151.3	2 250.2
Debt securities	7.4	7.4	7.4	7.4	7.4
Total current advances paid and investments, loans and placements	2 151.5	2 260.1	2 350.3	2 445.0	2 544.1
Non-current advances paid and investments, loans and placements					
Loans and advances receivable	4 623.0	4 580.8	4 532.2	4 476.4	4 449.0
Equities and managed investment schemes	246.3	230.0	220.1	196.9	192.6
Australian dollar term deposits	227.9	219.5	208.8	199.5	191.3
Debt securities	30.7	30.7	30.7	30.7	30.7
Total non-current advances paid and investments, loans and placements	5 127.9	5 061.1	4 991.7	4 903.4	4 863.5
Total advances paid and investments, loans and placements	7 279.3	7 321.2	7 342.0	7 348.4	7 407.6

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

(\$ million)

	2013	2014	2015	2016	2017
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Buildings (written down value)	21 664.3	23 078.6	23 805.3	25 209.6	27 784.1
Buildings leasehold	2 802.3	2 939.0	2 961.6	4 018.6	4 023.0
Land and national parks	36 581.2	36 861.9	37 467.4	37 603.2	38 214.6
Infrastructure systems (written down value)	2 325.6	2 369.6	2 395.4	2 414.8	2 446.3
Plant, equipment and vehicles (written down value)	2 409.3	2 290.4	1 918.2	1 522.4	1 108.6
Roads and road networks (written down value)	21 353.5	24 005.5	25 433.7	25 217.3	24 959.7
Earthworks	7 276.7	8 134.1	8 617.4	8 617.4	8 617.4
Cultural assets (written down value)	5 458.3	5 460.6	5 464.1	5 479.8	5 473.5
Total land, buildings, infrastructure, plant and equipment	99 871.1	105 139.7	108 063.1	110 083.0	112 627.0

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

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Carrying amount at the start of the year ^(a)	99 871.1	105 139.7	108 063.1	110 083.0
Additions ^(b)	4 844.8	4 106.9	4 370.8	3 837.2
Disposals at written down value ^(b)	(314.5)	(349.4)	(417.4)	(353.9)
Revaluations	3 917.7	2 299.2	1 048.5	2 040.7
Assets reclassified	(857.3)	(642.3)	(420.4)	(289.1)
Depreciation expense	(2 322.3)	(2 491.1)	(2 561.5)	(2 690.9)
Carrying amount at the end of the year	105 139.7	108 063.1	110 083.0	112 627.0

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.

Note 19: Assets classified by government purpose and by department

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

(\$ million)

	2013-14 Budget	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
General public services	197.0	120.3	106.7	105.3
Public order and safety	847.5	566.0	245.5	246.3
Education	518.9	365.2	244.8	242.0
Health	1 147.9	842.0	756.3	554.2
Social security and welfare	154.5	108.4	97.6	31.6
Housing and community amenities	173.7	116.8	76.9	72.9
Recreation and culture	157.1	87.4	72.1	40.6
Fuel and energy	4.3	2.7	2.4	..
Agriculture, forestry, fishing and hunting	61.5	22.7	10.9	6.3
Mining, manufacturing and construction	0.1	0.1	0.1	..
Transport and communications	2 047.8	1 584.9	894.3	525.8
Other economic affairs	58.3	18.8	17.6	4.2
Other purposes	0.7	0.4	0.4	..
Not allocated by purpose ^(b)	(500.3)	301.0	819.1	2 022.7
Total purchases of non-financial assets	4 868.9	4 136.7	3 344.7	3 851.9

Notes:

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

(b) Purchase of non-financial assets by department

(\$ million)

	2013-14 <i>Budget</i>	2014-15 <i>Estimate</i>	2015-16 <i>Estimate</i>	2016-17 <i>Estimate</i>
Education and Early Childhood Development	516.0	362.3	241.9	242.0
Environment and Primary Industries	208.1	137.1	127.9	92.9
Health	1 205.1	899.2	813.5	554.2
Human Services	78.3	53.9	43.1	31.6
Justice	839.6	569.7	260.2	179.5
Parliament	3.3	3.3	3.3	3.3
Premier and Cabinet	80.4	35.0	25.4	21.0
State Development, Business and Innovation	122.1	8.2	9.1	5.0
Transport, Planning and Local Infrastructure	2 065.7	1 544.9	832.9	533.9
Treasury and Finance	45.9	45.6	27.0	27.0
Regulatory bodies and other part budget funded agencies ^(a)	204.8	176.5	141.2	138.7
Contingencies not allocated to departments ^(b)	(500.3)	301.0	819.1	2 022.7
Total purchases of non-financial Assets	4 868.9	4 136.7	3 344.7	3 851.9

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 and by department (continued)

(c) Total assets by government purpose classification

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17
	Revised	Budget	Estimate	Estimate	Estimate
General public services	1 476.5	1 401.9	1 378.7	1 369.9	1 381.6
Public order and safety	7 180.3	7 982.9	8 554.6	8 994.0	9 718.1
Education	17 024.4	17 068.6	17 031.5	17 060.8	17 528.1
Health	10 222.2	10 989.8	10 936.4	11 984.6	11 969.2
Social security and welfare	1 005.5	1 041.0	1 042.1	1 044.8	1 071.3
Housing and community amenities	7 120.9	7 420.6	7 423.0	7 521.8	7 161.4
Recreation and culture	8 413.0	8 390.7	8 386.6	8 545.8	8 851.7
Fuel and energy	5.8	5.8	5.8	5.9	6.1
Agriculture, forestry, fishing and hunting	804.0	823.9	804.1	786.0	790.2
Mining, manufacturing and construction	..	..	..	..	..
Transport and communications	46 947.8	50 211.9	52 655.1	52 841.7	54 118.5
Other economic affairs	860.0	950.3	951.6	964.3	997.4
Other purposes	2.7	2.7	2.7	2.7	2.8
Not allocated by purpose ^(a)	85 865.9	89 759.9	93 094.1	94 254.7	94 427.7
Total assets	186 928.9	196 049.9	202 266.0	205 377.0	208 024.1

Note:

(a) Represents financial assets which are not able to be allocated by purpose. This mainly includes balances relating to the general government sector's investment in other sector entities.

Note 20: Borrowings

(\$ million)

	2013	2014	2015	2016	2017
	Revised	Budget	Estimate	Estimate	Estimate
Current borrowings					
Domestic borrowings	856.0	859.0	862.0	865.0	888.1
Finance lease liabilities	73.0	96.1	119.1	141.4	163.7
Total current borrowings	929.0	955.0	981.1	1 006.4	1 051.8
Non-current borrowings					
Domestic borrowings	22 592.0	26 100.6	28 556.7	27 302.0	26 106.4
Finance lease liabilities	7 901.7	7 732.9	7 558.3	8 429.0	8 280.6
Derivative financial instruments	36.0	36.0	36.0	36.0	36.0
Total non-current borrowings	30 529.7	33 869.6	36 151.0	35 766.9	34 423.1
Total borrowings	31 458.6	34 824.6	37 132.1	36 773.3	35 474.8

Note 21: Employee benefits

(\$ million)

	2013	2014	2015	2016	2017
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Current					
Accrued salaries and wages ^(a)	1 546.7	1 582.8	1 619.1	1 654.9	1 691.8
Long service leave	3 091.7	3 214.0	3 341.7	3 473.6	3 607.4
Total current employee benefits	4 638.3	4 796.8	4 960.9	5 128.5	5 299.3
Non-current					
Long service leave	581.5	615.9	650.7	689.7	734.3
Total non-current employee benefits	581.5	615.9	650.7	689.7	734.3
Total employee benefits	5 219.8	5 412.7	5 611.5	5 818.2	6 033.6

Note:

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

Note 22: Reserves

(\$ million)

	2013	2014	2015	2016	2017
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Land, buildings, infrastructure, plant and equipment revaluation surplus	37 250.8	41 168.8	43 468.3	44 517.0	46 558.0
Available-for-sale investments revaluation surplus	23.4	24.3	25.3	26.4	27.4
Revaluation surplus for investments in PFC and PNFC entities	38 762.6	40 321.8	41 505.9	42 050.5	41 590.5
Other reserves	971.4	982.4	993.4	1 004.5	1 015.5
Total reserves	77 008.2	82 497.3	85 992.9	87 598.4	89 191.4

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

(\$ million)

	2013-14	2014-15	2015-16	2016-17
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash surplus/(deficit)	(1 717.1)	(615.6)	1 827.1	1 863.8
<i>Convergence differences:</i>				
Less: Acquisitions under finance leases and similar arrangements	..	..	(1 050.4)	..
Total convergence differences	..	..	(1 050.4)	..
GFS cash surplus/(deficit)^(a)	(1 717.1)	(615.6)	776.6	1 863.8

Note:

(a) Determined in accordance with the ABS Government Finance Statistics (GFS) manual.

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

The *2011-12 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 *2011-12 Financial Report*.

Note 25: Controlled entities

Note 40 *Controlled Entities* within the 2011-12 *Financial Report for the State of Victoria* 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 2012 or are expected to change for the budget year 2013-14. Unless otherwise noted below, all such entities are wholly owned.

<i>Controlled entities</i> ^(a)	<i>Entities included as investments in other sectors</i>	
	<i>General government</i>	<i>Public non-financial corporation</i> / <i>Public financial corporation</i>
Department of Education and Early Childhood Development ^(b)		
Wodonga Institute of TAFE ^(c)	*	
Department of Environment and Primary Industries ^{(d)(e)}		
Veterinary Practitioners Registration Board of Victoria ^(f)	*	
Agriculture Victoria Services Pty Ltd ^(f)		*
City West Water Corporation ^(g)		*
Dairy Food Safety Victoria ^(f)		*
Murray Valley Citrus Board ^(f)		*
Murray Valley Wine Grape Industry Development Committee ^(f)		*
Northern Victorian Fresh Tomato Industry Development Committee ^(f)		*
Phytogene Pty Ltd ^(f)		*
PrimeSafe ^(f)		*
South East Water Corporation ^(g)		*
VicForests ^(f)		*
Victorian Strawberry Industry Development Committee ^(f)		*
Yarra Valley Water Corporation ^(g)		*
Department of Health ^(h)		
Monash Health ^(d)	*	
Department of Justice		
Independent Broad-based Anti-Corruption Commission (IBAC) ⁽ⁱ⁾	*	
Victorian Inspectorate ⁽ⁱ⁾	*	
Victorian Responsible Gambling Foundation ⁽ⁱ⁾	*	
Freedom of Information Commissioner ⁽ⁱ⁾	*	
Fire services Levy Monitor ⁽ⁱ⁾	*	

<i>Controlled entities</i> ^(a)	<i>General government</i>	<i>Entities included as investments in other sectors</i>	
		<i>Public non-financial corporation</i>	<i>Public financial corporation</i>
Department of Premier and Cabinet			
Shrine of Remembrance Trustees ^(j)	*		
Victorian Aboriginal Heritage Council ^(j)	*		
Victorian Veterans Council ^(j)	*		
Department of State Development, Business and Innovation ^(d)			
Energy Safe Victoria ^(k)	*		
Regional Development Victoria ^(l)	*		
Department of Transport, Planning and Local Infrastructure ^{(d)(m)}			
Architects Registration Board of Victoria ⁽ⁿ⁾	*		
Building Commission ⁽ⁿ⁾	*		
Growth Areas Authority ⁽ⁿ⁾	*		
Heritage Council ⁽ⁿ⁾	*		
Melbourne Cricket Ground Trust ⁽ⁿ⁾	*		
Plumbing Industry Commission ⁽ⁿ⁾	*		
Victorian Building Authority ⁽ⁱ⁾⁽ⁿ⁾	*		
Victorian Institute of Sport Limited ⁽ⁿ⁾	*		
Victorian Institute of Sport Trust ⁽ⁿ⁾	*		
Melbourne and Olympic Parks Trust ⁽ⁿ⁾		*	
State Sport Centres Trust ⁽ⁿ⁾		*	
Urban Renewal Authority Victoria (Places Victoria) ⁽ⁿ⁾		*	

Notes:

- (a) *Effective 1 July 2013, the following departments will cease to exist and will have their functions and operations transferred to other Victorian government departments:*
- *Department of Planning and Community Development; and*
 - *Department of Primary Industries.*
- (b) *Effective 1 January 2013, Victorian Skills Commission ceased to exist and operations were transferred to Department of Education and Early Childhood Development.*
- (c) *Effective 1 January 2013, Driver Education Centre Australia Ltd ceased to exist and operations were transferred to Wodonga Institute of TAFE.*
- (d) *Entity name changes:*
- *on 9 April 2013, the Department of Sustainability and Environment became the Department of Environment and Primary Industries;*
 - *on 15 May 2013, Southern Health is expected to become Monash Health upon gazettal;*
 - *on 9 April 2013, the Department of Business and Innovation became the Department of State Development, Business and Innovation; and*
 - *on 9 April 2013, the Department of Transport became the Department of Transport, Planning and Local Infrastructure.*
- (e) *Effective 1 July 2012, the State Owned Enterprise for Irrigation Modernisation in Northern Victoria ceased to exist and operations were transferred to Goulburn-Murray Rural Water Corporation, a public non-financial corporation.*
- (f) *Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Primary Industries to the Department of Environment and Primary Industries portfolio.*

Notes (continued):

- (g) Effective 1 July 2012, the following entities were transferred from the Department of Treasury and Finance to the Department of Sustainability and Environment portfolio:
 - City West Water State Corporation;
 - South East Water State Corporation; and
 - Yarra Valley Water State Corporation.
- (h) Entity transfers: Effective from 1 July 2012, the following general government entities were 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.
- (i) New entities:
 - on 1 July 2012, Independent Broad-based Anti- corruption Commission commenced operations; on 10 February 2013 following proclamation of the Independent Broad-based Anti- corruption Amendment (Investigative Functions) Act 2012, the Office of Police Integrity ceased operations.
 - on 1 July 2012, Victorian Inspectorate commenced operations;
 - on 1 July 2012, Victorian Responsible Gambling Foundation commenced operations;
 - on 1 December 2012, Freedom of Information Commissioner commenced operations;
 - on 19 December 2012, Fire Services Levy Monitor commenced operations; and
 - on 1 July 2013, Victorian Building Authority is expected to commence operations.
- (j) Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of Premier and Cabinet portfolio.
- (k) Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Primary Industries to the Department of State Development, Business and Innovation portfolio.
- (l) Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of State Development, Business and Innovation portfolio.
- (m) By the 30 June 2013, the Public Transport Ticketing Body will cease to exist and its operations transferred to Public Transport Victoria, a general government entity.
- (n) Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of Transport, Planning and Local Infrastructure portfolio.

CHAPTER 2 – SUPPLEMENTARY UNIFORM PRESENTATION FRAMEWORK TABLES

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

	<i>(\$ million)</i>					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Revenue						
Interest	131.7	71.8	42.2	41.9	39.4	39.2
Dividends	77.3	78.4	82.9	85.9	86.0	86.0
Sales of goods and services	4 773.4	4 995.0	6 005.9	6 354.7	6 620.9	6 871.9
Grants	2 517.1	2 656.9	2 763.0	2 910.8	2 871.6	2 881.8
Other current revenue	718.2	381.6	411.1	412.7	427.0	442.9
Total revenue	8 217.6	8 183.7	9 305.1	9 806.0	10 044.9	10 321.9
Expenses						
Employee expenses	986.7	1 032.1	1 046.1	1 081.2	1 118.9	1 147.8
Other superannuation	111.9	85.0	86.1	89.6	93.0	95.1
Depreciation	1 716.1	1 887.3	2 019.3	2 078.3	2 268.3	2 338.7
Interest expense	702.7	1 019.0	1 284.6	1 332.1	1 376.3	1 420.3
Other operating expenses	4 412.4	4 459.1	4 809.8	5 143.3	5 184.1	5 281.6
Grants and other transfers	254.1	223.2	235.1	238.5	224.8	227.0
Other property expenses	93.4	75.6	125.2	138.7	160.3	168.3
Total expenses	8 277.3	8 781.2	9 606.2	10 101.7	10 425.7	10 678.9
Net result from transactions – net operating balance ^(a)	(59.7)	(597.6)	(301.1)	(295.7)	(380.8)	(357.0)
Other economic flows included in net result						
Net gain/(loss) on sale of non-financial assets	4.4	1.1	(4.6)	(4.6)	(4.0)	(4.5)
Net gain/(loss) on financial assets or liabilities at fair value	(671.3)	43.7	1.2	1.0	0.8	0.8
Net actuarial gains/(losses) of superannuation defined benefits plans ^(b)	(62.2)	4.6	..	..	..	..
Share of net profit/(loss) from associates/ joint venture entities, excluding dividends	5.6	..	..	..	..	..
Other gains/(losses) from other economic flows	557.7	70.6	67.6	79.1	96.6	99.6
Total other economic flows included in net result	(165.8)	120.1	64.2	75.5	93.3	95.9
Net result	(225.5)	(477.5)	(236.9)	(220.2)	(287.5)	(261.1)

	2011-12 Actual	2012-13 Revised	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Other economic flows – other comprehensive income^(c)						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus ^(d)	954.2	(67.9)	1 876.6	1 471.9	985.9	(65.8)
Other movements in equity ^(d)	(292.9)	150.8	2.4	2.0	0.9	(38.5)
Items that may be reclassified subsequently to net result						
Net gain/(loss) on financial assets at fair value	(6.9)	27.5	6.9	4.1	1.5	1.2
Total other economic flows – other comprehensive income^(c)	654.4	110.5	1 885.9	1 478.0	988.3	(103.2)
Comprehensive result – total change in net worth	428.9	(367.0)	1 649.1	1 257.8	700.7	(364.3)
FISCAL AGGREGATES						
Net operating balance	(59.7)	(597.6)	(301.1)	(295.7)	(380.8)	(357.0)
Less: net acquisition of non-financial assets from transactions ^(e)	2 364.2	6 156.9	1 704.5	1 795.9	421.8	(208.2)
Net lending/(borrowing)	(2 423.9)	(6 754.5)	(2 005.6)	(2 091.6)	(802.6)	(148.8)

Source: Department of Treasury and Finance

Notes:

- (a) Estimates reflect changed treatment of income tax expenses for some entities in this sector, from other property expenses to other gains/(losses) from other economic flow, to better reflect the nature of these transactions.
- (b) Due to changes to AASB 119 Employee Benefits, which applies from 2013-14, actuarial gains and losses relating to superannuation defined benefit plans will be reported as remeasurements of the defined benefit liability in other comprehensive income rather than being included in the net result. The 2011-12 and 2012-13 figures are prepared based on the accounting policies and requirements that are applicable for the relevant period.
- (c) The changed item description 'other economic flows – other comprehensive income' and related inclusion of sub-headings are due to new requirements of AASB 101 and AASB 1049.
- (d) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.
- (e) The 2012-13 revised estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

Table 2.2: Public non-financial corporations balance sheet

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Assets						
Financial assets						
Cash and deposits	773.8	448.6	501.9	576.2	574.4	720.2
Advances paid	46.1	108.2	106.3	104.9	103.9	103.3
Receivables	1 375.9	1 176.4	1 204.7	1 138.0	1 048.4	1 031.6
Investments, loans and placements	1 064.3	883.0	827.6	830.6	850.9	821.7
Investments accounted for using equity method ^(a)	1 619.5	1 619.5	1 619.5	1 619.5	1 619.5	1 619.5
Total financial assets	4 879.6	4 235.7	4 259.9	4 269.1	4 197.1	4 296.3
Non-financial assets						
Inventories	704.4	801.9	789.7	697.4	572.2	428.8
Non-financial assets held for sale	11.2	0.3	..	..	..	..
Land, buildings, infrastructure, plant and equipment	82 099.8	89 014.7	93 460.1	97 988.4	100 287.1	100 407.0
Other non-financial assets	1 100.5	1 010.4	1 044.9	1 039.1	1 030.0	1 026.5
Total non-financial assets	83 916.0	90 827.3	95 294.7	99 724.9	101 889.3	101 862.3
Total assets	88 795.5	95 062.9	99 554.7	103 994.0	106 086.4	106 158.6
Liabilities						
Deposits held and advances received	393.3	394.6	406.5	418.6	432.7	446.4
Payables	1 668.3	1 495.2	1 621.5	1 632.0	1 642.1	1 650.3
Borrowings	10 867.7	16 349.8	17 250.5	18 187.7	18 842.2	19 200.4
Employee benefits	322.1	319.2	336.7	344.7	356.9	368.5
Superannuation	153.3	128.0	125.4	121.9	118.7	115.7
Other provisions	8 631.6	8 228.8	7 910.8	8 157.3	8 218.1	7 973.3
Total liabilities	22 036.4	26 915.6	27 651.3	28 862.2	29 610.7	29 754.6
Net assets	66 759.1	68 147.3	71 903.4	75 131.8	76 475.7	76 404.0
Accumulated surplus ^(a)	5 766.6	4 763.5	4 379.2	4 048.7	3 545.1	3 114.6
Reserves ^(a)	60 992.5	63 383.8	67 524.2	71 083.1	72 930.7	73 289.3
Net worth	66 759.1	68 147.3	71 903.4	75 131.8	76 475.7	76 404.0
FISCAL AGGREGATES						
Net financial worth	(17 156.9)	(22 680.0)	(23 391.3)	(24 593.1)	(25 413.6)	(25 458.3)
Net financial liabilities	17 156.9	22 680.0	23 391.3	24 593.1	25 413.6	25 458.3
Net debt ^(b)	9 376.9	15 304.6	16 221.3	17 094.7	17 745.7	18 001.6

Source: Department of Treasury and Finance

Notes:

- (a) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.
- (b) The 2012-13 revised 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)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash flows from operating activities						
Receipts						
Grants	2 626.0	2 689.1	2 881.6	3 000.6	2 949.7	2 936.0
Sales of goods and services ^(a)	5 046.6	5 604.0	6 456.7	6 962.0	7 272.8	7 585.5
Interest	86.0	60.8	20.0	23.1	24.4	20.3
Dividends	76.9	78.8	82.9	85.9	86.0	86.0
Other receipts	339.4	217.0	273.9	265.6	302.2	263.2
Total receipts	8 174.9	8 649.7	9 715.2	10 337.3	10 635.0	10 891.0
Payments						
Payments for employees	(962.5)	(1 037.8)	(1 031.5)	(1 076.1)	(1 109.7)	(1 139.2)
Superannuation	(83.6)	(105.7)	(88.7)	(93.0)	(96.2)	(98.2)
Interest	(641.8)	(975.2)	(1 234.1)	(1 288.7)	(1 342.7)	(1 386.5)
Grants	(169.1)	(235.6)	(165.6)	(158.9)	(139.1)	(82.5)
Goods and services ^(a)	(3 270.8)	(3 574.9)	(3 858.2)	(4 140.9)	(4 150.6)	(4 290.2)
Other payments	(1 652.6)	(1 758.7)	(1 937.5)	(2 068.1)	(2 142.5)	(2 154.3)
Total payments	(6 780.4)	(7 687.9)	(8 315.6)	(8 825.8)	(8 980.8)	(9 151.0)
Net cash flows from operating activities	1 394.6	961.8	1 399.5	1 511.5	1 654.2	1 740.0
Cash flows from investing activities						
Non-financial assets						
Purchases of non-financial assets	(3 890.5)	(3 682.7)	(3 736.3)	(3 899.9)	(2 688.5)	(2 113.1)
Sales of non-financial assets	122.2	102.9	105.7	119.6	90.2	73.9
Cash flows from investments in non-financial assets	(3 768.2)	(3 579.8)	(3 630.6)	(3 780.4)	(2 598.3)	(2 039.1)
Net cash flows from investments in financial assets for policy purposes	13.2	41.1	4.0	2.9	2.1	0.1
Net cash flows from investments in financial assets for liquidity purposes	(91.7)	203.9	58.8	(10.3)	(38.2)	22.7
Net cash flows from investing activities	(3 846.8)	(3 334.7)	(3 567.8)	(3 787.7)	(2 634.3)	(2 016.3)
Cash flows from financing activities						
Advances received (net)	8.1	13.5	12.9	12.9	12.9	12.9
Net borrowings	822.4	1 165.4	959.6	1 009.1	740.7	432.7
Deposits received (net)	21.6	(12.3)	(1.0)	(0.8)	1.1	0.8
Other financing (net)	1 605.2	880.0	1 248.1	1 327.1	221.4	(26.5)
Net cash flows from financing activities	2 457.3	2 046.5	2 219.6	2 348.3	976.1	419.9
Net increase/(decrease) in cash and cash equivalents	5.1	(326.4)	51.4	72.0	(4.0)	143.6
Cash and cash equivalents at beginning of reporting period	768.7	773.8	447.3	498.7	570.7	566.7
Cash and cash equivalents at end of reporting period ^(b)	773.8	447.3	498.7	570.7	566.7	710.3

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

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
FISCAL AGGREGATES						
Net cash flows from operating activities	1 394.6	961.8	1 399.5	1 511.5	1 654.2	1 740.0
Dividends paid	(305.9)	(651.3)	(152.0)	(105.6)	(210.1)	(130.3)
Cash flows from investments in non-financial assets	(3 768.2)	(3 579.8)	(3 630.6)	(3 780.4)	(2 598.3)	(2 039.1)
Cash (deficit)	(2 679.6)	(3 269.3)	(2 383.0)	(2 374.5)	(1 154.2)	(429.4)

Source: Department of Treasury and Finance

Notes:

- (a) These items are inclusive of goods and service tax.
- (b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in 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>
2011-12 Actual		
Balance at 1 July 2011	6 603.0	25 427.1
Net result	(225.5)	..
Dividends paid	(305.9)	..
Other comprehensive income for the year ^(a)	(305.0)	..
Transactions with owners in their capacity as owners	..	2 427.0
Total equity at end of period	5 766.6	27 854.1
2012-13 Revised		
Balance at 1 July 2012	5 766.6	27 854.1
Net result	(477.5)	..
Dividends paid	(651.3)	..
Other comprehensive income for the year	125.6	..
Transactions with owners in their capacity as owners	..	2 406.5
Total equity at end of period	4 763.5	30 260.6
2013-14 Estimate		
Balance at 1 July 2013	4 763.5	30 260.6
Net result	(236.9)	..
Dividends paid	(152.0)	..
Other comprehensive income for the year	4.6	..
Transactions with owners in their capacity as owners	..	2 259.0
Total equity at end of period	4 379.2	32 519.6
2014-15 Estimate		
Balance at 1 July 2014	4 379.2	32 519.6
Net result	(220.2)	..
Dividends paid	(105.6)	..
Other comprehensive income for the year	(4.6)	..
Transactions with owners in their capacity as owners	..	2 076.3
Total equity at end of period	4 048.7	34 595.8
2015-16 Estimate		
Balance at 1 July 2015	4 048.7	34 595.8
Net result	(287.5)	..
Dividends paid	(210.1)	..
Other comprehensive income for the year	(6.0)	..
Transactions with owners in their capacity as owners	..	853.3
Total equity at end of period	3 545.1	35 449.1
2016-17 Estimate		
Balance at 1 July 2016	3 545.1	35 449.1
Net result	(261.1)	..
Dividends paid	(130.3)	..
Other comprehensive income for the year	(39.1)	..
Transactions with owners in their capacity as owners	..	422.8
Total equity at end of period	3 114.6	35 872.0

Source: Department of Treasury and Finance

Note:

(a) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
31 278.8	900.2	64 209.1
..	..	(225.5)
..	..	(305.9)
954.2	5.2	654.4
..	..	2 427.0
32 233.1	905.3	66 759.1
32 233.1	905.3	66 759.1
..	..	(477.5)
..	..	(651.3)
(67.9)	52.8	110.5
..	..	2 406.5
32 165.2	958.1	68 147.3
32 165.2	958.1	68 147.3
..	..	(236.9)
..	..	(152.0)
1 876.6	4.8	1 885.9
..	..	2 259.0
34 041.7	962.9	71 903.4
34 041.7	962.9	71 903.4
..	..	(220.2)
..	..	(105.6)
1 471.9	10.8	1 478.0
..	..	2 076.3
35 513.6	973.6	75 131.8
35 513.6	973.6	75 131.8
..	..	(287.5)
..	..	(210.1)
985.9	8.4	988.3
..	..	853.3
36 499.5	982.0	76 475.7
36 499.5	982.0	76 475.7
..	..	(261.1)
..	..	(130.3)
(65.8)	1.7	(103.2)
..	..	422.8
36 433.7	983.7	76 404.0

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

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash surplus/(deficit)	(2 679.6)	(3 269.3)	(2 383.0)	(2 374.5)	(1 154.2)	(429.4)
Convergence differences:						
Acquisitions under finance leases and similar arrangements ^(a)	(1.1)	(4 351.5)	..	..	..	..
GFS cash surplus/(deficit)^(b)	(2 680.7)	(7 620.8)	(2 383.0)	(2 374.5)	(1 154.2)	(429.4)

Source: Department of Treasury and Finance

Notes:

- (a) The 2012-13 revised estimate reflect the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.
- (b) Determined in accordance with the ABS GFS manual.

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

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	3 890.5	3 682.7	3 736.3	3 899.9	2 688.5	2 113.1
Less: sales of non-financial assets	(122.2)	(102.9)	(105.7)	(119.6)	(90.2)	(73.9)
Less: depreciation	(1 716.1)	(1 887.3)	(2 019.3)	(2 078.3)	(2 268.3)	(2 338.7)
Plus: other movements in non-financial assets ^(a)	312.1	4 464.4	93.2	93.8	91.8	91.4
Total net acquisition of non-financial assets	2 364.2	6 156.9	1 704.5	1 795.9	421.8	(208.2)

Source: Department of Treasury and Finance

Note:

- (a) The 2012-13 revised estimate reflect 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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Revenue						
Taxation revenue	14 789.5	15 298.6	16 050.3	17 066.0	17 802.8	18 730.9
Interest	528.0	403.4	388.1	396.2	398.3	400.6
Dividends and income tax equivalents and rate equivalents	457.1	538.8	399.5	409.0	441.1	469.1
Sales of goods and services	9 626.9	9 985.4	11 226.7	11 603.7	12 062.6	12 390.0
Grants	22 559.4	21 688.7	23 290.6	23 896.6	25 168.2	26 202.9
Other revenue	2 788.2	2 350.8	2 485.6	2 348.7	2 424.2	2 473.6
Total revenue	50 749.1	50 265.7	53 841.0	55 720.2	58 297.3	60 667.2
Expenses						
Employee expenses	18 058.4	18 533.1	18 948.1	19 702.5	20 363.7	20 959.3
Superannuation interest expense	808.4	446.3	1 129.2	1 121.1	1 111.5	1 094.2
Other superannuation	1 935.9	2 008.1	1 987.9	2 002.9	2 028.8	2 049.3
Depreciation	3 842.6	4 152.2	4 397.0	4 619.4	4 889.0	5 088.8
Interest expense	1 928.0	2 428.7	2 940.4	3 128.9	3 171.3	3 216.1
Grants and other transfers	5 721.0	5 124.2	5 268.7	5 449.3	5 659.3	5 904.2
Other operating expenses	18 408.9	19 009.9	19 476.0	19 766.0	19 789.8	20 354.2
Total expenses	50 703.3	51 702.4	54 147.3	55 790.2	57 013.4	58 666.2
Net result from transactions – net operating balance	45.8	(1 436.7)	(306.3)	(70.0)	1 283.8	2 001.0
Other economic flows included in net result						
Net gain/(loss) on sale of non-financial assets	(101.6)	91.2	106.7	97.3	79.9	79.2
Net gain/(loss) on financial assets or liabilities at fair value	(674.8)	46.0	0.8	0.5	0.3	0.3
Net actuarial gains/(losses) of superannuation defined benefits plans ^(a)	(9 389.2)	3 596.5	..	..	..	..
Share of net profit/(loss) from associates/ joint venture entities, excluding dividends	5.1	..	..	..	..	..
Other (losses) from other economic flows	(303.9)	(554.7)	(406.0)	(422.6)	(451.6)	(468.9)
Total other economic flows included in net result	(10 464.4)	3 179.0	(298.5)	(324.8)	(371.4)	(389.4)
Net result	(10 418.6)	1 742.3	(604.8)	(394.7)	912.4	1 611.6
Other economic flows – other comprehensive income ^(b)						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus ^(c)	2 897.8	220.3	5 774.7	4 290.5	2 389.1	1 975.1
Remeasurement of superannuation defined benefits plans ^(a)	..	..	593.2	606.8	617.3	626.4
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	(81.3)	540.1	62.1	31.9	418.8	60.0
Other movements in equity ^(c)	175.4	280.8	4.7	3.3	(18.6)	(58.5)

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

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Items that may be reclassified subsequently to net result						
Net gain/(loss) on financial assets at fair value	(22.2)	28.2	7.9	5.1	2.5	2.2
Total other economic flows – other comprehensive income	2 969.7	1 069.4	6 442.4	4 937.6	3 409.1	2 605.3
Comprehensive result – total change in net worth	(7 448.9)	2 811.7	5 837.6	4 542.9	4 321.5	4 216.9
FISCAL AGGREGATES						
Net operating balance	45.8	(1 436.7)	(306.3)	(70.0)	1 283.8	2 001.0
Less: net acquisition of non-financial assets from transactions ^(d)	(4 645.9)	(8 587.9)	(3 770.0)	(2 940.2)	(1 694.9)	(484.7)
Net lending/(borrowing)	(4 600.2)	(10 024.6)	(4 076.3)	(3 010.1)	(411.0)	1 516.2

Source: Department of Treasury and Finance

Notes:

- (a) Due to changes to AASB 119 Employee Benefits, which applies from 2013-14, actuarial gains and losses relating to superannuation defined benefit plans will be reported as remeasurements of the defined benefit liability in other comprehensive income rather than being included in the net result. The 2011-12 and 2012-13 figures are prepared based on the accounting policies and requirements that are applicable for the relevant period.
- (b) The changed item description 'other economic flows – other comprehensive income' and related inclusion of sub-headings are due to new requirements of 'AASB 101 Presentation of Financial Statements' and 'AASB 1049 Whole of Government and General Government Sector Financial Reporting'.
- (c) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.
- (d) The 2012-13 revised estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

Table 2.8: Non-financial public sector government fiscal result

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
GOVERNMENT FISCAL PARAMETER						
Net operating balance	45.8	(1 436.7)	(306.3)	(70.0)	1 283.8	2 001.0
Plus: Expected return on superannuation assets in excess of AASB 119 discount rate taken to other comprehensive income	..	..	593.2	606.8	617.3	626.4
Government fiscal result	45.8	(1 436.7)	286.8	536.8	1 901.2	2 627.4

Refer to Chapter 1, Table 1.2 for further details on the Government fiscal result.

Table 2.9: Non-financial public sector balance sheet

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Assets						
Financial assets						
Cash and deposits	5 374.2	5 157.9	5 399.4	5 690.9	5 991.3	6 469.1
Advances paid	88.6	133.4	131.0	129.0	127.4	126.2
Receivables	3 800.1	4 470.3	4 444.9	4 312.9	4 137.5	4 017.6
Investments, loans and placements	3 682.9	3 528.0	3 556.6	3 629.1	3 711.6	3 769.0
Investments accounted for using equity method ^(a)	1 663.8	1 666.6	1 666.6	1 666.6	1 666.6	1 666.6
Investments in other sector entities	1 055.4	1 604.7	1 688.1	1 736.6	1 807.3	1 883.8
Total financial assets	15 665.0	16 560.9	16 886.6	17 165.0	17 441.6	17 932.4
Non-financial assets						
Inventories	1 000.6	1 037.3	1 025.6	933.7	808.9	666.0
Non-financial assets held for sale	160.4	142.8	136.0	129.4	122.8	116.2
Land, buildings, infrastructure, plant and equipment ^(b)	179 894.5	188 885.8	198 599.8	206 051.4	210 370.1	213 033.9
Other non-financial assets	1 679.9	1 718.8	1 711.2	1 662.5	1 584.8	1 511.4
Total non-financial assets	182 735.4	191 784.8	201 472.6	208 777.0	212 886.6	215 327.4
Total assets	198 400.5	208 345.7	218 359.2	225 942.1	230 328.2	233 259.8
Liabilities						
Deposits held and advances received	507.2	471.8	477.9	477.1	478.2	479.1
Payables	5 396.0	6 168.8	6 137.1	5 993.0	5 847.9	5 713.6
Borrowings (b)	33 259.7	43 490.0	47 811.2	51 116.8	51 480.8	50 580.1
Employee benefits	5 365.3	5 539.1	5 749.3	5 956.2	6 175.1	6 402.1
Superannuation	32 750.8	28 995.5	28 782.8	28 538.3	28 258.0	27 811.1
Other provisions	1 294.4	1 041.7	924.4	841.3	747.4	716.1
Total liabilities	78 573.4	85 706.9	89 882.8	92 922.7	92 987.4	91 702.1
Net assets	119 827.1	122 638.8	128 476.4	133 019.3	137 340.8	141 557.7
Accumulated surplus ^(a)	41 571.8	43 560.0	43 544.2	43 741.9	45 235.1	47 403.1
Reserves ^(a)	78 205.3	79 028.8	84 882.2	89 227.4	92 055.7	94 104.6
Non-controlling interest	50.0	50.0	50.0	50.0	50.0	50.0
Net worth	119 827.1	122 638.8	128 476.4	133 019.3	137 340.8	141 557.7
FISCAL AGGREGATES						
Net financial worth	(62 908.3)	(69 145.9)	(72 996.2)	(75 757.7)	(75 545.8)	(73 769.8)
Net financial liabilities	63 963.7	70 750.7	74 684.3	77 494.3	77 353.0	75 653.6
Net debt ^(b)	24 621.1	35 142.6	39 202.1	42 145.0	42 128.7	40 694.9

Source: Department of Treasury and Finance

Notes:

- (a) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.
- (b) The 2012-13 revised estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

Table 2.10: Non-financial public sector cash flow statement

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash flows from operating activities						
Receipts						
Taxes	15 372.3	15 341.6	16 046.8	17 065.3	17 842.3	18 790.4
Grants	22 818.2	21 594.8	23 292.5	23 896.0	25 164.7	26 197.5
Sales of goods and services ^(a)	10 682.3	10 977.1	12 353.4	12 886.0	13 419.4	13 801.8
Interest	489.2	391.5	379.6	390.4	396.1	400.1
Dividends and income tax equivalent and rate equivalents	456.6	536.9	399.5	408.4	440.7	468.5
Other receipts	2 204.0	1 913.7	2 002.8	1 819.8	1 873.0	1 854.6
Total receipts	52 022.7	50 755.6	54 474.7	56 465.9	59 136.1	61 512.9
Payments						
Payments for employees	(17 704.5)	(18 363.3)	(18 743.7)	(19 501.1)	(20 150.9)	(20 738.5)
Superannuation	(2 226.0)	(2 613.2)	(2 736.6)	(2 761.8)	(2 803.3)	(2 964.0)
Interest	(1 807.6)	(2 359.3)	(2 881.7)	(3 078.2)	(3 129.8)	(3 180.9)
Grants	(6 252.3)	(5 386.8)	(5 384.4)	(5 519.6)	(5 741.2)	(5 949.9)
Goods and services ^(a)	(19 608.9)	(19 716.0)	(20 121.3)	(20 448.1)	(20 502.0)	(21 067.9)
Other payments	(581.0)	(600.5)	(627.9)	(664.4)	(694.0)	(723.1)
Total payments	(48 180.3)	(49 039.0)	(50 495.6)	(51 973.2)	(53 021.1)	(54 624.4)
Net cash flows from operating activities	3 842.4	1 716.6	3 979.1	4 492.7	6 115.0	6 888.5
Cash flows from investing activities						
Purchases of non-financial assets	(7 455.4)	(7 735.6)	(8 550.7)	(7 975.8)	(5 965.1)	(5 925.3)
Sales of non-financial assets	289.3	508.6	525.9	553.9	591.1	510.9
Cash flows from investments in non-financial assets	(7 166.1)	(7 226.9)	(8 024.8)	(7 421.9)	(5 374.1)	(5 414.4)
Net cash flows from investments in financial assets for policy purposes	79.0	378.7	(15.0)	(11.7)	331.4	(35.8)
Net cash flows from investments in financial assets for liquidity purposes	(365.7)	180.9	(24.3)	(78.8)	(99.3)	(62.9)
Net cash flows from investing activities	(7 452.9)	(6 667.3)	(8 064.1)	(7 512.4)	(5 142.0)	(5 513.1)
Cash flows from financing activities						
Advances received (net)	(0.2)	..	..	..	..	..
Net borrowings	4 561.4	4 768.4	4 318.6	3 309.7	(675.9)	(900.6)
Deposits received (net)	(12.8)	(35.3)	6.0	(0.8)	1.1	0.8
Net cash flows from financing activities	4 548.4	4 733.1	4 324.5	3 308.9	(674.8)	(899.8)
Net increase/(decrease) in cash and cash equivalents	938.0	(217.6)	239.6	289.2	298.2	475.7
Cash and cash equivalents at beginning of reporting period	4 436.2	5 374.2	5 156.6	5 396.2	5 685.4	5 983.6
Cash and cash equivalents at end of reporting period ^(b)	5 374.2	5 156.6	5 396.2	5 685.4	5 983.6	6 459.3

Table 2.10: Non-financial public sector cash flow statement (continued)

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
FISCAL AGGREGATES						
Net cash flows from operating activities	3 842.4	1 716.6	3 979.1	4 492.7	6 115.0	6 888.5
Net cash flows from investments in non-financial assets	(7 166.1)	(7 226.9)	(8 024.8)	(7 421.9)	(5 374.1)	(5 414.4)
Cash surplus/(deficit)	(3 323.7)	(5 510.3)	(4 045.7)	(2 929.2)	740.9	1 474.1

Source: Department of Treasury and Finance

Notes:

- (a) These items are inclusive of goods and service tax.
- (b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement.

Table 2.11: Non-financial public sector statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2011-12 Actual		
Balance at 1 July 2011	51 816.8	48.5
Net result	(10 418.6)	..
Other comprehensive income for the year ^(a)	173.6	..
Transactions with owners in their capacity as owners	..	1.5
Total equity at end of period	41 571.8	50.0
2012-13 Revised		
Balance at 1 July 2012	41 571.8	50.0
Net result	1 742.3	..
Other comprehensive income for the year	245.9	..
Total equity at end of period	43 560.0	50.0
2013-14 Estimate		
Balance at 1 July 2013	43 560.0	50.0
Net result	(604.8)	..
Other comprehensive income for the year	589.0	..
Total equity at end of period	43 544.2	50.0
2014-15 Estimate		
Balance at 1 July 2014	43 544.2	50.0
Net result	(394.7)	..
Other comprehensive income for the year	592.5	..
Total equity at end of period	43 741.9	50.0
2015-16 Estimate		
Balance at 1 July 2015	43 741.9	50.0
Net result	912.4	..
Other comprehensive income for the year	580.8	..
Total equity at end of period	45 235.1	50.0
2016-17 Estimate		
Balance at 1 July 2016	45 235.1	50.0
Net result	1 611.6	..
Other comprehensive income for the year	556.4	..
Total equity at end of period	47 403.1	50.0

Source: Department of Treasury and Finance

Note:

(a) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.

<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>
72 654.8	844.2	1 910.3	127 274.6
..	..	..	(10 418.6)
2 897.8	(81.3)	(20.4)	2 969.7
..	..	..	1.5
75 552.6	762.9	1 889.8	119 827.1
75 552.6	762.9	1 889.8	119 827.1
..	..	..	1 742.3
220.3	540.1	63.1	1 069.4
75 772.9	1 303.0	1 952.9	122 638.8
75 772.9	1 303.0	1 952.9	122 638.8
..	..	..	( 604.8)
5 774.7	62.1	16.7	6 442.4
81 547.6	1 365.0	1 969.6	128 476.4
81 547.6	1 365.0	1 969.6	128 476.4
..	..	..	( 394.7)
4 290.5	31.9	22.8	4 937.6
85 838.1	1 396.9	1 992.4	133 019.3
85 838.1	1 396.9	1 992.4	133 019.3
..	..	..	912.4
2 389.1	418.8	20.4	3 409.1
88 227.2	1 815.7	2 012.8	137 340.8
88 227.2	1 815.7	2 012.8	137 340.8
..	..	..	1 611.6
1 975.1	60.0	13.8	2 605.3
90 202.4	1 875.6	2 026.6	141 557.7

Table 2.12: Derivation of non-financial public sector GFS cash surplus/(deficit)

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash surplus/(deficit)	(3 323.7)	(5 510.3)	(4 045.7)	(2 929.2)	740.9	1 474.1
Convergence differences:						
Acquisitions under finance leases and similar arrangements ^(a)	(917.1)	(5 371.4)	..	..	(1 050.4)	..
GFS cash surplus/(deficit) ^(b)	(4 240.8)	(10 881.7)	(4 045.7)	(2 929.2)	(309.5)	1 474.1

Source: Department of Treasury and Finance

Notes:

- (a) The finance lease amount in 2011-12 relates to the Royal Children's Hospital. The finance lease amount in 2012-13 relates to the Biosciences Research Centre, Peninsula Link and recognition of the finance lease arrangement for the Victorian desalination plant. The 2015-16 finance lease amount relates to the Victorian Comprehensive Cancer Centre.
- (b) Determined in accordance with the ABS GFS manual.

Table 2.13: Net acquisition of non-financial assets – non-financial public sector

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	7 455.4	7 735.6	8 550.7	7 975.8	5 965.1	5 925.3
Less: sales of non-financial assets	(289.3)	(508.6)	(525.9)	(553.9)	(591.1)	(510.9)
Less: depreciation	(3 842.6)	(4 152.2)	(4 397.0)	(4 619.4)	(4 889.0)	(5 088.8)
Plus: other movements in non-financial assets ^(a)	1 322.4	5 513.2	142.1	137.7	1 209.8	159.2
Total net acquisition of non-financial assets	4 645.9	8 587.9	3 770.0	2 940.2	1 694.9	484.7

Source: Department of Treasury and Finance

Note:

- (a) The other movements in non-financial assets amount in 2011-12 predominantly reflects the Royal Children's Hospital finance lease. The amount in 2012-13 predominantly reflects recognition of the Biosciences Research Centre, Peninsula Link and Victorian desalination plant finances leases. The 2015-16 finance lease amount predominantly relates to the Victorian Comprehensive Cancer Centre.

Table 2.14: Public financial corporations sector comprehensive operating statement

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Revenue						
Interest	2 406.7	2 439.0	2 715.5	2 958.5	3 092.6	2 959.0
Dividends	482.6	413.2	434.1	464.1	496.1	531.0
Sales of goods and services	3 628.6	3 698.6	3 913.0	4 114.8	4 322.3	4 533.2
Grants	1.0	4.0	..	..	..	..
Other revenue	20.4	21.7	23.2	24.9	24.5	25.2
Total revenue	6 539.3	6 576.5	7 085.9	7 562.3	7 935.6	8 048.5
Expenses						
Employee expenses	286.1	299.6	307.2	313.9	323.0	319.4
Other superannuation	25.4	24.0	24.7	25.4	26.2	25.9
Depreciation	37.8	40.9	48.1	52.3	55.2	53.3
Interest expense	1 856.1	1 938.3	2 195.3	2 421.8	2 523.3	2 484.5
Other operating expenses	5 258.6	5 114.9	5 381.8	5 696.3	5 936.5	6 109.9
Other property expenses	15.6	18.5	15.6	18.4	20.0	18.7
Total expenses	7 479.5	7 436.2	7 972.8	8 528.0	8 884.2	9 011.8
Net result from transactions – net operating balance^(a)	(940.3)	(859.7)	(886.9)	(965.7)	(948.7)	(963.3)
Other economic flows included in net result						
Net gain/(loss) on sale of non-financial assets	..	(0.1)	(0.1)	(0.1)	(0.1)	..
Net gain/(loss) on financial assets or liabilities at fair value	(2 574.9)	2 328.3	805.6	892.8	949.7	1 011.5
Other gains/(losses) from other economic flows	(920.8)	788.0	478.3	490.1	493.8	493.1
Total other economic flows included in net result	(3 495.7)	3 116.2	1 283.8	1 382.8	1 443.5	1 504.5
Net result	(4 436.0)	2 256.5	396.9	417.1	494.8	541.2
Other economic flows – other comprehensive income^(b)						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus	3.7	(13.9)	..	..	..	..
Other movements in equity	(0.4)	13.9	..	..	..	..
Total other economic flows – other comprehensive income	3.3	..	..	..	..	..
Comprehensive result – total change in net worth	(4 432.7)	2 256.5	396.9	417.1	494.8	541.2

Table 2.14: Public financial corporations sector comprehensive operating statement (continued)

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
FISCAL AGGREGATES						
Net operating balance	(940.3)	(859.7)	(886.9)	(965.7)	(948.7)	(963.3)
Less: net acquisition of non-financial assets from transactions	18.2	16.2	37.7	13.5	(4.0)	(0.3)
Net lending/(borrowing)	(958.5)	(875.9)	(924.6)	(979.2)	(944.7)	(963.0)

Source: Department of Treasury and Finance

Notes:

- (a) 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 results from transactions.
- (b) The changed item description 'other economic flows – other comprehensive income' and related inclusion of sub-headings are due to new requirements of 'AASB 101 Presentation of Financial Statements' and 'AASB 1049 Whole of Government and General Government Sector Financial Reporting'.

Table 2.15: Public financial corporations sector balance sheet

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Assets						
Financial assets						
Cash and deposits	5 045.2	3 898.6	4 199.3	4 253.4	4 641.8	4 687.1
Advances paid, investments, loans and placements	25 955.7	26 927.5	27 994.0	29 574.1	29 028.8	30 836.7
Loans receivable from non-financial public sector ^(a)	28 176.6	34 331.9	38 875.5	42 421.5	41 981.4	41 297.7
Receivables	2 082.2	2 072.0	2 083.8	2 106.4	2 167.0	2 241.9
Total financial assets	61 259.7	67 230.0	73 152.6	78 355.5	77 819.0	79 063.3
Non-financial assets						
Non-financial assets held for sale	9.8	2.0	2.0	2.0	..	..
Land, buildings, infrastructure, plant and equipment	78.4	63.7	67.7	64.9	53.6	43.7
Other non-financial assets	2 452.1	1 892.2	1 814.2	1 709.8	1 565.4	1 387.7
Total non-financial assets	2 540.3	1 958.0	1 883.9	1 776.7	1 619.0	1 431.4
Total assets	63 800.1	69 188.0	75 036.5	80 132.2	79 438.0	80 494.7
Liabilities						
Deposits held and advances received	6 376.8	6 869.7	6 881.9	6 987.5	7 049.5	7 259.0
Payables	1 492.5	1 806.6	1 872.8	1 942.5	2 014.0	2 131.6
Borrowings ^(b)	36 894.2	39 543.9	44 169.0	47 801.2	45 937.0	45 243.9
Employee benefits	77.1	71.9	73.7	75.7	74.4	76.0
Other provisions	22 627.1	22 738.3	23 757.2	24 907.8	26 127.3	27 364.0
Total liabilities	67 467.7	71 030.4	76 754.7	81 714.7	81 202.2	82 074.7
Net assets ^(c)	(3 667.7)	(1 842.4)	(1 718.2)	(1 582.4)	(1 764.2)	(1 579.9)
Accumulated surplus	(4 675.8)	(2 848.1)	(2 752.2)	(2 640.7)	(2 482.5)	(2 311.8)
Reserves	1 008.1	1 005.7	1 034.0	1 058.3	718.3	731.9
Net worth ^(c)	(3 667.7)	(1 842.4)	(1 718.2)	(1 582.4)	(1 764.2)	(1 579.9)
FISCAL AGGREGATES						
Net financial worth	(6 208.0)	(3 800.4)	(3 602.1)	(3 359.2)	(3 383.2)	(3 011.3)
Net financial liabilities	6 208.0	3 800.4	3 602.1	3 359.2	3 383.2	3 011.3
Net debt	(15 906.5)	(18 744.4)	(20 017.9)	(21 460.5)	(22 665.5)	(24 318.5)

Source: Department of Treasury and Finance

Notes:

- (a) Loans receivable from the non-financial public sector are measured 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 marked-to-market while the corresponding assets, that is lending to the non-financial public sector, are reported at historical value. This mismatch results in the negative net asset position of the sector.

Table 2.16: Public financial corporations sector cash flow statement

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash flows from operating activities						
Receipts						
Grants	1.0	6.5	..	..	..	..
Sales of goods and services ^(a)	3 671.6	4 122.1	4 376.3	4 592.8	4 799.6	5 018.7
Interest	2 332.7	2 334.6	2 613.5	2 856.5	2 990.6	2 857.0
Dividends	482.6	413.2	434.1	464.1	496.1	531.0
Other receipts	84.0	224.9	4.6	1.1	4.2	3.6
Total receipts	6 571.9	7 101.3	7 428.5	7 914.5	8 290.5	8 410.3
Payments						
Payments for employees	(273.1)	(304.8)	(305.4)	(312.0)	(324.3)	(317.7)
Superannuation	(25.4)	(24.0)	(24.7)	(25.4)	(26.2)	(25.9)
Interest	(1 851.9)	(1 868.1)	(2 196.2)	(2 419.5)	(2 504.5)	(2 474.7)
Goods and services ^(a)	(3 710.7)	(3 808.5)	(4 136.6)	(4 320.0)	(4 496.9)	(4 615.5)
Other payments	(14.6)	(14.5)	(19.2)	(20.8)	(22.4)	(5.0)
Total payments	(5 875.6)	(6 020.0)	(6 682.1)	(7 097.7)	(7 374.3)	(7 438.8)
Net cash flows from operating activities	696.3	1 081.3	746.4	816.8	916.2	971.5
Cash flows from investing activities						
Non-financial assets						
Purchases of non-financial assets	(58.6)	(58.7)	(87.4)	(67.3)	(53.0)	(54.1)
Sales of non-financial assets	2.6	1.6	1.6	1.6	1.7	1.2
Cash flows from investments in non-financial assets	(56.0)	(57.1)	(85.8)	(65.8)	(51.3)	(53.0)
Net cash flows from investments in financial assets for policy purposes	(94.6)	(79.3)	(112.7)	(120.6)	(130.4)	(1.0)
Net cash flows from investments in financial assets for liquidity purposes	(5 744.6)	(5 876.5)	(4 584.2)	(4 004.6)	219.0	(2.6)
Net cash flows from investing activities	(5 895.2)	(6 012.8)	(4 782.8)	(4 191.0)	37.3	(56.7)
Cash flows from financing activities						
Advances received (net)	99.6	254.4	1.7	1.8	4.7	2.1
Net borrowings	4 946.3	3 775.6	4 597.5	3 604.1	(378.5)	(722.1)
Deposits received (net)	777.4	186.2	10.5	103.8	120.5	207.4
Other financing (net)	(283.1)	(431.3)	(272.6)	(281.3)	(311.8)	(357.0)
Net cash flows from financing activities	5 540.2	3 784.9	4 337.1	3 428.3	(565.2)	(869.6)
Net increase/(decrease) in cash and cash equivalents	341.3	(1 146.6)	300.8	54.1	388.4	45.3

Table 2.16: Public financial corporations sector cash flow statement (continued)

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash and cash equivalents at beginning of reporting period	4 720.5	5 045.2	3 898.6	4 199.3	4 253.4	4 641.8
Cash and cash equivalents at end of reporting period ^(b)	5 061.8	3 898.6	4 199.3	4 253.4	4 641.8	4 687.1
FISCAL AGGREGATES						
Net cash flows from operating activities	696.3	1 081.3	746.4	816.8	916.2	971.5
Dividends paid	(353.4)	(440.6)	(293.9)	(297.9)	(328.4)	(373.6)
Cash flows from investments in non-financial assets	(56.0)	(57.1)	(85.8)	(65.8)	(51.3)	(53.0)
Cash surplus/(deficit)	286.9	583.6	366.7	453.1	536.5	544.9

Source: Department of Treasury and Finance

Notes:

(a) These items are inclusive of goods and service tax.

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

Table 2.17: Public financial corporations sector statement of changes in equity*(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Contribution by owners</i>
2011-12 Actual		
Balance at 1 July 2011	114.6	201.2
Net result	(4 436.0)	..
Dividends paid	(353.4)	..
Other comprehensive income for the year	(1.0)	..
Transactions with owners in their capacity as owners	..	53.7
Total equity at end of period	(4 675.8)	254.9
2012-13 Revised		
Balance at 1 July 2012	(4 675.8)	254.9
Net result	2 256.5	..
Dividends paid	(440.6)	..
Other comprehensive income for the year	11.7	..
Transactions with owners in their capacity as owners	..	9.2
Total equity at end of period	(2 848.1)	264.2
2013-14 Estimate		
Balance at 1 July 2013	(2 848.1)	264.2
Net result	396.9	..
Dividends paid	(293.9)	..
Other comprehensive income for the year	(7.0)	..
Transactions with owners in their capacity as owners	..	21.3
Total equity at end of period	(2 752.2)	285.5
2014-15 Estimate		
Balance at 1 July 2014	(2 752.2)	285.5
Net result	417.1	..
Dividends paid	(297.9)	..
Other comprehensive income for the year	(7.7)	..
Transactions with owners in their capacity as owners	..	16.6
Total equity at end of period	(2 640.7)	302.1
2015-16 Estimate		
Balance at 1 July 2015	(2 640.7)	302.1
Net result	494.8	..
Dividends paid	(328.4)	..
Other comprehensive income for the year	(8.1)	..
Transactions with owners in their capacity as owners	..	(348.1)
Total equity at end of period	(2 482.5)	(46.0)
2016-17 Estimate		
Balance at 1 July 2016	(2 482.5)	(46.0)
Net result	541.2	..
Dividends paid	(373.6)	..
Other comprehensive income for the year	3.0	..
Transactions with owners in their capacity as owners	..	16.6
Total equity at end of period	(2 311.8)	(29.4)

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
12.3	736.6	1 064.7
..	..	(4 436.0)
..	..	(353.4)
3.7	0.6	3.3
..	..	53.7
16.0	737.2	(3 667.7)
16.0	737.2	(3 667.7)
..	..	2 256.5
..	..	(440.6)
(13.9)	2.3	..
..	..	9.2
2.1	739.4	(1 842.4)
2.1	739.4	(1 842.4)
..	..	396.9
..	..	(293.9)
..	7.0	..
..	..	21.3
2.1	746.4	(1 718.2)
2.1	746.4	(1 718.2)
..	..	417.1
..	..	(297.9)
..	7.7	..
..	..	16.6
2.1	754.1	(1 582.4)
2.1	754.1	(1 582.4)
..	..	494.8
..	..	(328.4)
..	8.1	..
..	..	(348.1)
2.1	762.2	(1 764.2)
2.1	762.2	(1 764.2)
..	..	541.2
..	..	(373.6)
..	(3.0)	..
..	..	16.6
2.1	759.3	(1 579.9)

Table 2.18: Derivation of public financial corporations sector GFS cash surplus/(deficit)

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash surplus/(deficit)	286.9	583.6	366.7	453.1	536.5	544.9
Convergence differences:						
Acquisitions under finance leases and similar arrangements	..	..	..	..	..	..
GFS cash surplus/(deficit) ^(a)	286.9	583.6	366.7	453.1	536.5	544.9

Source: Department of Treasury and Finance

Note:

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

Table 2.19: Net acquisition of non-financial assets – public financial corporations sector

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	58.6	58.7	87.4	67.3	53.0	54.1
Less: sales of non-financial assets	(2.6)	(1.6)	(1.6)	(1.6)	(1.7)	(1.2)
Less: depreciation	(37.8)	(40.9)	(48.1)	(52.3)	(55.2)	(53.3)
Plus: other movements in non-financial assets	..	..	..	..	..	..
Total net acquisition of non-financial assets	18.2	16.2	37.7	13.5	(4.0)	(0.3)

Source: Department of Treasury and Finance

Table 2.20: State of Victoria operating statement

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Revenue						
Taxation revenue	14 775.9	15 284.1	16 035.5	17 050.7	17 787.0	18 715.4
Interest	1 215.8	1 012.4	1 022.7	1 051.1	1 091.2	978.5
Dividends and rate equivalents	571.1	494.7	520.6	553.8	586.0	620.9
Sales of goods and services	12 609.6	12 969.3	14 379.6	14 926.3	15 556.6	16 059.1
Grants	22 476.7	21 601.5	23 180.1	23 786.1	25 061.7	26 096.2
Other revenue	2 808.6	2 372.5	2 508.8	2 373.5	2 448.8	2 498.9
Total revenue	54 457.8	53 734.6	57 647.3	59 741.6	62 531.4	64 968.9
Expenses						
Employee expenses	18 057.2	18 531.2	18 945.3	19 698.4	20 360.6	20 947.2
Superannuation interest expense	808.4	446.3	1 129.2	1 121.1	1 111.5	1 094.2
Other superannuation	1 961.3	2 032.1	2 012.6	2 028.3	2 055.0	2 075.2
Depreciation	3 880.4	4 193.1	4 445.1	4 671.7	4 944.2	5 142.2
Interest expense	2 129.6	2 537.0	3 054.7	3 247.1	3 294.9	3 319.5
Grants and other transfers	5 635.4	5 124.2	5 268.7	5 449.4	5 659.5	5 904.4
Other operating expenses	23 233.0	23 606.0	24 282.3	24 862.1	25 101.6	25 809.1
Total expenses	55 705.3	56 469.8	59 138.0	61 078.1	62 527.4	64 291.7
Net result from transactions – net operating balance	(1 247.6)	(2 735.2)	(1 490.7)	(1 336.6)	4.0	677.2
Other economic flows included in net result						
Net gain/(loss) on sale of non-financial assets	(101.6)	91.1	106.6	97.2	79.8	79.2
Net gain on financial assets or liabilities at fair value	(3 249.7)	2 374.3	806.3	893.3	950.0	1 011.8
Net actuarial gains/(losses) of superannuation defined benefits plans ^(a)	(9 389.2)	3 596.5	..	..	..	..
Share of net profit/(loss) from associates, excluding dividends	5.1	..	..	..	..	..
Other gains/(losses) from other economic flows	(1 979.0)	837.2	194.6	196.6	201.8	202.0
Total other economic flows included in net result	(14 714.3)	6 899.1	1 107.6	1 187.2	1 231.6	1 293.0
Net result	(15 961.9)	4 163.9	(383.1)	(149.4)	1 235.6	1 970.2
Other economic flows – other comprehensive income ^(b)						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus ^(c)	2 901.5	206.4	5 774.7	4 290.5	2 389.1	1 975.1
Remeasurement of superannuation defined benefits plans ^(a)	..	..	593.2	606.8	617.3	626.4
Other movements in equity ^(c)	138.4	268.6	4.7	3.3	(18.6)	(58.4)

Table 2.20: State of Victoria operating statement (continued)

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Items that may be reclassified subsequently to net result						
Net gain/(loss) on financial assets at fair value	(22.2)	28.2	7.9	5.1	2.5	2.2
Total other economic flows – other comprehensive income ^(b)	3 017.7	503.3	6 380.4	4 905.7	2 990.3	2 545.3
Comprehensive result – total change in net worth	(12 944.2)	4 667.2	5 997.2	4 756.3	4 225.9	4 515.5
FISCAL AGGREGATES						
Net operating balance	(1 247.6)	(2 735.2)	(1 490.7)	(1 336.6)	4.0	677.2
Less: net acquisition of non-financial assets from transactions ^(d)	4 664.1	8 542.5	3 807.7	2 953.7	1 690.9	484.4
Net lending/(borrowing)	(5 911.7)	(11 277.7)	(5 298.4)	(4 290.3)	(1 686.9)	192.8

Source: Department of Treasury and Finance

Notes:

- (a) Due to changes to AASB 119 Employee Benefits, which applies from 2013-14, actuarial gains and losses relating to superannuation defined benefit plans will be reported as remeasurements of the defined benefit liability in other comprehensive income rather than being included in the net result. The 2011-12 and 2012-13 figures are prepared based on the accounting policies and requirements that are applicable for the relevant period.
- (b) The changed item description 'other economic flows – other comprehensive income' and related inclusion of sub-headings are due to new requirements of 'AASB 101 Presentation of Financial Statements' and 'AASB 1049 Whole of Government and General Government Sector Financial Reporting'.
- (c) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.
- (d) The 2012-13 revised estimate reflects the recognition of the finance lease arrangement for the Victorian desalination plant.

Table 2.21: State of Victoria balance sheet

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Assets						
Financial assets						
Cash and deposits	6 055.6	6 395.2	6 946.9	7 232.3	7 906.8	8 286.1
Receivables	5 093.9	6 108.9	6 074.5	5 941.3	5 800.8	5 727.4
Advances paid, investments, loans and placements	26 744.8	28 483.8	29 558.4	31 167.4	30 613.1	32 412.6
Investments accounted for using equity method ^(a)	1 663.8	1 666.6	1 666.6	1 666.6	1 666.6	1 666.6
Total financial assets	39 558.1	42 654.6	44 246.4	46 007.6	45 987.3	48 092.7
Non-financial assets						
Inventories	1 000.6	1 037.3	1 025.6	933.7	808.9	666.0
Non-financial assets held for sale	170.3	144.8	138.0	131.4	122.8	116.2
Land, buildings, infrastructure, plant and equipment ^(b)	179 970.6	188 949.6	198 667.5	206 116.3	210 423.7	213 077.7
Other non-financial assets	1 855.0	1 939.6	1 972.6	1 945.8	1 881.3	1 821.2
Total non-financial assets	182 996.5	192 071.3	201 803.7	209 127.2	213 236.7	215 680.9
Total assets	222 554.6	234 725.9	246 050.1	255 134.7	259 224.0	263 773.6
Liabilities						
Deposits held and advances received	1 020.3	2 577.5	2 587.1	2 590.1	2 549.3	2 551.2
Payables	5 928.3	7 542.2	7 559.5	7 464.4	7 367.8	7 290.3
Borrowings ^(b)	40 637.7	48 697.4	53 100.0	56 491.7	55 431.4	54 521.3
Employee benefits	5 442.4	5 611.0	5 823.1	6 031.9	6 249.5	6 478.1
Superannuation	32 750.8	28 995.5	28 782.8	28 538.3	28 258.0	27 811.1
Other provisions	23 918.3	23 778.5	24 676.5	25 741.0	26 864.7	28 102.8
Total liabilities	109 697.9	117 202.1	122 529.1	126 857.3	126 720.7	126 754.8
Net assets	112 856.7	117 523.8	123 521.1	128 277.4	132 503.3	137 018.8
Accumulated surplus ^(a)	34 611.1	39 006.5	39 205.4	39 640.7	41 449.0	43 978.6
Reserves ^(a)	78 195.6	78 467.3	84 265.7	88 586.7	91 004.3	92 990.3
Non-controlling interest	50.0	50.0	50.0	50.0	50.0	50.0
Net worth	112 856.7	117 523.8	123 521.1	128 277.4	132 503.3	137 018.8
FISCAL AGGREGATES						
Net financial worth	70 139.8	74 547.5	78 282.6	80 849.7	80 733.4	78 662.1
Net financial liabilities	70 139.8	74 547.5	78 282.6	80 849.7	80 733.4	78 662.1
Net debt ^(b)	8 857.6	16 395.9	19 181.8	20 682.1	19 460.7	16 373.8

Source: Department of Treasury and Finance

Notes:

(a) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.

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

Table 2.22: State of Victoria cash flow statement

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash flows from operating activities						
Receipts						
Taxes received	15 358.8	15 327.2	16 032.0	17 050.0	17 826.6	18 774.8
Grants	22 735.6	21 510.0	23 182.0	23 785.4	25 058.1	26 090.8
Sales of goods and services ^(a)	14 392.4	13 764.3	15 969.6	16 686.6	17 390.7	17 956.3
Interest	708.8	896.1	912.1	943.7	987.4	876.5
Dividends and rate equivalents receipts	571.3	495.0	520.6	553.8	586.0	620.9
Other receipts	2 535.8	2 138.6	2 007.4	1 821.0	1 877.2	1 858.3
Total receipts	56 302.6	54 131.2	58 623.7	60 840.6	63 726.1	66 177.7
Payments						
Payments for employees	(17 690.3)	(18 366.6)	(18 739.1)	(19 495.0)	(20 149.1)	(20 724.7)
Superannuation	(2 251.4)	(2 637.2)	(2 761.3)	(2 787.2)	(2 829.5)	(2 989.9)
Interest paid	(2 102.5)	(2 397.4)	(2 997.0)	(3 194.6)	(3 235.0)	(3 275.0)
Grants and subsidies	(6 166.7)	(5 386.7)	(5 384.4)	(5 519.8)	(5 741.3)	(5 950.0)
Goods and services ^(a)	(23 505.4)	(22 385.4)	(23 682.3)	(24 167.9)	(24 374.4)	(25 028.5)
Other payments	(581.0)	(600.5)	(627.9)	(664.4)	(694.0)	(723.1)
Total payments	(52 297.3)	(51 773.8)	(54 192.0)	(55 828.9)	(57 023.2)	(58 691.2)
Net cash flows from operating activities	4 005.3	2 357.4	4 431.7	5 011.7	6 702.9	7 486.5
Cash flows from investing activities						
Purchases of non-financial assets	(7 514.0)	(7 732.5)	(8 638.1)	(8 043.1)	(6 018.1)	(5 979.4)
Sales of non-financial assets	291.9	510.2	527.5	555.5	592.8	512.1
Cash flows from investments in non-financial assets	(7 222.0)	(7 222.3)	(8 110.6)	(7 487.6)	(5 425.3)	(5 467.4)
Net cash flows from investments in financial assets for policy purposes	36.4	406.8	(105.5)	(114.8)	(144.8)	(19.2)
Net cash flows from investments in financial assets for liquidity management purposes	191.7	(369.5)	(47.6)	(496.7)	(232.9)	(685.7)
Net cash flows from investing activities	(6 994.0)	(7 185.0)	(8 263.7)	(8 099.2)	(5 803.0)	(6 172.3)
Cash flows from financing activities						
Advances received (net)	(853.7)	343.8	0.9	0.9	2.3	1.1
Net borrowings	4 836.5	3 661.1	4 372.3	3 367.6	(249.7)	(939.1)
Deposits received (net)	(105.4)	1 161.1	8.7	2.1	20.0	0.8
Other financing (net)	18.3	..	..	..	..	..
Net cash flows from financing activities	3 895.7	5 166.0	4 381.9	3 370.6	(227.4)	(937.2)
Net increase/(decrease) in cash and cash equivalents	907.1	338.3	549.8	283.0	672.4	377.0

Table 2.22: State of Victoria cash flow statement (continued)

(\$ million)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash and cash equivalents at beginning of reporting period	5 165.1	6 055.6	6 393.9	6 943.8	7 226.8	7 899.2
Cash and cash equivalents at end of reporting period ^(b)	6 072.2	6 393.9	6 943.8	7 226.8	7 899.2	8 276.2
FISCAL AGGREGATES						
Net cash flows from operating activities	4 005.3	2 357.4	4 431.7	5 011.7	6 702.9	7 486.5
Net cash flows from investments in non-financial assets	(7 222.0)	(7 222.3)	(8 110.6)	(7 487.6)	(5 425.3)	(5 467.4)
Cash surplus/(deficit)	(3 216.7)	(4 865.0)	(3 678.9)	(2 476.0)	1 277.5	2 019.1

Source: Department of Treasury and Finance

Notes:

(a) These items are inclusive of goods and services tax.

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

Table 2.23: State of Victoria statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2011-12 Actual		
Balance at 1 July 2011	50 436.9	48.5
Net result	(15 961.9)	..
Other comprehensive income for the year ^(a)	136.1	..
Transactions with owners in their capacity as owners	..	1.5
Total equity at end of period	34 611.1	50.0
2012-13 Revised		
Balance at 1 July 2012	34 611.1	50.0
Net result	4 163.9	..
Other comprehensive income for the year	231.5	..
Total equity at end of period	39 006.5	50.0
2013-14 Estimate		
Balance at 1 July 2013	39 006.5	50.0
Net result	(383.1)	..
Other comprehensive income for the year	582.0	..
Total equity at end of period	39 205.4	50.0
2014-15 Estimate		
Balance at 1 July 2014	39 205.4	50.0
Net result	(149.4)	..
Other comprehensive income for the year	584.7	..
Total equity at end of period	39 640.7	50.0
2015-16 Estimate		
Balance at 1 July 2015	39 640.7	50.0
Net result	1 235.6	..
Other comprehensive income for the year	572.7	..
Total equity at end of period	41 449.0	50.0
2016-17 Estimate		
Balance at 1 July 2016	41 449.0	50.0
Net result	1 970.2	..
Other comprehensive income for the year	559.3	..
Total equity at end of period	43 978.6	50.0

Source: Department of Treasury and Finance

Note:

(a) The 2011-12 figure reflects a revaluation of the State Electricity Corporation Victoria's equity interest in Snowy Hydro Ltd.

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
72 667.1	2 646.8	125 799.3
..	..	(15 961.9)
2 901.5	(19.8)	3 017.7
..	..	1.5
75 568.6	2 627.0	112 856.7
75 568.6	2 627.0	112 856.7
..	..	4 163.9
206.4	65.3	503.3
75 775.0	2 692.3	117 523.8
75 775.0	2 692.3	117 523.8
..	..	(383.1)
5 774.7	23.7	6 380.4
81 549.7	2 716.1	123 521.1
81 549.7	2 716.1	123 521.1
..	..	(149.4)
4 290.5	30.5	4 905.7
85 840.2	2 746.5	128 277.4
85 840.2	2 746.5	128 277.4
..	..	1 235.6
2 389.1	28.5	2 990.3
88 229.3	2 775.0	132 503.3
88 229.3	2 775.0	132 503.3
..	..	1 970.2
1 975.1	10.8	2 545.3
90 204.4	2 785.9	137 018.8

Table 2.24: Derivation of whole of State GFS cash surplus/(deficit)

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash surplus/(deficit)	(3 216.7)	(4 865.0)	(3 678.9)	(2 476.0)	1 277.5	2 019.1
Convergence differences:						
Acquisitions under finance leases and similar arrangements ^(a)	(917.1)	(5 371.4)	..	..	(1 050.4)	..
GFS cash surplus/(deficit) ^(b)	(4 133.9)	(10 236.3)	(3 678.9)	(2 476.0)	227.1	2 019.1

Source: Department of Treasury and Finance

Notes:

- (a) The finance lease amount in 2011-12 relates to the Royal Children's Hospital. The finance lease amount in 2012-13 relates to the Biosciences Research Centre, Peninsula Link and recognition of the finance lease arrangement for the Victorian desalination plant. The 2015-16 finance lease amount relates to the Victorian Comprehensive Cancer Centre.
- (b) Determined in accordance with the ABS GFS manual.

Table 2.25: Net acquisition of non-financial assets – State of Victoria

	(\$ million)					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets	7 514.0	7 732.5	8 638.1	8 043.1	6 018.1	5 979.4
Less: sales of non-financial assets	(291.9)	(510.2)	(527.5)	(555.5)	(592.8)	(512.1)
Less: depreciation	(3 880.4)	(4 193.1)	(4 445.1)	(4 671.7)	(4 944.2)	(5 142.2)
Plus: other movements in non-financial assets ^(a)	1 322.4	5 513.2	142.1	137.7	1 209.8	159.2
Total net acquisition of non-financial assets	4 664.1	8 542.5	3 807.7	2 953.7	1 690.9	484.4

Source: Department of Treasury and Finance

Note:

- (a) The other movements in non-financial assets amount in 2011-12 predominantly reflects the Royal Children's Hospital finance lease. The amount in 2012-13 predominantly reflects recognition of the Biosciences Research Centre, Peninsula Link and Victorian desalination plant finances leases. The 2015-16 finance lease amount predominantly relates to the Victorian Comprehensive Cancer Centre.

VICTORIA'S LOAN COUNCIL ALLOCATION

Under the Uniform Presentation Framework (UPF), Victoria is required to publish the Loan Council Allocation (LCA) estimates. The LCA is a measure of each government's net call on financial markets in a given financial year to meet its budget obligations. The method of public release is the responsibility of each jurisdiction. Victoria discloses its LCA information through the Financial Report for the State of Victoria, Budget Paper No. 5, Statement of Finances and Budget Update.

Table 2.26 compares the Victorian 2013-14 LCA nomination (based on *2012-13 Budget Update* estimates) approved by the Loan Council in April 2013, with the 2013-14 revised LCA based upon *2013-14 Budget* estimates.

Table 2.26: Loan Council Allocation

(\$ million)

	2013-14 Nomination	Budget Estimate
General government cash deficit (+)	1 631.4	1 717.1
Public non-financial corporations sector cash deficit (+)	2 227.6	2 383.0
Non-financial public sector cash deficit (+) ^(a)	3 856.2	4 045.7
Acquisitions under finance leases and similar arrangements	..	..
ABS GFS cash deficit (+)	3 856.2	4 045.7
Net cash flows from investments in financial assets for policy purposes ^(b)	(124.2)	(15.0)
Memorandum items ^(c)	605.0	733.7
Loan Council Allocation	4 585.4	4 794.3
Tolerance limit ^(d)	1 099.0	1 089.5

Notes:

- (a) *The sum of the deficit of the general government and public non-financial corporations 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 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 receipt from operating activities applies to the movement between a jurisdiction's LCA nomination and LCA budget estimate (calculated using estimates in the 2012-13 Budget Update), and again between the LCA budget estimate and LCA outcome (calculated using estimates in the 2013-14 Budget). The tolerance limit applying to the movement between Victoria's 2013-14 LCA nomination and its LCA budget estimate is \$1 099.0 million (2 per cent of \$54 948.5 million). The tolerance limit applying to the movement between Victoria's 2013-14 LCA budget estimate and LCA outcome is \$1 089.5 million (2 per cent of \$54 473 million).*

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, consistent with the emphasis of increased transparency, to make the explanation public. Victoria's 2013-14 LCA budget estimate (a deficit of \$4.8 billion) did not exceed the tolerance limit established under the LCA nomination process.

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 LCA year, and to report the full contingent exposure, if any. Exposure is to be measured by the Government's termination liabilities in a case 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. There are no public private partnership projects that are expected to be contracted in the 2013-14 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 to be funded by the Government and delivered by departments in the coming financial year.

The following tables help to outline 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 cash receipts and payments, including the cash impact of operating, financing and investing activities on departmental resources;
- the statement of changes in equity shows the impact of the net result and other comprehensive income items, such as the revaluation of non-financial assets, owner contributions, and the total equity of the department;
- the administered items statement provides details of the department's administered revenue and expenses, and its administered assets and liabilities. By their nature, most administered expenses are 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 the department on behalf of the State Government, not directly reflecting the operations of the department.

In addition, the tables showing the Parliamentary authority for resources for the Departments of Planning and Community Development and Primary Industries have been included in this Chapter rather than in the Departmental Performance chapter of Budget Paper No. 3 *2013-14 Service Delivery*. The functions and outputs of these two departments have been merged with other departments for 2013-14, as noted below, but the tables are included in this Chapter for completeness.

It should be noted that machinery of government changes have been reflected in the departmental financial statements effective from 1 July 2013.

In all tables, the figures for 2011-12 and 2012-13 reflect the operations of departments as they existed prior to machinery of government changes coming into effect from 1 July 2013.

The *2013-14 Budget*, where appropriate, reflects the full impact of machinery of government changes effective from 1 July 2013. Care needs to be taken when comparing these figures to the unadjusted 2012-13 estimates. Footnotes have been included for tables where there has been a significant impact on the 2013-14 estimates from the changes.

Machinery of government changes include the merging of all of the functions of the Department of Planning and Community Development and the Department of Primary Industries into various other departments, which have been factored into the statements in the manner mentioned above. In addition, the names of three departments were changed by Order in Council on 9 April 2013. New department names are included in the tables as follows:

- Department of State Development, Business and Innovation, formerly the Department of Business and Innovation;
- Department of Transport, Planning and Local Infrastructure, formerly the Department of Transport; and
- Department of Environment and Primary Industries, formerly the Department of Sustainability and Environment.

DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Operating performance

The Department of Education and Early Childhood Development forecasts a net result from transactions surplus of \$175 million for 2013-14. This is primarily due to increases in income earned from TAFE institutes' commercial operations. In addition, timing of capital funding and the associated capitalisation of related expenditure are contributing to this result.

The operating statement shows a marginal increase in total income from transactions of \$15 million (0.1 per cent) in 2013-14. Additional funding announced in the *2013-14 Budget* includes:

- Program for Students with Disabilities;
- Students with Disabilities Transport program;
- Strong Foundations – Better and Earlier Support for Children with a Disability or Developmental Delay;
- Children's Facilities Capital program; and
- Lifting School Performance.

Total operating expenses are budgeted to decrease by \$80 million (0.7 per cent) between the 2012-13 revised budget and the 2013-14 budget in part due to decreased funding from the Commonwealth.

The 2012-13 revised budget and 2013-14 budget do not include enrolment growth funding for Kindergartens, Schools and the Skills sector of which the Department is funded on actual enrolment growth calculated at the end of each financial year.

Balance sheet performance

The Department's net asset position is expected to increase by \$268 million compared to the 2012-13 revised budget, reflecting a projected increase in total assets of \$330 million and an increase in total liabilities of \$62 million.

The expected increase in total assets from the 2012-13 revised budget to the 2013-14 budget is primarily due to an increase in property, plant and equipment funded by State and Commonwealth governments and from TAFE institutes' and schools' 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 school sectors.

Administered items statement

Total income from transactions administered by the Department on behalf of the State is expected to increase by \$182 million in 2013-14 compared to the 2012-13 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 3.1.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	10 185.9	10 303.7	10 266.2	10 236.2
Special appropriations	31.0	0.3	18.5	26.5
Interest	61.2	47.5	48.3	46.1
Sale of goods and services	707.4	761.8	776.3	816.1
Grants	94.7	80.9	80.9	67.1
Other income	503.6	533.0	531.8	544.9
Total income from transactions	11 583.8	11 727.2	11 722.0	11 736.7
Expenses from transactions				
Employee benefits	6 009.9	6 118.1	6 172.7	6 241.6
Depreciation	349.8	379.8	380.8	386.3
Interest expense	16.0	16.6	16.6	17.7
Grants and other transfers ^(a)	792.9	1 193.7	836.7	814.3
Capital asset charge	1 219.6	1 258.1	1 258.1	1 266.3
Other operating expenses ^(a)	3 204.1	2 580.6	2 977.5	2 835.9
Total expenses from transactions	11 592.3	11 547.0	11 642.5	11 562.2
Net result from transactions (net operating balance)	(8.5)	180.2	79.5	174.5
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	7.7	(1.2)	(0.2)	0.3
Net gain/(loss) on financial instruments and statutory receivables/payables	(11.0)	(0.2)	(0.2)	(0.2)
Other gains/(losses) from economic flows	(91.7)	0.1	0.1	0.1
Total other economic flows included in net result	(95.0)	(1.2)	(0.3)	0.2
Net result	(103.5)	179.0	79.2	174.7
Other economic flows – other comprehensive income				
Asset revaluation reserve	(613.4)	3.6	3.6	14.9
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	11.3	..	..	..
Other	(13.0)	(2.0)	(2.0)	..
Total other economic flows – other comprehensive income	(615.0)	1.6	1.6	14.9
Comprehensive result	(718.5)	180.6	80.8	189.6

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

(a) Following a review of the nature of transactions with registered training organisations, payments have been reclassified from grants and other transfers to other operating expenses from 2012-13 revised budget.

Table 3.1.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2012</i> <i>Actual</i>	<i>2013</i> <i>Budget</i>	<i>2013</i> <i>Revised</i>	<i>2014</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	891.0	973.4	917.3	940.4
Receivables	1 219.0	1 349.6	1 077.9	1 214.4
Other financial assets	333.8	324.8	330.8	360.0
Total financial assets	2 443.9	2 647.8	2 326.0	2 514.8
Non-financial assets				
Inventories	4.7	4.7	4.7	4.8
Non-financial assets classified as held for sale, including disposal group assets	123.2	123.2	123.2	123.2
Property, plant and equipment	16 426.9	16 573.3	16 795.3	16 928.4
Biological assets	4.4	4.4	4.4	4.4
Investment properties	17.1	17.1	17.1	17.1
Intangible assets	76.6	76.4	75.9	83.5
Other	25.1	25.3	25.3	25.6
Total non-financial assets	16 678.1	16 824.4	17 045.8	17 187.1
Total assets	19 122.0	19 472.2	19 371.9	19 701.8
Liabilities				
Payables	623.1	618.0	627.8	648.9
Borrowings	229.9	237.4	237.4	244.0
Provisions	1 449.9	1 479.3	1 481.3	1 515.8
Total liabilities	2 302.9	2 334.8	2 346.5	2 408.8
Net assets	16 819.1	17 137.4	17 025.4	17 293.0
Equity				
Accumulated surplus/(deficit)	2 469.1	2 648.1	2 548.3	2 722.9
Reserves	5 005.7	5 007.3	5 007.3	5 022.2
Contributed capital	9 344.4	9 482.1	9 469.8	9 547.9
Total equity	16 819.1	17 137.4	17 025.4	17 293.0

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

Table 3.1.3: Statement of cash flows

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	10 299.5	10 375.9	10 356.5	10 324.7
Receipts from other entities	748.1	769.6	826.3	810.9
Interest received	61.2	47.5	48.3	46.1
Other receipts	540.9	519.1	528.4	551.0
Total receipts	11 649.7	11 712.0	11 759.6	11 732.7
Payments				
Payments of grants and other transfers	(781.0)	(1 191.8)	(841.0)	(812.5)
Payments to suppliers and employees	(9 344.5)	(8 666.1)	(9 113.2)	(9 033.7)
Capital asset charge	(1 219.6)	(1 258.1)	(1 258.1)	(1 266.3)
Interest and other costs of finance paid	(16.0)	(16.6)	(16.6)	(17.7)
Total payments	(11 361.1)	(11 132.6)	(11 228.9)	(11 130.3)
Net cash flows from/(used in) operating activities	288.6	579.4	530.7	602.4
Cash flows from investing activities				
Net investment	(22.4)	(120.8)	78.5	(134.8)
Payments for non-financial assets	(1 028.1)	(528.8)	(751.1)	(516.0)
Proceeds from sale of non-financial assets	11.4	3.2	4.0	4.0
Net loans to other parties	(3.7)	..	..	..
Net cash flow from/(used in) investing activities	(1 042.8)	(646.4)	(668.6)	(646.8)
Cash flows from financing activities				
Owner contributions by State Government	628.7	137.7	125.5	78.1
Repayment of finance leases	(2.5)	(4.5)	(4.5)	(3.9)
Net borrowings	16.4	16.1	43.1	(6.6)
Net cash flows from/(used in) financing activities	642.6	149.4	164.1	67.5
Net increase/(decrease) in cash and cash equivalents	(111.6)	82.4	26.3	23.1
Cash and cash equivalents at the beginning of the financial year	1 002.6	891.0	891.0	917.3
Cash and cash equivalents at the end of the financial year	891.0	973.4	917.3	940.4

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

Table 3.1.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	2 565.1	8 791.6	5 593.2	35.0	16 984.9
Comprehensive result	(96.0)	..	(613.4)	(9.1)	(718.5)
Transactions with owners in their capacity as owners	..	552.8	..	..	552.8
Closing balance 30 June 2012 (actual)	2 469.1	9 344.4	4 979.8	25.8	16 819.1
Comprehensive result	179.0	..	3.6	(2.0)	180.6
Transactions with owners in their capacity as owners	..	137.7	..	..	137.7
Closing balance 30 June 2013 (budget)	2 648.1	9 482.1	4 983.4	23.8	17 137.4
Comprehensive result	79.2	..	3.6	(2.0)	80.8
Transactions with owners in their capacity as owners	..	125.5	..	..	125.5
Closing balance 30 June 2013 (revised)	2 548.3	9 469.8	4 983.4	23.8	17 025.4
Comprehensive result	174.7	..	14.9	..	189.6
Transactions with owners in their capacity as owners	..	78.1	..	..	78.1
Closing balance 30 June 2014 (estimate)	2 722.9	9 547.9	4 998.4	23.8	17 293.0

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

Note:

(a) Land, buildings, infrastructure plant and equipment revaluation surplus.

Table 3.1.5: Administered items statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Administered income				
Sale of goods and services	2.1	2.6	2.6	2.7
Grants	2 174.4	2 303.2	2 274.0	2 456.3
Interest	0.2	0.1	0.1	0.1
Other income	2.8	1.7	1.7	1.8
Total administered income	2 179.6	2 307.6	2 278.4	2 460.9
Administered expenses				
Expenses on behalf of the State	0.9	..	..	..
Grants and other transfers	2 177.5	2 303.4	2 274.1	2 456.5
Payments into the Consolidated Fund	(80.4)	37.2	37.2	61.4
Total administered expenses	2 098.0	2 340.5	2 311.3	2 517.8
Income less expenses	81.6	(33.0)	(33.0)	(57.0)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(81.8)	33.0	33.0	57.0
Total other economic flows included in net result	(81.8)	33.0	33.0	57.0
Net result	(0.3)	..	..	..
Comprehensive result	(0.3)	..	..	..
Administered assets				
Cash and deposits	..	..	..	..
Receivables	6.2	6.2	6.2	6.3
Other financial assets	4.4	4.4	4.4	4.4
Total administered assets	10.6	10.7	10.7	10.7
Administered liabilities				
Payables	2.7	2.7	2.7	2.7
Total administered liabilities	2.7	2.7	2.7	2.7
Net assets	7.9	8.0	8.0	8.0

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

DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES

In April 2013, the Government issued an administrative order restructuring some of its activities via machinery of government changes, effective from 1 July 2013. As part of the machinery of government restructure, a new Department of Environment and Primary Industries has been implemented. This Department comprises the former Department of Sustainability and Environment and the agriculture, productivity and industry development, regulation and compliance and fisheries and game functions of the Department of Primary Industries.

Operating performance

The Department of Environment and Primary Industries is estimated to have a net surplus of \$76 million for the 2013-14 financial year. This expected surplus is largely the result of higher (own source) revenue from the landfill levy.

The Department anticipates that total income from transactions in 2013-14 will increase by \$336 million compared to the 2012-13 revised budget of the former department. This increase is primarily due to the impact of machinery of government changes which has resulted in functions from the Department of Primary Industries being transferred to the Department and funding provided to the Department of Environment and Primary Industries for 2013-14 budget initiatives.

This has been partly offset by one-off appropriation funding provided in 2012-13 to respond and recover from Victoria's flood damaged parks and funding for Land Victoria to assist in the implementation of a property-based Fire Services Property Levy.

Balance sheet performance

The Department's net asset position is estimated to increase by \$1 billion in 2013-14. This comprises of an estimated increase in total assets of \$1.4 billion and an estimated increase in total liabilities of \$375 million as a result of machinery of government changes, and from funding for new asset initiatives as part of the 2013-14 budget.

Major new capital initiatives commencing in the 2013-14 budget include:

- Macalister (MID2030): \$6.0 million in 2013-14 (\$32 million over three years); and
- Ground Water Bores: \$800 000 in 2013-14 (\$4 million over three years).

Investing and financing

The Department is anticipating an increase of \$68 million in its net cash position for 2013-14 mainly resulting from the machinery of government changes.

Cash flows from investing activities include payments for property, plant and equipment reflecting the Government's continued investment in the environment, primary industries and the water sector.

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:

- GMW Connections project;
- Water Register;
- Environmental Works and Measures Feasibility program;
- National Framework for Compliance and Framework; and
- Bush Broker.

Other than Commonwealth grants, the Department's administered income represents the State's contribution to the Victorian desalination plant project, environment contribution levy and crown land leases and licenses.

The decrease in administered income between the 2012-13 revised budget and the 2013-14 budget (\$28 million) predominantly relates to the impact of machinery of government changes which has resulted in the Land Administration and Property Information output being transferred to the Department of Transport, Planning and Local Infrastructure . This decrease is offset by one-off funding provided for the Wimmera Irrigation Water Procurement and District Decommissioning project.

Table 3.2.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Net result from continuing operations				
Income from transactions				
Output appropriations	1 099.5	1 020.7	1 002.1	1 357.1
Special appropriations	18.5	..	14.5	..
Interest	10.5	9.8	9.2	10.5
Sale of goods and services	93.2	77.4	71.5	65.9
Grants	93.4	37.1	57.3	48.3
Fair value of assets and services received free of charge or for nominal consideration	0.2	..	..	..
Other income	292.0	305.0	305.3	313.9
Total income from transactions	1 607.4	1 449.9	1 460.0	1 795.6
Expenses from transactions				
Employee benefits	309.6	295.5	318.2	400.7
Depreciation	52.3	55.3	53.5	85.0
Interest expense	2.0	1.8	1.5	18.3
Grants and other transfers	626.1	550.8	529.7	646.2
Capital asset charge	76.4	76.6	76.6	113.3
Other operating expenses	385.6	405.0	411.5	455.8
Total expenses from transactions	1 452.1	1 385.0	1 391.0	1 719.4
Net result from transactions (net operating balance)	155.3	64.9	69.0	76.2
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(37.5)	5.7	5.7	5.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.5)	(0.6)	(0.5)	(1.0)
Other gains/(losses) from economic flows	(3.3)	..	..	..
Total other economic flows included in net result	(41.4)	5.2	5.2	4.8
Net result	113.9	70.0	74.3	81.0
Other economic flows – other comprehensive income				
Asset revaluation reserve	(29.3)	..	(132.7)	251.7
Other	(57.9)	..	..	4.6
Total other economic flows – other comprehensive income	(87.2)	..	(132.7)	256.3
Comprehensive result	26.7	70.0	(58.5)	337.3

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

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Sustainability and Environment, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.2.2: Balance sheet

(\$ million)

	Estimated as at 30 Jun			
	2012 Actual ^(a)	2013 Budget ^(a)	2013 Revised ^(a)	2014 Budget ^(b)
Assets				
Financial assets				
Cash and deposits	276.7	270.1	279.2	349.6
Receivables	228.2	256.2	231.1	385.0
Other financial assets	205.6	242.6	255.4	321.0
Investments accounted for using equity method	9.2	9.2	9.2	9.2
Total financial assets	719.7	778.1	774.9	1 064.8
Non-financial assets				
Inventories	13.2	14.1	14.1	46.8
Non-financial assets classified as held for sale including disposal group assets	2.6	2.6	2.6	3.2
Property, plant and equipment	7 172.8	7 242.2	7 079.6	8 164.9
Biological assets	..	..	..	1.6
Intangible assets	7.8	13.0	19.1	26.8
Other	10.5	10.5	10.5	13.8
Total non-financial assets	7 206.9	7 282.4	7 125.9	8 257.1
Total assets	7 926.6	8 060.5	7 900.8	9 321.9
Liabilities				
Payables	94.7	95.6	95.6	170.3
Borrowings	32.3	23.5	23.5	258.6
Provisions	151.8	154.7	154.7	219.7
Total liabilities	278.7	273.7	273.7	648.5
Net assets	7 647.9	7 786.8	7 627.0	8 673.4
Equity				
Accumulated surplus/(deficit)	82.7	152.8	157.0	242.7
Reserves	5 644.9	5 644.9	5 512.1	5 763.8
Contributed capital	1 920.3	1 989.2	1 957.9	2 666.9
Total equity	7 647.9	7 786.8	7 627.0	8 673.4

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

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Sustainability and Environment, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.2.3: Statement of cash flows

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Cash flows from operating activities				
Receipts				
Receipts from Government	1 131.4	1 025.7	1 022.9	1 360.1
Receipts from other entities	436.0	396.3	407.8	402.2
Interest received	10.4	9.8	9.2	10.5
Other receipts	16.7	0.2	2.3	1.5
Total receipts	1 594.6	1 432.1	1 442.3	1 774.2
Payments				
Payments of grants and other transfers	(626.3)	(550.8)	(529.7)	(646.2)
Payments to suppliers and employees	(703.7)	(697.9)	(727.1)	(879.1)
Capital asset charge	(76.4)	(76.6)	(76.6)	(113.3)
Interest and other costs of finance paid	(1.9)	(1.6)	(1.2)	(18.0)
Total payments	(1 408.3)	(1 326.9)	(1 334.6)	(1 656.7)
Net cash flows from/(used in) operating activities	186.3	105.2	107.6	117.5
Cash flows from investing activities				
Net investment	(44.1)	(42.2)	(30.0)	(56.5)
Payments for non-financial assets	(8.1)	(129.9)	(104.3)	(153.1)
Proceeds from sale of non-financial assets	0.9	5.7	5.7	5.7
Net (purchase)/disposal of investments – policy purposes	(10.8)	..	..	..
Net cash flow from/(used in) investing activities	(62.1)	(166.3)	(128.6)	(203.8)
Cash flows from financing activities				
Owner contributions by State Government	(32.7)	68.8	37.6	171.0
Repayment of finance leases	..	..	..	1.2
Net borrowings	(66.0)	(14.4)	(14.1)	(15.5)
Net cash flows from/(used in) financing activities	(98.8)	54.5	23.5	156.7
Net increase/(decrease) in cash and cash equivalents	25.4	(6.6)	2.5	70.4
Cash and cash equivalents at the beginning of the financial year	251.3	276.7	276.7	279.2
Cash and cash equivalents at the end of the financial year	276.7	270.1	279.2	349.6

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

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Sustainability and Environment, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.2.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	26.7	2 043.3	5 674.2	..	7 744.2
Comprehensive result	56.0	..	(29.3)	..	26.7
Transactions with owners in their capacity as owners	..	(123.0)	..	..	( 123.0)
Closing balance 30 June 2012 (actual)^(b)	82.7	1 920.3	5 644.9	..	7 647.9
Comprehensive result	70.0	..	..	..	70.0
Transactions with owners in their capacity as owners	..	68.8	..	..	68.8
Closing balance 30 June 2013 (budget)^(b)	152.8	1 989.2	5 644.9	..	7 786.8
Comprehensive result	74.3	..	(132.7)	..	(58.5)
Transactions with owners in their capacity as owners	..	37.6	..	..	37.6
Closing balance 30 June 2013 (revised)^(b)	157.0	1 957.9	5 512.1	..	7 627.0
Comprehensive result	85.6	..	251.7	..	337.3
Transactions with owners in their capacity as owners ^(c)	..	709.0	..	..	709.0
Closing balance 30 June 2014 (estimate)	242.7	2 666.9	5 763.8	..	8 673.4

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

Notes:

- (a) Land, buildings, infrastructure plant and equipment revaluation surplus.
- (b) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Sustainability and Environment, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (c) This item reflects the impact of machinery of government changes where functions have been transferred from other departments effective from 1 July 2013.

Table 3.2.5: Administered items statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Administered income				
Appropriations – Payments made on behalf of the State	29.7	458.8	451.5	688.3
Fair value of assets and services received free of charge or for nominal consideration	20.6	..	..	..
Sale of goods and services ^(c)	290.8	726.3	687.5	220.1
Grants	6.7	22.3	34.2	16.4
Interest	..	299.9	302.7	484.7
Other income ^(c)	151.0	130.9	113.4	151.8
Total administered income	498.9	1 638.1	1 589.2	1 561.2
Administered expenses				
Expenses on behalf of the State	8.1	437.3	393.2	607.5
Grants and other transfers	29.4	30.9	30.7	26.3
Payments into the Consolidated Fund	417.8	874.8	1 105.4	952.0
Total administered expenses	455.3	1 343.1	1 529.3	1 585.7
Income less expenses	43.6	295.1	60.0	(24.5)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(38.7)	24.5	24.6	24.7
Other gains/(losses) from other economic flows	0.1	..	..	..
Total other economic flows included in net result	(38.7)	24.4	24.6	24.7
Net result	5.0	319.5	84.5	0.1
Other economic flows – other comprehensive income				
Asset revaluation reserve	44.0	..	..	25.8
Total other economic flows – other comprehensive income	44.0	..	..	25.8
Comprehensive result	49.0	319.5	84.5	25.9
Administered assets				
Cash and deposits	1.4	1.4	1.4	1.9
Receivables	88.2	4 209.6	4 172.9	4 364.3
Other financial assets	0.1	0.1	0.1	0.1
Other	13.8	13.8	13.8	13.8
Property, plant and equipment	656.6	656.6	656.6	682.3
Intangible assets	120.1	120.1	120.1	120.2
Total administered assets	880.1	5 001.6	4 964.8	5 182.6
Administered liabilities				
Payables	384.0	64.5	68.1	74.4
Borrowings	..	4 121.5	4 316.0	4 261.5
Total administered liabilities	384.0	4 185.9	4 384.1	4 336.0
Net assets	496.2	815.6	580.7	846.6

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

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Sustainability and Environment which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 Budget reflects the full impact of the machinery of government changes effective from 1 July 2013.
- (c) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS.

Table 3.2.6: Payments made on behalf of the State*(\$ million)*

Accounts	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Murray-Darling Basin contribution	32.7	30.7	26.3
Victorian Desalination Project finance lease liability	426.1	420.9	662.0
Total	458.8	451.5	688.3

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

Notes:

(a) Figures for 2012-13 reflect the operations of the former Department of Sustainability and Environment, which do not include the impact of machinery of government changes effective from 1 July 2013.

(b) The 2013-14 budget reflects the full impact of the machinery of government changes effective from 1 July 2013.

DEPARTMENT OF HEALTH

Operating performance

The Department of Health is expected to have net result from transactions surplus of \$122 million in 2013-14.

The operating statement shows an increase in income of \$666 million between the 2012-13 revised budget to the 2013-14 budget. This increase is primarily a result of:

- funding provided for government policy decisions in the 2013-14 budget, including Securing Victoria's health system initiatives, Better service delivery initiatives, Home and Community Care and the full year effect of initiatives announced in previous budgets;
- additional funding for anticipated cost increases in 2013-14; and
- additional funding available under the National Health Reform Agreement.

The 2013-14 budget maintains the change in funding arrangements due to the introduction of the joint Commonwealth-State National Health Reform effective 1 July 2012. This arrangement will provide for Commonwealth funding under the National Healthcare specific purpose payments to be directed via the Victorian Funding Pool (in the Department's Administered accounts).

Operating expenses are budgeted to increase by \$676 million between the 2012-13 revised budget and 2013-14 budget and flow from the increases in income outlined above.

Balance sheet performance

The Department's net asset position is expected to improve by \$1.3 billion between 2012-13 revised budget and 2013-14 budget, reflected by an increase in total assets of \$1.3 billion, and an increase in total liabilities of \$58 million.

The expected increase in assets reflects the Government's commitment to build new health and community facilities and other infrastructure across the State, based on modern service models and future growth in demand services. The expected increase in assets also reflects the delivery of asset investment infrastructure that was announced in previous budgets. In addition, the forward estimates include the estimated impact of revaluations of non-financial physical assets.

The movement in liabilities of \$58 million between 2012-13 revised budget and 2013-14 budget primarily reflects the increases 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 \$1.2 billion) reflecting the continued asset investment in health services, and include new initiatives to expand service capacity and enhance infrastructure.

Administered items

This statement includes revenue items from the Commonwealth Government and from the sale of assets, goods and services. Total income has increased by \$2 billion from the 2012-13 revised budget to the 2013-14 budget. This is due to delay in the operation of the National Funding Pool following the introduction of the National Health Reform effective 1 July 2012.

The 2013-14 budget also reflects anticipated asset sales proceeds primarily relating to the sale of the former Royal Womens' Hospital site.

Table 3.3.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	10 510.0	7 736.6	8 487.0	7 967.1
Special appropriations	1 248.7	1 249.0	1 332.1	1 356.1
Interest	76.9	67.8	67.8	67.8
Sale of goods and services	1 627.9	1 490.7	1 575.7	1 638.8
Grants	539.3	3 952.3	3 080.8	4 179.4
Fair value of assets and services received free of charge or for nominal consideration	159.2	..	..	..
Other income	462.9	372.8	394.3	394.0
Total income from transactions	14 624.9	14 869.1	14 937.7	15 603.2
Expenses from transactions				
Employee benefits	7 574.5	7 609.9	7 718.1	8 044.6
Depreciation	701.2	826.9	776.9	876.9
Interest expense	57.1	41.1	76.6	76.4
Grants and other transfers	179.2	845.1	521.6	669.8
Capital asset charge	701.1	758.2	758.2	823.6
Other operating expenses	5 005.2	4 656.9	4 953.8	4 990.0
Total expenses from transactions	14 218.4	14 738.1	14 805.3	15 481.3
Net result from transactions (net operating balance)	406.5	130.9	132.4	122.0
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(40.2)	(66.9)	(38.7)	(28.2)
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	(0.4)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(26.8)	..	..	..
Other gains/(losses) from economic flows	(64.6)	(10.4)	(10.4)	(10.4)
Total other economic flows included in net result	(132.1)	(77.3)	(49.1)	(38.6)
Net result	274.4	53.7	83.3	83.4
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	65.1	..	..	..
Asset revaluation reserve	20.3	..	..	580.5
Financial assets available-for-sale reserve	(11.5)	..	..	..
Other	0.7	..	..	..
Total other economic flows – other comprehensive income	74.7	..	..	580.5
Comprehensive result	349.1	53.7	83.3	663.9

Sources: Departments of Health and Treasury and Finance

Table 3.3.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2012</i> <i>Actual</i>	<i>2013</i> <i>Budget</i>	<i>2013</i> <i>Revised</i>	<i>2014</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	696.4	772.9	762.3	840.6
Receivables	1 304.0	1 753.4	1 678.6	2 086.7
Other financial assets	733.9	733.9	733.9	733.9
Investments accounted for using equity method	2.9	2.9	2.9	2.9
Total financial assets	2 737.2	3 263.1	3 177.7	3 664.1
Non-financial assets				
Inventories	80.1	80.1	80.1	80.1
Non-financial assets classified as held for sale, including disposal group assets	1.3	1.3	1.3	1.3
Property, plant and equipment	10 155.1	10 187.5	10 236.4	11 087.5
Investment properties	19.0	19.0	19.0	19.0
Intangible assets	74.9	53.6	53.6	32.6
Other	26.6	26.6	26.6	26.6
Total non-financial assets	10 357.0	10 368.0	10 416.9	11 247.0
Total assets	13 094.2	13 631.1	13 594.6	14 911.2
Liabilities				
Payables	1 192.4	1 192.9	1 192.9	1 193.4
Borrowings	1 370.6	1 355.3	1 371.4	1 355.5
Provisions	1 824.5	1 893.3	1 893.3	1 966.7
Total liabilities	4 387.5	4 441.5	4 457.6	4 515.6
Net assets	8 706.6	9 189.6	9 137.0	10 395.6
Equity				
Accumulated surplus/(deficit)	227.7	281.4	311.0	394.4
Reserves	3 566.1	3 566.1	3 566.1	4 146.6
Contributed capital	4 912.8	5 342.1	5 259.9	5 854.6
Total equity	8 706.6	9 189.6	9 137.0	10 395.6

Sources: Departments of Health and Treasury and Finance

Table 3.3.3: Statement of cash flows

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	12 175.0	9 497.0	10 389.6	9 888.8
Receipts from other entities	1 544.0	4 887.9	4 042.4	5 206.9
Interest received	76.0	67.8	67.8	67.8
Dividends received	2.6	..	..	..
Other receipts	526.8	410.4	432.0	433.8
Total receipts	14 324.4	14 863.1	14 931.7	15 597.2
Payments				
Payments of Grants and other transfers	(223.5)	(845.1)	(521.6)	(669.8)
Payments to suppliers and employees	(12 422.9)	(12 197.6)	(12 602.7)	(12 960.7)
Capital asset charge	(701.1)	(758.2)	(758.2)	(823.6)
Interest and other costs of finance paid	(57.2)	(41.1)	(76.6)	(76.4)
Total payments	(13 404.8)	(13 842.0)	(13 959.1)	(14 530.5)
Net cash flows from/(used in) operating activities	919.7	1 021.1	972.5	1 066.7
Cash flows from investing activities				
Net investment	(211.0)	(423.8)	(349.1)	(402.1)
Payments for non-financial assets	(680.8)	(955.2)	(925.9)	(1 205.1)
Proceeds from sale of non-financial assets	15.9	40.0	40.0	40.0
Net (purchase)/disposal of investments – policy purposes	1.2	..	..	..
Net cash flow from/(used in) investing activities	(874.6)	(1 339.1)	(1 234.9)	(1 567.2)
Cash flows from financing activities				
Owner contributions by State Government	96.9	429.3	347.1	594.7
Repayment of finance leases	(5.5)	(12.4)	(12.4)	(12.4)
Net borrowings	39.6	(22.5)	(6.4)	(3.5)
Dividends paid	2.0	..	..	..
Net cash flows from/(used in) financing activities	133.1	394.4	328.3	578.8
Net increase/(decrease) in cash and cash equivalents	178.1	76.5	65.9	78.3
Cash and cash equivalents at the beginning of the financial year	518.3	696.4	696.4	762.3
Cash and cash equivalents at the end of the financial year	696.4	772.9	762.3	840.6

Sources: Departments of Health and Treasury and Finance

Table 3.3.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	(130.3)	4 868.9	2 972.6	602.4	8 313.6
Comprehensive result	358.0	..	20.3	(29.2)	349.1
Transactions with owners in their capacity as owners	..	44.0	..	..	44.0
Closing balance 30 June 2012 (actual)	227.7	4 912.8	2 992.9	573.2	8 706.6
Comprehensive result	53.7	..	..	..	53.7
Transactions with owners in their capacity as owners	..	429.3	..	..	429.3
Closing balance 30 June 2013 (budget)	281.4	5 342.1	2 992.9	573.2	9 189.6
Comprehensive result	83.3	..	..	..	83.3
Transactions with owners in their capacity as owners	..	347.1	..	..	347.1
Closing balance 30 June 2013 (revised)	311.0	5 259.9	2 992.9	573.2	9 137.0
Comprehensive result	83.4	..	580.5	..	663.9
Transactions with owners in their capacity as owners	..	594.7	..	..	594.7
Closing balance 30 June 2014 (estimate)	394.4	5 854.6	3 573.4	573.2	10 395.6

Sources: Departments of Health and Treasury and Finance

Note:

(a) Land, buildings, infrastructure plant and equipment revaluation surplus.

Table 3.3.5: Administered items statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Administered income				
Fair value of assets and services received free of charge or for nominal consideration	25.1	..	..	..
Sale of goods and services ^(a)	340.7	318.1	350.7	320.9
Grants	102.6	6 259.5	4 611.8	6 598.1
Interest	..	..	2.0	3.0
Other income ^(a)	65.2	1.6	1.6	10.2
Total administered income	533.6	6 579.1	4 966.1	6 932.3
Administered expenses				
Expenses on behalf of the State	1.2	670.3	340.5	488.9
Grants and other transfers	1.3	5 561.0	4 221.8	6 078.6
Payments into the Consolidated Fund	552.0	416.3	444.0	394.5
Total administered expenses	554.4	6 647.5	5 006.3	6 962.0
Income less expenses	(20.8)	(68.4)	(40.2)	(29.7)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	..	68.4	40.2	29.7
Total other economic flows included in net result	..	68.4	40.2	29.7
Net result	(20.8)	..	..	..
Comprehensive result	(20.8)	..	..	..
Administered assets				
Cash and deposits	0.3	0.3	0.8	0.8
Receivables	8.4	8.4	7.8	7.8
Other	31.6	31.6	31.6	31.6
Total administered assets	40.3	40.3	40.3	40.3
Administered liabilities				
Payables	31.6	31.6	31.6	31.6
Total administered liabilities	31.6	31.6	31.6	31.6
Net assets	8.6	8.6	8.6	8.6

Sources: Departments of Health and Treasury and Finance

Note:

(a) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.

DEPARTMENT OF HUMAN SERVICES

Operating performance

The Department of Human Services is expected to have a net result from transactions surplus of \$5.3 million in 2013-14.

The operating statement shows an increase in income from transactions of \$137 million (3.9 per cent) between the 2012-13 revised budget to the 2013-14 budget. This increase is primarily a result of:

- initiatives announced in the 2013-14 Budget, including individual support for people with disabilities their family and carers, demand and reform for out of home care services, services connect, central after hours service, concessions to pensioners and beneficiaries, and improved disability accommodation support;
- the full year effect of initiatives announced in previous budgets; and
- additional funding for anticipated cost increases in 2013-14.

Operating expenses are budgeted to increase by \$137.1 million (3.9 per cent) between the 2012-13 revised budget and 2013-14 budget largely due to the factors outlined above.

Balance sheet performance

The Department's net asset position in 2013-14 is expected to increase by \$65 million compared with the 2012-13 revised budget, and 2013-14 budget, reflecting an increase in total assets of \$87 million and an increase in total liabilities of \$23 million.

The expected increase in assets reflects the Government's commitment to build new community service facilities and infrastructure based on new models of care and demand growth. The movement in assets between the 2012-13 revised budget and 2013-14 budget includes funding to address infrastructure development within Youth Justice Centres and funding to build additional Victorian Youth Foyers.

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

Investing and financing

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

Cashflows from investing activities include payments for property, plant and equipment (totalling \$126 million) reflecting the Government's continued asset investment in the community services sector.

Statement of administered items

Transactions administered by the Department primarily relate to sales of goods and services, including an increase of \$23 million with the introduction of a standardised board and lodging fee structure for residents in disability residential services, and minor revenue from sale of assets. In addition, revenue relating to housing affordability grants were received from the Commonwealth Government to complete the renewal of inner city public housing.

Table 3.4.1: Comprehensive operating statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	3 281.2	3 395.2	3 449.2	3 581.3
Special appropriations	63.9	63.9	63.9	63.9
Interest	0.2	0.4	0.4	0.4
Sale of goods and services	20.0	16.0	16.0	16.4
Grants	10.8	0.7	3.7	8.2
Fair value of assets and services received free of charge or for nominal consideration	2.0	..	..	..
Other income	3.4	0.7	0.7	0.7
Total income from transactions	3 381.5	3 476.8	3 533.8	3 670.9
Expenses from transactions				
Employee benefits	787.0	814.6	841.6	831.3
Depreciation	34.2	35.8	35.8	36.8
Interest expense	2.1	2.9	2.9	2.9
Grants and other transfers	666.5	659.6	658.5	647.4
Capital asset charge	53.1	55.6	55.6	58.0
Other operating expenses	1 842.9	1 903.1	1 934.2	2 089.2
Total expenses from transactions	3 385.8	3 471.5	3 528.5	3 665.6
Net result from transactions (net operating balance)	(4.2)	5.3	5.3	5.3
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(12.0)	(3.8)	(3.8)	(3.8)
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.5)	..	..	..
Other gains/(losses) from economic flows	(5.5)	(0.1)	(0.1)	(0.1)
Total other economic flows included in net result	(18.0)	(3.8)	(3.8)	(3.8)
Net result	(22.2)	1.4	1.4	1.4
Other economic flows – other comprehensive income				
Financial assets available-for-sale reserve:	(0.2)	..	..	..
Total other economic flows – other comprehensive income	(0.2)	..	..	..
Comprehensive result	(22.4)	1.4	1.4	1.4

Sources: Departments of Human Services and Treasury and Finance

Table 3.4.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2012</i>	<i>2013</i>	<i>2013</i>	<i>2014</i>
	<i>Actual</i>	<i>Budget</i>	<i>Revised</i>	<i>Budget</i>
Assets				
Financial assets				
Cash and deposits	30.5	37.8	37.8	45.1
Receivables	231.1	271.3	242.6	285.0
Other financial assets	5.8	5.8	5.8	5.8
Total financial assets	267.4	314.9	286.2	336.0
Non-financial assets				
Inventories	0.4	0.4	0.4	0.4
Non-financial assets classified as held for sale, including disposal group assets	4.0	4.0	4.0	4.0
Property, plant and equipment	754.1	775.8	764.1	803.3
Intangible assets	17.3	12.5	34.9	33.4
Other	4.1	4.1	4.1	4.1
Total non-financial assets	780.0	796.8	807.6	845.2
Total assets	1 047.4	1 111.7	1 093.8	1 181.2
Liabilities				
Payables	150.2	151.8	151.8	153.4
Borrowings	46.0	47.5	47.5	49.1
Provisions	216.6	234.9	234.9	254.3
Total liabilities	412.7	434.2	434.2	456.7
Net assets	634.6	677.5	659.5	724.4
Equity				
Accumulated surplus/(deficit)	310.6	312.0	312.0	313.5
Contributed capital and Reserves	324.0	365.5	347.5	411.0
Total equity	634.6	677.5	659.5	724.4

Sources: Departments of Human Services and Treasury and Finance

Table 3.4.3: Statement of cash flows

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	3 345.2	3 459.6	3 513.6	3 645.7
Receipts from other entities	12.2	1.5	4.5	9.1
Interest received	0.2	0.4	0.4	0.4
Dividends received	0.3	..	..	..
Other receipts	28.9	21.0	21.0	21.4
Total receipts	3 386.8	3 482.4	3 539.4	3 676.5
Payments				
Payments of grants and other transfers	(666.5)	(659.6)	(658.5)	(647.4)
Payments to suppliers and employees	(2 592.3)	(2 697.7)	(2 755.9)	(2 899.5)
Capital asset charge	(53.1)	(55.6)	(55.6)	(58.0)
Interest and other costs of finance paid	(2.1)	(2.9)	(2.9)	(2.9)
Total payments	(3 313.9)	(3 415.8)	(3 472.8)	(3 607.8)
Net cash flows from/(used in) operating activities	72.8	66.6	66.6	68.7
Cash flows from investing activities				
Net investment	(36.7)	(45.8)	(17.1)	(48.1)
Payments for non-financial assets	(42.5)	(56.5)	(67.2)	(78.3)
Proceeds from sale of non-financial assets	13.7	..	..	..
Net cash flow from/(used in) investing activities	(65.5)	(102.3)	(84.3)	(126.3)
Cash flows from financing activities				
Owner contributions by State Government	18.7	41.4	23.5	63.5
Net borrowings	(16.4)	1.5	1.5	1.5
Net cash flows from/(used in) financing activities	2.3	43.0	25.0	65.0
Net increase/(decrease) in cash and cash equivalents	9.7	7.3	7.3	7.3
Cash and cash equivalents at the beginning of the financial year	20.9	30.5	30.5	37.8
Cash and cash equivalents at the end of the financial year	30.5	37.8	37.8	45.1

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>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	332.8	(148.2)	440.1	1.9	626.6
Comprehensive result	(22.2)	..	..	( 0.2)	(22.4)
Transactions with owners in their capacity as owners	..	30.4	..	..	30.4
Closing balance 30 June 2012 (actual)	310.6	(117.7)	440.1	1.7	634.6
Comprehensive result	1.4	..	..	..	1.4
Transactions with owners in their capacity as owners	..	41.4	..	..	41.4
Closing balance 30 June 2013 (budget)	312.0	(76.3)	440.1	1.7	677.5
Comprehensive result	1.4	..	..	..	1.4
Transactions with owners in their capacity as owners	..	23.5	..	..	23.5
Closing balance 30 June 2013 (revised)	312.0	(94.3)	440.1	1.7	659.5
Comprehensive result	1.4	..	..	..	1.4
Transactions with owners in their capacity as owners	..	63.5	..	..	63.5
Closing balance 30 June 2014 (estimate)	313.5	(30.8)	440.1	1.7	724.4

Sources: Departments of Human Services and Treasury and Finance

Note:

(a) Land, buildings, infrastructure plant and equipment revaluation surplus.

Table 3.4.5: Administered items statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Administered income				
Sale of goods and services ^(a)	10.0	10.7	10.7	42.2
Grants	143.6	84.9	12.3	3.5
Other income ^(a)	2.6	0.8	0.8	0.8
Total administered income	156.2	96.4	23.8	46.5
Administered expenses				
Expenses on behalf of the State	7.8	0.8	0.8	0.8
Grants and other transfers	7.2	..	..	..
Payments into the Consolidated Fund	148.0	103.7	33.5	52.2
Total administered expenses	163.0	104.5	34.3	53.0
Income less expenses	(6.8)	(8.1)	(10.5)	(6.5)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	6.1	8.1	10.5	6.5
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.2)	..	..	..
Total other economic flows included in net result	6.0	8.1	10.5	6.5
Net result	(0.8)	..	..	..
Comprehensive result	(0.8)	..	..	..
Administered assets				
Cash and deposits	0.4	0.4	0.4	0.4
Receivables	4.7	4.7	4.7	4.7
Other financial assets	0.9	0.9	0.9	0.9
Total administered assets	5.9	5.9	5.9	5.9
Administered liabilities				
Provisions	4.2	4.2	4.2	4.2
Total administered liabilities	4.2	4.2	4.2	4.2
Net assets	1.7	1.7	1.7	1.7

Sources: Departments of Human Services and Treasury and Finance

Note:

(a) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.

DEPARTMENT OF JUSTICE

Operating performance

The Department of Justice operating net result from transactions is forecast to increase from a surplus of \$3 million in 2012-13 to an estimated surplus of \$18 million in 2013-14.

Output appropriation revenue in 2013-14 is projected to increase by \$903 million compared to the 2012-13 revised budget. This is due to:

- the introduction of the new Fires Services Property Levy which will be appropriated to the Department of Justice and which replaces property owners contribution previously received directly by the Country Fire Authority and the Metropolitan Fire and Emergency Services Board from the insurance industry;
- new output initiatives announced in the *2013-14 Budget*, including Supporting Courts, expansion of the Asset Confiscation Scheme, and addressing demand in the Victims Support System; and
- the continuing implementation of existing initiatives, including the phased increase in protective services officers and the recruitment of additional police officers announced in the 2011-12 Budget.

Estimated 2013-14 departmental operating expenses are forecast to increase by approximately the same amount as revenue due to the factors identified above.

Balance sheet performance

The Department's 2012-13 net asset position is estimated to improve by \$726 million compared to the 2012-13 revised budget. This is largely attributable to increases in property, plant and equipment flowing from additional capital investment.

Investing and financing

The increase in payments for non-financial assets in 2013-14 reflects new asset investment and the continued implementation of asset investment programs commenced in previous budgets. This includes major new initiatives such as the Victoria Police station upgrades and a new high security unit at Barwon Prison, along with existing initiatives in corrections such as the new male prison and additional prison beds.

Statement of administered items

Revenues administered by the Department of Justice on behalf of the State and third parties are forecast to rise by \$102 million in 2013-14 relative to the 2012-13 revised budget. Total administered expenses are forecast to increase by \$79 million over the same period.

Other economic flows have increased relative to the 2012-13 revised budget due to the recognition of bad and doubtful debts resulting from fine related enforcement activities. Outstanding debts will continue to be vigorously pursued through all legal means, however prudent accounting requires that provision be made for such debts.

Table 3.5.1: Comprehensive operating statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	3 977.4	4 259.9	4 212.0	5 114.8
Special appropriations	115.1	145.4	153.6	142.9
Interest	92.3	103.3	66.9	69.1
Sale of goods and services	14.2	16.4	15.9	15.4
Grants	63.3	47.5	49.2	51.6
Fair value of assets and services received free of charge or for nominal consideration	0.2	..	0.5	..
Other income	23.0	12.2	15.5	11.5
Total income from transactions	4 285.6	4 584.7	4 513.6	5 405.4
Expenses from transactions				
Employee benefits	2 310.4	2 330.2	2 424.8	2 585.2
Depreciation	160.6	172.9	173.6	178.9
Interest expense	39.5	38.8	42.8	40.3
Grants and other transfers	358.4	349.5	333.6	928.4
Capital asset charge	186.9	203.3	200.4	238.5
Other operating expenses	1 218.2	1 440.4	1 335.4	1 416.2
Total expenses from transactions	4 274.0	4 535.1	4 510.5	5 387.5
Net result from transactions (net operating balance)	11.6	49.6	3.0	17.9
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	9.0	10.7	10.7	10.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.2)	..	..	..
Other gains/(losses) from economic flows	(18.2)	..	..	..
Total other economic flows included in net result	(9.4)	10.7	10.7	10.7
Net result	2.3	60.3	13.8	28.6
Other economic flows – other comprehensive income				
Asset revaluation reserve	(15.5)	..	..	..
Other	5.1	..	..	..
Total other economic flows – other comprehensive income	(10.4)	..	..	..
Comprehensive result	(8.1)	60.3	13.8	28.6

Sources: Departments of Justice and Treasury and Finance

Table 3.5.2: Balance sheet

(\$ million)

	Estimated as at 30 Jun			
	2012 Actual	2013 Budget	2013 Revised	2014 Budget
Assets				
Financial assets				
Cash and deposits	114.0	126.2	116.0	128.7
Receivables	664.5	709.9	694.6	749.4
Other financial assets	421.7	478.4	438.8	462.7
Total financial assets	1 200.3	1 314.5	1 249.4	1 340.8
Non-financial assets				
Inventories	12.3	12.3	12.3	12.3
Non-financial assets classified as held for sale, including disposal group assets	22.6	15.9	15.9	9.3
Property, plant and equipment	3 613.8	3 823.1	3 751.6	4 396.2
Intangible assets	100.5	98.8	105.2	104.6
Other	8.1	8.1	8.1	8.1
Total non-financial assets	3 757.2	3 958.2	3 893.2	4 530.6
Total assets	4 957.5	5 272.7	5 142.5	5 871.4
Liabilities				
Payables	199.2	219.8	219.8	240.5
Borrowings	429.2	396.6	396.7	363.5
Provisions	653.4	668.5	668.5	683.6
Total liabilities	1 281.7	1 284.9	1 285.0	1 287.5
Net assets	3 675.7	3 987.8	3 857.6	4 583.9
Equity				
Accumulated surplus/(deficit)	637.0	697.3	650.8	679.4
Reserves	1 560.7	1 560.7	1 560.7	1 560.7
Contributed capital	1 478.0	1 729.8	1 646.1	2 343.8
Total equity	3 675.7	3 987.8	3 857.6	4 583.9

Sources: Departments of Justice and Treasury and Finance

Table 3.5.3: Statement of cash flows

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Cash flows from operating activities				
Receipts				
Receipts from Government	4 097.3	4 409.4	4 369.8	5 262.1
Receipts from other entities	85.6	56.3	57.6	59.8
Interest received	94.2	102.9	66.4	68.7
Other receipts	28.3	15.5	19.5	15.1
Total receipts	4 305.3	4 584.2	4 513.3	5 405.7
Payments				
Payments of grants and other transfers	(358.2)	(349.4)	(334.3)	(929.1)
Payments to suppliers and employees	(3 518.5)	(3 735.2)	(3 724.6)	(3 965.9)
Capital asset charge	(186.9)	(203.3)	(200.4)	(238.5)
Interest and other costs of finance paid	(39.3)	(38.5)	(42.6)	(40.1)
Total payments	(4 102.9)	(4 326.4)	(4 301.9)	(5 173.5)
Net cash flows from/(used in) operating activities	202.4	257.8	211.4	232.2
Cash flows from investing activities				
Net investment	(45.7)	(101.6)	(128.6)	(164.5)
Payments for non-financial assets	(215.0)	(397.2)	(332.3)	(839.6)
Proceeds from sale of non-financial assets	31.3	34.0	34.0	34.0
Net loans to other parties	(21.7)	..	..	..
Net cash flow from/(used in) investing activities	(251.1)	(464.8)	(426.9)	(970.1)
Cash flows from financing activities				
Owner contributions by State Government	103.1	251.8	168.1	697.7
Repayment of finance leases	(27.4)	(22.4)	(22.4)	(22.4)
Net borrowings	(9.0)	(10.2)	71.8	75.2
Net cash flows from/(used in) financing activities	66.8	219.2	217.5	750.5
Net increase/(decrease) in cash and cash equivalents	18.1	12.2	2.0	12.6
Cash and cash equivalents at the beginning of the financial year	95.9	114.0	114.0	116.0
Cash and cash equivalents at the end of the financial year	114.0	126.2	116.0	128.7

Sources: Departments of Justice and Treasury and Finance

Table 3.5.4: Statement of changes in equity

(\$ million)

	Accumulated surplus/(deficit)	Contributions by owner	Revaluation surplus ^(a)	Other Reserves	Total equity
Opening balance 1 July 2011	629.6	1 380.9	1 576.2	..	3 586.7
Comprehensive result	7.4	..	(15.5)	..	(8.1)
Transactions with owners in their capacity as owners	..	97.1	..	..	97.1
Closing balance 30 June 2012 (actual)	637.0	1 478.0	1 560.7	..	3 675.7
Comprehensive result	60.3	..	..	..	60.3
Transactions with owners in their capacity as owners	..	251.8	..	..	251.8
Closing balance 30 June 2013 (budget)	697.3	1 729.8	1 560.7	..	3 987.8
Comprehensive result	13.8	..	..	..	13.8
Transactions with owners in their capacity as owners	..	168.1	..	..	168.1
Closing balance 30 June 2013 (revised)	650.8	1 646.1	1 560.7	..	3 857.6
Comprehensive result	28.6	..	..	..	28.6
Transactions with owners in their capacity as owners	..	697.7	..	..	697.7
Closing balance 30 June 2014 (estimate)	679.4	2 343.8	1 560.7	..	4 583.9

Sources: Departments of Justice and Treasury and Finance

Note:

(a) Land, buildings, infrastructure plant and equipment revaluation surplus.

Table 3.5.5: Administered items statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Administered income				
Appropriations – Payments made on behalf of the State	41.1	54.5	54.5	54.5
Special appropriations	46.9	60.3	60.3	63.7
Fair value of assets and services received free of charge or for nominal consideration	512.8	..	..	..
Sale of goods and services ^(a)	423.0	392.1	435.9	456.5
Grants	3.2	6.8	6.8	7.0
Interest	0.7	..	..	..
Other income ^(a)	2 278.9	2 496.8	2 546.7	2 624.3
Total administered income	3 306.7	3 010.6	3 104.3	3 206.0
Administered expenses				
Expenses on behalf of the State	536.6	18.3	18.5	13.6
Grants and other transfers	37.2	56.6	56.6	58.8
Payments into the Consolidated Fund	2 804.0	2 752.6	2 758.9	2 840.3
Total administered expenses	3 377.9	2 827.5	2 833.9	2 912.8
Income less expenses	(71.1)	183.1	270.3	293.2
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	0.7	0.7	0.7	0.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(267.8)	(312.2)	(350.8)	(365.9)
Total other economic flows included in net result	(267.2)	(311.5)	(350.1)	(365.2)
Net result	(338.3)	(128.4)	(79.8)	(72.0)
Other	(0.6)	..	..	..
Comprehensive result	(339.0)	(128.4)	(79.8)	(72.0)
Administered assets				
Cash and deposits	52.7	52.2	52.2	51.8
Receivables	714.1	1 369.9	1 387.2	1 175.5
Other assets	9.0	11.0	11.0	13.0
Property, plant and equipment	(6.5)	14.2	14.2	14.2
Non-current assets classified as held for sale	(5.5)	..	..	..
Total administered assets	763.8	1 447.3	1 464.7	1 254.5
Administered liabilities				
Payables	612.3	1 424.4	1 393.1	1 254.8
Provisions	2.2	2.2	2.2	2.2
Total administered liabilities	614.5	1 426.6	1 395.3	1 257.1
Net assets	149.2	20.7	69.4	(2.6)

Sources: Departments of Justice and Treasury and Finance

Note:

(a) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.

Table 3.5.6: Payments made on behalf of the State

(\$ million)

<i>Accounts</i>	<i>2012-13 Budget</i>	<i>2012-13 Revised</i>	<i>2013-14 Budget</i>
Tattersalls duty payments to other jurisdictions	54.5	54.5	54.5
Total	54.5	54.5	54.5

Sources: Departments of Justice and Treasury and Finance

DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

Machinery of government changes effective from 1 July 2013 reallocates the functions of the Department of Planning and Community Development to other departments. The financial statements therefore do not include figures for 2013-14.

Operating performance

The Department of Planning and Community Development estimates a revised operating surplus of \$8.1 million in 2012-13, compared with an original budget estimate of \$4.7 million. This is due to a revision to expected Growth Area Infrastructure contributions.

Balance sheet performance

The Department's revised net asset position is expected to decrease to \$581.8 million as some capital projects are completed and resultant assets transferred to the relevant statutory authority where applicable.

Investing and financing

Cash flows for investing activities in 2012-13 are now expected to decrease from \$61 million to \$47 million due to a revision of some capital project expenditures. This is reflected in a commensurate decrease in net cash flows from financing activities due to a corresponding decrease in capital funding from government for the relevant capital projects.

Administered items statement

Administered income and expenses for the 2012-13 revised budget have both been revised downwards in line with expected Local Government Financial Assistance payments from the Commonwealth.

Table 3.6.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Net result from continuing operations				
Income from transactions				
Output appropriations	478.7	466.8	438.7	..
Special appropriations	18.0	4.0	14.0	..
Interest	10.6	8.3	8.3	..
Sale of goods and services	6.4	0.9	..	..
Grants	57.7	26.3	51.8	..
Fair value of assets received free of charge or for nominal consideration	..	..	..	..
Other income	0.6	0.3	..	..
Total income from transactions	571.8	506.6	512.8	..
Expenses from transactions				
Employee benefits	95.1	84.7	93.4	..
Depreciation	6.7	5.8	5.8	..
Interest expense	0.2	..	..	..
Grants and other transfers	356.6	341.1	331.8	..
Capital asset charge	6.3	6.5	6.5	..
Other operating expenses	71.9	63.7	67.1	..
Total expenses from transactions	536.8	501.9	504.7	..
Net result from transactions (net operating balance)	35.1	4.7	8.1	..
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(11.4)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	..	..	..	..
Other gains/(losses) from economic flows	(0.6)	..	..	..
Total other economic flows included in net result	(11.9)	..	..	..
Net result	23.2	4.7	8.1	..
Other economic flows – other comprehensive income				
Asset revaluation reserve	7.1	9.4	..	..
Other	0.3	..	..	..
Total other economic flows – other comprehensive income	7.5	9.4	..	..
Comprehensive result	30.6	14.1	8.1	..

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

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

Table 3.6.2: Balance sheet

(\$ million)

	Estimated as at 30 Jun			
	2012 Actual	2013 Budget	2013 Revised	2014 Budget ^(a)
Assets				
Financial assets				
Cash and deposits	319.4	324.1	327.5	..
Receivables	58.0	60.3	60.3	..
Total financial assets	377.4	384.4	387.8	..
Non-financial assets				
Property, plant and equipment	294.7	355.5	266.2	..
Intangible assets	16.2	18.0	20.1	..
Other	0.1	0.1	0.1	..
Total non-financial assets	311.0	373.6	286.4	..
Total assets	688.4	757.9	674.1	..
Liabilities				
Payables	64.0	64.0	64.0	..
Borrowings	3.5	3.5	3.5	..
Provisions	24.8	24.8	24.8	..
Total liabilities	92.3	92.3	92.3	..
Net assets	596.0	665.6	581.8	..
Equity				
Accumulated surplus/(deficit)	32.0	36.7	40.1	..
Reserves	39.3	48.7	39.3	..
Contributed capital	524.7	580.2	502.4	..
Total equity	596.0	665.6	581.8	..

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

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

Table 3.6.3: Statement of cash flows

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Cash flows from operating activities				
Receipts				
Receipts from Government	496.6	470.8	455.7	..
Receipts from other entities	73.0	27.2	48.8	..
Interest received	13.9	8.3	8.3	..
Total receipts	583.5	506.3	512.8	..
Payments				
Payments of grants and other transfers	(356.1)	(340.8)	(331.8)	..
Payments to suppliers and employees	(174.3)	(148.4)	(160.5)	..
Capital asset charge	(6.3)	(6.5)	(6.5)	..
Interest and other costs of finance paid	(0.2)	..	..	..
Total payments	(536.9)	(495.7)	(498.9)	..
Net cash flows from/(used in) operating activities	46.6	10.6	14.0	..
Cash flows from investing activities				
Net investment	13.4	(2.3)	(2.3)	..
Payments for non-financial assets	(49.8)	(59.0)	(44.2)	..
Proceeds from sale of non-financial assets	2.1	..	..	..
Net loans to other parties	(4.1)	..	..	..
Net cash flow from/(used in) investing activities	(38.4)	(61.3)	(46.5)	..
Cash flows from financing activities				
Owner contributions by State Government ^(b)	40.8	55.5	40.7	(327.5)
Net borrowings	2.2	..	..	..
Net cash flows from/(used in) financing activities	43.0	55.5	40.7	(327.5)
Net increase/(decrease) in cash and cash equivalents	51.2	4.7	8.1	(327.5)
Cash and cash equivalents at the beginning of the financial year	268.2	319.4	319.4	327.5
Cash and cash equivalents at the end of the financial year	319.4	324.1	327.5	..

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

Notes:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

(b) The transaction for 2013-14 reflects the transfer of cash balances to the new department.

Table 3.6.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	8.8	491.9	32.2	(0.3)	532.5
Comprehensive result	23.2	..	7.1	0.3	30.6
Transactions with owners in their capacity as owners	..	32.8	..	..	32.8
Closing balance 30 June 2012 (actual)	32.0	524.7	39.3	..	596.0
Comprehensive result	4.7	..	9.4	..	14.1
Transactions with owners in their capacity as owners	..	55.5	..	..	55.5
Closing balance 30 June 2013 (budget)	36.7	580.2	48.7	..	665.6
Comprehensive result	8.1	..	..	..	8.1
Transactions with owners in their capacity as owners	..	(22.3)	..	..	( 22.3)
Closing balance 30 June 2013 (revised)	40.1	502.4	39.3	..	581.8
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners ^(b)	(40.1)	(502.4)	(39.3)	..	(581.8)
Closing balance 30 June 2014 (estimate)	..	..	..	..	..

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

Notes:

- (a) Land, buildings, infrastructure plant and equipment revaluation surplus.
 (b) As this department will cease to operate from 1 July 2013, the capital value of functions being transferred to other departments is reflected in this item.

Table 3.6.5: Administered items statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Administered income				
Appropriations – Payments made on behalf of the State	0.4	0.9	0.9	..
Sale of goods and services	0.1	0.7	1.0	..
Grants	663.3	508.5	263.2	..
Other	0.7	..	..	..
Total administered income	664.5	510.1	265.1	..
Administered expenses				
Expenses on behalf of the State	0.2	..	..	..
Grants and other transfers	655.7	509.4	264.1	..
Payments into the Consolidated Fund	10.5	2.0	2.3	..
Total administered expenses	666.4	511.4	266.3	..
Income less expenses	(1.9)	(1.3)	(1.2)	..
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(0.8)	1.3	1.3	..
Total other economic flows included in net result	(0.8)	1.3	1.3	..
Net result	(2.7)	..	..	..
Other economic flows – other comprehensive income				
Other	62.5	..	..	..
Total other economic flows – other comprehensive income	62.5	..	..	..
Comprehensive result	59.9	..	..	..
Administered assets				
Cash and deposits	2.7	2.4	2.4	..
Receivables	(0.3)	..	..	..
Total administered assets	2.4	2.4	2.4	..
Administered liabilities				
Payables	0.2	0.2	0.2	..
Total administered liabilities	0.2	0.2	0.2	..
Net assets	2.2	2.2	2.2	..

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

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

Table 3.6.6: Payments made on behalf of the State

(\$ million)

	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
ANZAC Day administered trust	0.9	0.9	..
Total	0.9	0.9	..

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

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

Table 3.6.7: Parliamentary authority for resources

(\$ million)

	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Annual appropriations	628.6	562.0	..
Provision of outputs	464.1	419.4	..
Additions to the net asset base	163.7	141.7	..
Payments made on behalf of the State	0.9	0.9	..
Receipts credited to appropriations	..	0.3	..
Unapplied previous years appropriation	15.2	26.5	..
Provision of outputs	2.7	12.9	..
Additions to the net asset base	12.5	13.6	..
Gross annual appropriation	643.8	588.7	..
Special appropriations	4.0	14.0	..
Trust funds	544.1	323.3	..
Total parliamentary authority	1 191.9	926.0	..

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

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

DEPARTMENT OF PREMIER AND CABINET

Operating performance

The net result from transactions for the Department of Premier and Cabinet is forecast to decrease from \$13 million in the 2012-13 revised budget to \$8.7 million in the 2013-14 budget.

The Department anticipates that total income from transactions in 2013-14 will increase by \$31 million, compared to the 2012-13 revised budget.

This increase is primarily due to the impact of machinery of government changes, which resulted in the Office of Aboriginal Affairs Victoria and Veterans Affairs being transferred to the Department, and new funding provided for 2013-14 budget initiatives.

Estimated 2013-14 departmental operating expenses are forecast to increase by approximately the same amount as revenue due to the factors identified above.

Balance sheet performance

The Department's net asset position is estimated to increase by \$39 million in 2013-14. This results from machinery of government changes, from funding for new asset initiatives in the 2013-14 budget, as well as from an increased financial receivable representing appropriation received for depreciation not fully being drawn down in cash.

New asset initiatives reflected in the 2013-14 budget include:

- Public Record Office Victoria Asset Plan Renewal: \$2 million;
- National Gallery of Victoria Asset Plan Renewal: \$4 million; and
- Arts and Cultural Facilities Maintenance Fund Renewal: \$5 million.

Investing and financing

The Department's statement of cash flows shows an increase in payments for non-financial assets from \$33 million in the 2012-13 revised budget to \$80 million in the 2013-14 budget. Included in 2013-14 are the new asset initiatives identified above (\$11 million), other Arts Agencies projects funded by other sources (\$18 million), and further expenditure on the Shrine of Remembrance development (\$15 million) and Circus Oz relocation (\$12 million).

Table 3.7.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Net result from continuing operations				
Income from transactions				
Output appropriations	563.1	542.4	546.3	579.2
Special appropriations	8.1	8.1	8.3	8.3
Interest	8.1	2.7	3.4	3.3
Sale of goods and services	41.4	48.3	49.8	50.2
Grants	13.4	6.5	14.1	11.5
Fair value of assets and services received free of charge or for nominal consideration	0.5	1.6	1.5	1.5
Other income	41.1	30.1	25.4	26.0
Total income from transactions	675.7	639.7	648.8	680.0
Expenses from transactions				
Employee benefits	209.2	202.0	213.2	221.6
Depreciation	63.4	58.4	61.0	62.0
Interest expense	0.2	..	..	..
Grants and other transfers	118.3	99.5	107.9	123.1
Capital asset charge	98.7	98.7	98.7	99.6
Other operating expenses	172.6	158.6	155.2	165.0
Total expenses from transactions	662.3	617.2	636.0	671.3
Net result from transactions (net operating balance)	13.4	22.5	12.8	8.7
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(0.6)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.6)	(0.1)	(0.2)	(0.2)
Other gains/(losses) from economic flows	(0.5)	..	..	..
Total other economic flows included in net result	(1.6)	(0.1)	(0.2)	(0.2)
Net result	11.8	22.4	12.6	8.5
Other economic flows – other comprehensive income				
Asset revaluation reserve	221.5	..	0.1	..
Financial assets available-for-sale reserve:	(2.3)	..	0.9	1.0
Other	(8.1)	1.4	(0.2)	0.3
Total other economic flows – other comprehensive income	211.1	1.4	0.8	1.2
Comprehensive result	222.8	23.9	13.4	9.7

Sources: Departments of Premier and Cabinet and Treasury and Finance

Notes:

(a) Figures for 2011-12 and 2012-13 do not include the impact of machinery of government changes effective from 1 July 2013.

(b) The 2013-14 budget reflects the full impact of the machinery of government changes effective from 1 July 2013.

Table 3.7.2: Balance sheet

(\$ million)

	Estimated as at 30 Jun			
	2012 Actual ^(a)	2013 Budget ^(a)	2013 Revised ^(a)	2014 Budget ^(b)
Assets				
Financial assets				
Cash and deposits	46.4	44.7	46.7	47.2
Receivables	122.2	169.2	155.0	180.8
Other financial assets	70.7	73.3	68.1	66.7
Total financial assets	239.3	287.3	269.8	294.6
Non-financial assets				
Inventories	3.5	3.5	3.5	3.5
Property, plant and equipment	6 626.0	6 611.9	6 598.0	6 615.8
Intangible assets	4.9	4.9	5.2	5.2
Other	2.0	2.0	1.8	1.8
Total non-financial assets	6 636.4	6 622.3	6 608.4	6 626.3
Total assets	6 875.7	6 909.6	6 878.2	6 920.9
Liabilities				
Payables	27.1	26.0	25.0	25.1
Borrowings	2.8	2.4	2.9	2.9
Provisions	42.8	44.1	44.1	47.5
Total liabilities	72.7	72.5	71.9	75.5
Net assets	6 803.1	6 837.1	6 806.3	6 845.4
Equity				
Accumulated surplus/(deficit)	68.9	71.4	70.1	67.9
Reserves	5 134.3	5 155.6	5 146.4	5 158.3
Contributed capital	1 599.9	1 610.1	1 589.7	1 619.1
Total equity	6 803.1	6 837.1	6 806.3	6 845.4

Sources: Departments of Premier and Cabinet and Treasury and Finance

Notes:

- (a) Figures for 2012 and 2013 do not include the impact of machinery of government changes effective from 1 July 2013.
 (b) The 2014 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.7.3: Statement of cash flows

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Cash flows from operating activities				
Receipts				
Receipts from Government	574.1	550.5	554.7	587.6
Receipts from other entities	54.9	54.5	63.7	61.3
Interest received	8.0	2.7	3.4	3.3
Other receipts	42.5	30.4	25.8	26.1
Total receipts	679.5	638.1	647.5	678.3
Payments				
Payments of grants and other transfers	(124.5)	(99.5)	(107.9)	(123.1)
Payments to suppliers and employees	(378.2)	(358.3)	(366.7)	(380.9)
Capital asset charge	(98.7)	(98.7)	(98.7)	(99.6)
Interest and other costs of finance paid	(0.2)	..	..	..
Total payments	(601.5)	(556.5)	(573.4)	(603.6)
Net cash flows from/(used in) operating activities	78.0	81.7	74.1	74.8
Cash flows from investing activities				
Net investment	(23.1)	(50.0)	(29.5)	(23.4)
Payments for non-financial assets	(39.1)	(43.4)	(33.4)	(80.4)
Proceeds from sale of non-financial assets	0.9	..	..	..
Net cash flow from/(used in) investing activities	(61.3)	(93.4)	(62.9)	(103.8)
Cash flows from financing activities				
Owner contributions by State Government	(17.8)	10.2	(10.6)	29.7
Repayment of finance leases	..	..	..	..
Net borrowings	(1.1)	(0.1)	(0.2)	(0.2)
Net cash flows from/(used in) financing activities	(18.9)	10.1	(10.8)	29.5
Net increase/(decrease) in cash and cash equivalents	(2.2)	(1.6)	0.4	0.4
Cash and cash equivalents at the beginning of the financial year	48.6	46.4	46.4	46.7
Cash and cash equivalents at the end of the financial year	46.4	44.7	46.7	47.2

Sources: Departments of Premier and Cabinet and Treasury and Finance

Notes:

(a) Figures for 2011-12 and 2012-13 do not include the impact of machinery of government changes effective from 1 July 2013.

(b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.7.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	82.1	1 613.2	4 586.6	311.7	6 593.5
Comprehensive result	(13.2)	..	221.5	14.5	222.8
Transactions with owners in their capacity as owners	..	(13.3)	..	..	( 13.3)
Closing balance 30 June 2012 (actual) ^(b)	68.9	1 599.9	4 808.0	326.2	6 803.1
Comprehensive result	2.5	..	..	21.3	23.9
Transactions with owners in their capacity as owners	..	10.2	..	..	10.2
Closing balance 30 June 2013 (budget) ^(b)	71.4	1 610.1	4 808.0	347.6	6 837.1
Comprehensive result	1.2	..	0.1	12.1	13.4
Transactions with owners in their capacity as owners	..	(10.1)	..	..	( 10.1)
Closing balance 30 June 2013 (revised) ^(b)	70.1	1 589.7	4 808.1	338.3	6 806.3
Comprehensive result	(2.2)	..	..	11.9	9.7
Transactions with owners in their capacity as owners ^(c)	..	29.4	..	..	29.4
Closing balance 30 June 2014 (estimate)	67.9	1 619.1	4 808.1	350.2	6 845.4

Sources: Departments of Premier and Cabinet and Treasury and Finance

Notes:

- (a) Land, buildings, infrastructure plant and equipment revaluation surplus.
- (b) Figures for 2011-12 and 2012-13 do not include the impact of machinery of government changes effective from 1 July 2013.
- (c) This item reflects the impact of machinery of government changes where functions have been transferred from other departments effective from 1 July 2013.

Table 3.7.5: Administered items statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Administered income				
Sale of goods and services	0.1	0.5	0.5	0.5
Other income	0.7	0.3	0.3	0.3
Total administered income	0.7	0.8	0.8	0.8
Administered expenses				
Payments into the Consolidated Fund	0.7	0.8	0.8	0.8
Total administered expenses	0.7	0.8	0.8	0.8
Income less expenses	..	..	..	..
Other economic flows included in net result				
Total other economic flows included in net result	..	..	..	..
Net result	..	..	..	..
Administered assets				
Cash and deposits	0.2	0.2	0.2	0.2
Total administered assets	0.2	0.2	0.2	0.2
Administered liabilities				
Payables	0.2	0.2	0.2	0.2
Total administered liabilities	0.2	0.2	0.2	0.2
Net assets	..	..	..	..

Sources: Departments of Premier and Cabinet and Treasury and Finance

Notes:

(a) Figures for 2011-12 and 2012-13 do not include the impact of machinery of government changes effective from 1 July 2013.

(b) The 2013-14 Budget reflects the full impact of machinery of government changes effective from 1 July 2013.

DEPARTMENT OF PRIMARY INDUSTRIES

In April 2013, the Government issued an Administrative Order restructuring some of its activities via machinery of government changes, effective from 1 July 2013. As part of the machinery of government restructure, the Department of Primary Industries will merge its agriculture, productivity and industry development, regulation and compliance, fisheries and game and business services functions with the Department of Sustainability and Environment, forming the new Department of Environment and Primary Industries.

The remaining energy and resources functions will be re-allocated to the new Department of State Development, Business and Innovation.

The financial statements below therefore do not include figures for 2013-14.

Operating performance

The Department of Primary Industries is estimated to have a net result from transactions surplus of \$0.1 million for the 2012-13 financial year.

The operating income for 2012-13 is forecast to be \$548 million, a \$14 million decrease from the 2012-13 published budget. This decrease primarily relates to commercial and program revisions in the Energy and Earth Resources portfolio and the Bioscience Research Centre project.

The decrease in operating expenses from \$566 million in the 2012-13 published budget to \$547 million in the 2012-13 revised budget reflects reduced expenditure associated with the income revisions mentioned above.

Balance sheet performance

The Department's net asset position is expected to increase from \$596 million as at 30 June 2012 to \$623 million as at 30 June 2013. This increase of \$27 million is mainly due to agricultural sector research facility upgrades and new facilities across Victoria.

Investing and financing

The decrease in cash flows used in investing activities from \$54 million in the 2012-13 published budget to \$37 million in the 2012-13 revised budget primarily reflects capital program revisions for the Modernising Farm Services and Science assets initiative and Bioscience Research Centre project.

The decrease in net cash flow from financing activities from \$37 million in the 2012-13 published budget to \$28 million in the 2012-13 revised budget reflects reduced capital funding associated with the revisions mentioned above.

Administered items statement

Administered income and expenses have marginally increased for the 2012-13 revised budget compared with the 2012-13 published budget, primarily relating to payments associated with external parties.

Table 3.8.1: Comprehensive operating statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i> ^(a)
Net result from continuing operations				
Income from transactions				
Output appropriations	436.5	530.4	484.4	..
Special appropriations	6.0	..	..	..
Interest	3.7	0.8	0.8	..
Sale of goods and services	34.8	26.3	58.3	..
Grants	3.4	0.1	0.1	..
Other income	4.7	4.0	4.0	..
Total income from transactions	489.2	561.6	547.6	..
Expenses from transactions				
Employee benefits	193.6	184.2	194.9	..
Depreciation	27.5	29.4	29.4	..
Interest expense	6.5	16.9	16.9	..
Grants and other transfers	60.3	126.3	121.7	..
Capital asset charge	33.2	34.4	34.4	..
Other operating expenses	173.7	174.3	150.1	..
Total expenses from transactions	494.8	565.5	547.4	..
Net result from transactions (net operating balance)	(5.6)	(3.9)	0.1	..
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	3.6	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	0.1	..	..	..
Other gains/(losses) from economic flows	(1.2)	..	..	..
Total other economic flows included in net result	2.5	..	..	..
Net result	(3.1)	(3.9)	0.1	..
Other economic flows – other comprehensive income				
Asset revaluation reserve	..	..	..	..
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	(3.1)	(3.9)	0.1	..

Sources: Departments of Primary Industries and Treasury and Finance

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

Table 3.8.2: Balance sheet

(\$ million)

	Estimated as at 30 Jun			
	2012 Actual	2013 Budget	2013 Revised	2014 Budget ^(a)
Assets				
Financial assets				
Cash and deposits	71.1	67.6	80.0	..
Receivables	131.3	131.2	122.9	..
Other financial assets	15.8	15.4	15.4	..
Total financial assets	218.2	214.2	218.3	..
Non-financial assets				
Inventories	31.8	31.8	31.8	..
Non-financial assets classified as held for sale, including disposal group assets	0.6	0.6	0.6	..
Property, plant and equipment	569.2	593.8	759.7	..
Biological assets	1.6	1.6	1.6	..
Intangible assets	13.7	13.7	13.7	..
Other	3.3	3.3	3.3	..
Total non-financial assets	620.2	644.8	810.6	..
Total assets	838.4	859.0	1 028.9	..
Liabilities				
Payables	110.2	97.3	97.3	..
Borrowings	65.9	67.4	242.5	..
Provisions	66.2	66.3	66.3	..
Total liabilities	242.3	231.1	406.1	..
Net assets	596.1	627.9	622.8	..
Equity				
Accumulated surplus/(deficit)	(20.8)	(24.7)	(20.7)	..
Reserves	254.1	254.1	254.1	..
Contributed capital	362.8	398.5	389.3	..
Total equity	596.1	627.9	622.8	..

Sources: Departments of Primary Industries and Treasury and Finance

Note:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

Table 3.8.3: Statement of cash flows

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Cash flows from operating activities				
Receipts				
Receipts from Government	442.5	530.4	484.4	..
Receipts from other entities	43.6	31.2	63.2	..
Interest received	3.7	0.8	0.8	..
Other receipts	3.5	..	..	..
Total receipts	493.3	562.3	548.3	..
Payments				
Payments of grants and other transfers	(60.3)	(126.3)	(121.7)	..
Payments to suppliers and employees	(379.5)	(371.2)	(357.7)	..
Capital asset charge	(33.2)	(34.4)	(34.4)	..
Interest and other costs of finance paid	(6.5)	(16.9)	(16.9)	..
Total payments	(479.5)	(548.8)	(530.7)	..
Net cash flows from/(used in) operating activities	13.8	13.5	17.5	..
Cash flows from investing activities				
Net investment	11.4	(0.2)	8.1	..
Payments for non-financial assets	(27.7)	(54.0)	(44.8)	..
Proceeds from sale of non-financial assets	6.0	..	..	..
Net cash flow from/(used in) investing activities	(10.4)	(54.2)	(36.7)	..
Cash flows from financing activities				
Owner contributions by State Government	12.3	35.7	26.5	(80.0)
Repayment of finance leases	(0.8)	1.5	1.5	..
Net borrowings	(8.4)	..	..	..
Net cash flows from/(used in) financing activities	3.0	37.2	28.0	(80.0)
Net increase/(decrease) in cash and cash equivalents	6.5	(3.5)	8.8	(80.0)
Cash and cash equivalents at the beginning of the financial year	64.7	71.1	71.1	80.0
Cash and cash equivalents at the end of the financial year	71.1	67.6	80.0	..

Sources: Departments of Primary Industries and Treasury and Finance

Notes:

- (a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.
- (b) The transaction for 2013-14 reflects the transfer of cash balances to the new department.

Table 3.8.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	(17.7)	334.8	254.0	0.1	571.2
Comprehensive result	(3.1)	..	..	..	( 3.1)
Transactions with owners in their capacity as owners	..	28.0	..	..	28.0
Closing balance 30 June 2012 (actual)	(20.8)	362.8	254.0	0.1	596.1
Comprehensive result	(3.9)	..	..	..	( 3.9)
Transactions with owners in their capacity as owners	..	35.7	..	..	35.7
Closing balance 30 June 2013 (budget)	(24.7)	398.5	254.0	0.1	627.9
Comprehensive result	0.1	..	..	..	0.1
Transactions with owners in their capacity as owners	..	26.5	..	..	26.5
Closing balance 30 June 2013 (revised)	(20.7)	389.3	254.0	0.1	622.8
Comprehensive result	24.7	..	..	..	24.7
Transactions with owners in their capacity as owners ^(b)	(4.1)	(389.3)	(254.0)	(0.1)	(647.5)
Closing balance 30 June 2014 (estimate)	..	..	..	..	..

Sources: Departments of Primary Industries and Treasury and Finance

Notes:

- (a) Land, buildings, infrastructure plant and equipment revaluation surplus.
- (b) As this department will cease to operate from 1 July 2013, the capital value of functions being transferred to other departments is reflected in this item.

Table 3.8.5: Administered items statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Administered income				
Sale of goods and services ^(b)	76.6	84.4	89.6	..
Grants	3.6	10.9	6.7	..
Interest	..	..	..	..
Other income ^(b)	70.2	49.4	49.4	..
Total administered income	150.4	144.7	145.7	..
Administered expenses				
Expenses on behalf of the State	0.3	..	..	..
Payments into the Consolidated Fund	126.7	145.1	149.1	..
Total administered expenses	127.0	145.1	149.1	..
Income less expenses	23.5	(0.4)	(3.3)	..
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	2.2	0.7	3.6	..
Other gains/(losses) from other economic flows	(0.1)	..	..	..
Total other economic flows included in net result	2.1	0.7	3.6	..
Net result	25.6	0.3	0.3	..
Administered assets				
Cash and deposits	3.5	3.8	3.8	..
Receivables	80.2	80.2	80.2	..
Other financial assets	0.1	0.1	0.1	..
Total administered assets	83.7	84.0	84.0	..
Administered liabilities				
Payables	8.2	8.2	8.2	..
Total administered liabilities	8.2	8.2	8.2	..
Net assets	75.5	75.8	75.8	..

Sources: Departments of Primary Industries and Treasury and Finance

Notes:

- (a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.
- (b) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.

Table 3.8.6: Parliamentary authority for resources

(\$ million)

	2012-13 Budget	2012-13 Revised	2013-14 Budget ^(a)
Annual appropriations	431.8	349.2	..
Provision of outputs	408.6	349.2	..
Additions to the net asset base	23.2		..
Receipts credited to appropriations	92.9	79.3	..
Unapplied previous years appropriation	41.4	82.3	..
Provision of outputs	28.9	57.6	..
Additions to the net asset base	12.5	24.7	..
Accumulated surplus – previously applied appropriation	..	8.3	..
Gross annual appropriation	566.1	519.2	..
Special appropriations	..	..	..
Trust funds	31.5	63.5	..
Total parliamentary authority	597.6	582.7	..

Sources: Departments of Primary Industries and Treasury and Finance

Notes:

(a) As this department will cease to operate from 1 July 2013, no budget is available for 2013-14. The budget for the functions being transferred to other departments is included in the estimates of those departments.

DEPARTMENT OF STATE DEVELOPMENT, BUSINESS AND INNOVATION

Operating performance

The Department of State Development, Business and Innovation expects a net result from transactions surplus of \$1.1 million in 2013-14.

The operating statement shows an increase in total net income from transactions of \$424 million (67 per cent) to \$1.1 billion, compared to the 2012-13 revised budget of \$635 million. This increase is driven by the transfer of functions from the Department of Primary Industries, the Department of Planning and Community Development, and the net effect of functions transferring with the Department of Treasury and Finance as part of the machinery of government changes effective from 2013-14.

Income from transactions is sourced from appropriations, Commonwealth funding, Major Events trust funds and external revenue for projects managed by Major Projects Victoria.

Total budgeted income for 2013-14 includes new funding of \$40 million for new initiatives announced in the *2013-14 Budget* including *Victoria's Technology Plan for the Future and Government Information and Communications Technology Strategy*, international education and the establishment of the Office of State Development. Funding will also be provided to support a number of other programs in energy and resources, innovation and technology, international engagement, tourism and aviation and small business.

Operating expenses in 2013-14 have increased by \$412 million from the 2012-13 revised budget and reflects increased expenditure associated with the revisions mentioned above.

Balance sheet performance

The Department's net asset position is expected to increase by \$329 million compared to the 2012-13 revised budget. The expected increase in total assets is mainly in cash and deposits attributable to machinery of government changes effective from 2013-14 and expenditure on the Melbourne Wholesale Markets Development.

Investment and financing

Cash flows from investing activities primarily reflect the purchase of property, plant and equipment arising from the Melbourne Wholesale Markets Relocation Development and capital replacement and renewal works on Federation Square.

Administered items statement

Total income from transactions administered by the Department on behalf of the State is expected to increase by \$64 million in 2013-14 compared to the 2012-13 revised budget.

The administered appropriation and expenses for 2013-14 primarily relate to lease payments associated with the Melbourne Exhibition and Convention Centre. The Department has previously recognised an administered liability for these lease payments and a loan receivable from the Melbourne Convention and Exhibition Trust.

Table 3.9.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Net result from continuing operations				
Income from transactions				
Output appropriations	435.6	496.6	467.5	787.3
Interest	3.8	2.5	2.3	10.2
Sale of goods and services	31.9	..	..	60.8
Grants	88.0	..	76.1	11.6
Other income	6.3	118.9	89.4	189.7
Total income from transactions	565.7	618.0	635.4	1 059.6
Expenses from transactions				
Employee benefits	92.1	96.5	94.9	134.6
Depreciation	3.5	8.0	8.0	7.9
Interest expense	..	..	..	..
Grants and other transfers	316.1	285.7	329.1	461.8
Capital asset charge	9.5	9.5	9.5	9.8
Other operating expenses	166.4	221.2	204.9	444.3
Total expenses from transactions	587.7	621.0	646.5	1 058.5
Net result from transactions (net operating balance)	(22.0)	(3.0)	(11.1)	1.1
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(7.2)	..	(1.4)	..
Net gain/(loss) on financial instruments and statutory receivables/payables	0.2	(0.2)	(0.2)	(0.2)
Other gains/(losses) from economic flows	(0.5)	..	..	..
Total other economic flows included in net result	(7.5)	(0.2)	(1.6)	(0.2)
Net result	(29.5)	(3.2)	(12.7)	0.9
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	(0.8)	..	..	0.6
Total other economic flows – other comprehensive income	(0.8)	..	..	0.6
Comprehensive result	(30.3)	(3.2)	(12.7)	1.5

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Notes:

(a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Business and Innovation, which do not include the impact of machinery of government changes effective from 1 July 2013.

(b) The 2013-14 budget reflects the full impact of the machinery of government changes effective from 1 July 2013.

Table 3.9.2: Balance sheet

(\$ million)

	2012 Actual ^(a)	2013 Budget ^(a)	2013 Revised ^(a)	2014 Budget ^(b)
Assets				
Financial assets				
Cash and deposits	61.9	58.9	58.3	298.9
Receivables	95.5	105.0	104.6	124.8
Other financial assets	53.7	53.6	44.6	43.7
Investments accounted for using equity method	35.0	35.0	35.0	35.0
Total financial assets	246.1	252.6	242.5	502.4
Non-financial assets				
Inventories	34.8	34.8	34.8	34.8
Property, plant and equipment	423.2	605.0	543.9	648.2
Intangible assets	..	..	..	10.5
Other	28.0	28.0	26.5	28.0
Total non-financial assets	486.0	667.8	605.2	721.4
Total assets	732.0	920.3	847.6	1 223.8
Liabilities				
Payables	46.7	46.7	44.7	76.9
Borrowings	1.1	1.1	1.1	4.5
Provisions	25.5	25.5	25.5	37.5
Total liabilities	73.3	73.3	71.3	118.9
Net assets	658.7	847.0	776.3	1 104.9
Equity				
Accumulated surplus/(deficit)	218.8	215.6	206.1	207.1
Reserves	31.0	31.0	31.0	31.7
Contributed capital	409.0	600.5	539.2	866.2
Total equity	658.7	847.0	776.3	1 104.9

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Notes:

- (a) Figures for 2012 and 2013 reflect the operations of the former Department of Business and Innovation, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2014 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.9.3: Statement of cash flows

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Cash flows from operating activities				
Receipts				
Receipts from Government	445.6	496.6	467.5	790.3
Receipts from other entities	120.4	..	76.3	69.4
Interest received	4.2	2.5	2.3	10.1
Other receipts	(8.3)	118.9	89.6	188.7
Total receipts	561.8	618.0	635.8	1 058.5
Payments				
Payments of grants and other transfers	(316.1)	(285.7)	(329.1)	(461.8)
Payments to suppliers and employees	(261.0)	(317.7)	(300.3)	(567.8)
Capital asset charge	(9.5)	(9.5)	(9.5)	(9.8)
Total payments	(586.7)	(613.0)	(639.0)	(1 039.4)
Net cash flows from/(used in) operating activities	(24.9)	5.0	(3.2)	19.1
Cash flows from investing activities				
Net investment	9.7	(9.5)	(0.5)	(7.8)
Payments for non-financial assets	(142.0)	(192.4)	(130.0)	(118.7)
Proceeds from sale of non-financial assets	0.4	..	..	..
Net loans to other parties	3.9	(3.3)	(3.3)	0.9
Net cash flow from/(used in) investing activities	(128.0)	(205.2)	(133.8)	(125.6)
Cash flows from financing activities				
Owner contributions by State Government	146.6	194.0	130.3	345.6
Net borrowings	6.3	3.1	3.1	1.5
Net cash flows from/(used in) financing activities	152.9	197.1	133.4	347.1
Net increase/(decrease) in cash and cash equivalents	0.1	(3.0)	(3.7)	240.6
Cash and cash equivalents at the beginning of the financial year	61.8	61.9	61.9	58.3
Cash and cash equivalents at the end of the financial year	61.9	58.9	58.3	298.8

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Notes:

(a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Business and Innovation, which do not include the impact of machinery of government changes effective from 1 July 2013.

(b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.9.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	248.3	262.4	31.8	..	542.5
Comprehensive result	(29.5)	..	(0.8)	..	(30.3)
Transactions with owners in their capacity as owners	..	146.6	..	..	146.6
Closing balance 30 June 2012 (actual) ^(b)	218.8	409.0	31.0	..	658.7
Comprehensive result	(3.2)	..	..	..	( 3.2)
Transactions with owners in their capacity as owners	..	191.5	..	..	191.5
Closing balance 30 June 2013 (budget) ^(b)	215.6	600.5	31.0	..	847.0
Comprehensive result	(12.7)	..	..	..	( 12.7)
Transactions with owners in their capacity as owners	..	130.3	..	..	130.3
Closing balance 30 June 2013 (revised) ^(b)	206.1	539.2	31.0	..	776.3
Comprehensive result	0.9	..	0.6	0.1	1.6
Transactions with owners in their capacity as owners ^(c)	..	326.9	..	..	326.9
Closing balance 30 June 2014 (estimate)	207.1	866.2	31.6	0.1	1 104.9

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Notes:

- (a) Land, buildings, infrastructure plant and equipment revaluation surplus.
- (b) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Business and Innovation, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (c) This item reflects the impact of machinery of government changes where functions have been transferred from other departments effective from 1 July 2013.

Table 3.9.5: Administered items statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Administered income				
Appropriations – Payments made on behalf of the State	57.3	54.0	59.0	64.0
Sale of goods and services	1.1	1.2	1.2	9.8
Grants	3.3	5.0	5.0	5.0
Interest	16.3	14.7	14.7	14.3
Other income	5.9	2.1	2.1	52.7
Total administered income	83.9	76.9	81.9	145.8
Administered expenses				
Expenses on behalf of the State	62.8	32.0	37.0	42.0
Grants and other transfers	4.7	8.0	8.0	8.0
Payments into the Consolidated Fund	43.5	11.6	11.6	70.6
Total administered expenses	111.0	51.6	56.6	120.6
Income less expenses	(27.1)	25.3	25.3	25.3
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	4.2	5.3	5.3	5.3
Net gain/(loss) on financial instruments and statutory receivables/payables	0.4	(0.1)	(0.1)	(0.1)
Total other economic flows included in net result	4.5	5.2	5.2	5.2
Net result	(22.5)	30.5	30.5	30.4
Other economic flows – other non-owner changes in equity				
Other	..	..	..	( 1.4)
Total other economic flows – other non-owner changes in equity	..	..	..	( 1.4)
Comprehensive result	(22.5)	30.5	30.5	29.0
Administered assets				
Cash and deposits	(0.2)	(0.2)	(0.2)	3.3
Receivables	286.8	301.5	301.5	381.4
Total administered assets	286.7	301.3	301.3	384.7
Administered liabilities				
Payables	89.0	87.2	87.2	87.0
Borrowings	461.0	447.0	447.0	433.0
Total administered liabilities	550.0	534.2	534.2	520.0
Net assets	(263.3)	(232.8)	(232.8)	(135.3)

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Business and Innovation, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.

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

<i>Accounts</i>	<i>2012-13 Budget ^(a)</i>	<i>2012-13 Revised ^(a)</i>	<i>2013-14 Budget ^(b)</i>
Finance lease interest	32.0	37.0	42.0
Grants to Government public non-financial corporations – within portfolio	8.0	8.0	8.0
Finance lease liability	14.0	14.0	14.0
Total	54.0	59.0	64.0

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Notes:

- (a) *Figures for 2012-13 reflect the operations of the former Department of Business and Innovation, which do not include the impact of machinery of government changes effective from 1 July 2013.*
- (b) *The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.*

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE

Operating performance

The Department of Transport, Planning and Local Infrastructure is estimated to have a net result from transactions of \$70 million for the 2013-14 financial year. This expected surplus is largely the result of funding for Commonwealth road projects being received as operating income but applied for asset investment (capital) purposes.

The Department anticipates that total income from transactions in 2013-14 will increase by \$409 million compared to the 2012-13 revised budget.

This increase is primarily due to the impact of machinery of government changes which has resulted from functions being transferred to the Department and new output initiatives announced in the 2013-14 Budget, including arterial road and West Gate Bridge maintenance and the Road Safety Strategy 2013-2022. The increase also reflects a higher capital asset charge following investments in rail assets held by VicTrack.

Estimated departmental expenses are also forecast to increase due to the factors identified above.

Balance sheet performance

The Department's net asset position is estimated to increase by \$4 billion in 2013-14. This comprises of an estimated increase in total assets of \$4 billion and an estimated increase in total liabilities of \$38 million.

Major movements in total assets include the impact of the revaluation of road assets and the construction of new roads and public transport infrastructure.

Investing and financing

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

The expected investments in property, plant and equipment in 2013-14 reflect approved cash flows for existing road and public transport asset projects and new initiatives announced in the 2013-14 Budget including:

- East West Link Stage 1;
- New trains for Melbourne commuters;
- Protective Services Officers railway infrastructure;
- Targeted road restoration; and
- Metropolitan level crossing blitz program.

Statement of administered Items

Transactions administered by the Department on behalf of the State in 2013-14 include the collection of road and public transport regulatory fees and fines revenues and the collection of fees and charges for land title transactions. The estimates also include the progressive recognition of concession fees paid in advance by Transurban under the CityLink contract. In addition, they include Commonwealth financial assistance payments to local government.

Total administered income is budgeted to increase in 2013-14 by \$1 billion from the 2012-13 revised budget. This increase is primarily due to the impact of machinery of government changes which have resulted in functions being transferred to the Department.

Administered payments are affected by the items outlined above.

Table 3.10.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Net result from continuing operations				
Income from transactions				
Output appropriations	5 175.0	5 011.7	5 030.2	5 383.2
Special appropriations	1.6	2.0	2.8	7.0
Interest	5.0	1.5	4.0	4.3
Sale of goods and services ^(c)	751.3	791.6	789.7	855.9
Grants	292.8	231.8	252.6	281.7
Fair value of assets and services received free of charge or for nominal consideration	56.5	..	1.0	..
Other income ^(c)	133.9	122.0	156.3	113.3
Total income from transactions	6 416.1	6 160.6	6 236.6	6 645.3
Expenses from transactions				
Employee benefits	404.7	382.8	415.9	476.7
Depreciation	524.7	623.1	597.9	631.8
Interest expense	32.6	78.7	75.8	126.6
Grants and other transfers	2 061.6	2 144.2	2 118.4	2 309.7
Capital asset charge	79.7	80.3	80.3	87.6
Other operating expenses	2 913.1	2 652.0	2 909.1	2 942.6
Total expenses from transactions	6 016.5	5 961.2	6 197.4	6 575.1
Net result from transactions (net operating balance)	399.6	199.4	39.3	70.3
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	14.9	..	0.3	..
Net gain/(loss) on financial instruments and statutory receivables/payables	0.1	..	0.1	(0.1)
Other gains/(losses) from economic flows	(9.8)	..	(0.2)	(0.2)
Total other economic flows included in net result	5.2	..	0.1	(0.3)
Net result	404.8	199.3	39.4	69.9
Other economic flows – other comprehensive income				
Asset revaluation reserve	2 308.2	0.1	(2.6)	3 071.0
Other	(0.3)	..	..	..
Total other economic flows – other comprehensive income	2 307.9	0.1	(2.6)	3 071.0
Comprehensive result	2 712.7	199.4	36.8	3 141.0

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Transport, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 budget reflects the full impact of machinery of government changes effective from 1 July 2013.
- (c) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.

Table 3.10.2: Balance sheet

(\$ million)

	Estimated as at 30 Jun			
	2012 Actual ^(a)	2013 Budget ^(a)	2013 Revised ^(a)	2014 Budget ^(b)
Assets				
Financial assets				
Cash and deposits	809.2	873.6	890.9	1 013.2
Receivables	751.7	782.5	709.5	750.1
Other financial assets	50.0	50.0	50.0	50.0
Total financial assets	1 610.9	1 706.1	1 650.4	1 813.3
Non-financial assets				
Inventories	16.6	16.6	20.7	20.8
Property, plant and equipment	46 053.7	47 235.9	47 149.8	51 005.7
Intangible assets	32.7	32.7	33.2	48.0
Other	19.4	19.4	19.4	19.4
Total non-financial assets	46 122.3	47 304.5	47 223.0	51 093.9
Total assets	47 733.2	49 010.6	48 873.5	52 907.2
Liabilities				
Payables	965.5	963.0	993.1	1 024.2
Borrowings	380.3	1 234.3	1 246.8	1 216.7
Provisions	440.6	461.4	484.2	521.3
Total liabilities	1 786.3	2 658.7	2 724.1	2 762.2
Net assets	45 946.9	46 351.9	46 149.4	50 145.0
Equity				
Accumulated surplus/(deficit)	16 810.1	17 009.4	16 849.5	16 919.5
Reserves	13 326.8	13 326.9	13 324.2	16 395.2
Contributed capital	15 810.0	16 015.6	15 975.7	16 830.3
Total equity	45 946.9	46 351.9	46 149.4	50 145.0

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Notes:

- (a) Figures for 2012 and 2013 reflect the operations of the former Department of Transport, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 Budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.10.3: Statement of cash flows

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Cash flows from operating activities				
Receipts				
Receipts from Government	5 176.7	5 013.7	5 033.0	5 390.2
Receipts from other entities	1 070.7	1 054.2	1 070.8	1 169.1
Interest received	5.0	1.5	4.0	4.3
Other receipts	146.1	91.1	123.9	81.5
Total receipts	6 398.4	6 160.5	6 231.7	6 645.1
Payments				
Payments of grants and other transfers	(2 054.7)	(2 144.2)	(2 118.4)	(2 309.7)
Payments to suppliers and employees	(3 277.9)	(3 016.5)	(3 266.3)	(3 400.8)
Capital asset charge	(79.7)	(80.3)	(80.3)	(87.6)
Interest and other costs of finance paid	(32.6)	(78.7)	(75.8)	(126.8)
Total payments	(5 444.9)	(5 319.8)	(5 540.8)	(5 924.9)
Net cash flows from/(used in) operating activities	953.5	840.8	690.9	720.2
Cash flows from investing activities				
Net investment	(138.6)	(29.8)	48.5	6.3
Payments for non-financial assets	(1 035.2)	(975.4)	(1 684.8)	(2 069.2)
Proceeds from sale of non-financial assets	34.9	15.0	13.1	15.0
Net loans to other parties	..	..	..	0.6
Net (purchase)/disposal of investments – policy purposes	0.5	..	..	..
Net cash flow from/(used in) investing activities	(1 138.4)	(990.2)	(1 623.2)	(2 047.4)
Cash flows from financing activities				
Owner contributions by State Government	306.0	205.6	993.6	1 480.1
Repayment of finance leases	2.1	9.2	21.7	(29.9)
Net borrowings	14.4	(1.0)	(1.2)	(0.7)
Net cash flows from/(used in) financing activities	322.4	213.8	1 014.1	1 449.5
Net increase/(decrease) in cash and cash equivalents	137.6	64.4	81.7	122.3
Cash and cash equivalents at the beginning of the financial year	671.6	809.2	809.2	890.9
Cash and cash equivalents at the end of the financial year	809.2	873.6	890.9	1 013.2

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Transport, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 Budget reflects the full impact of machinery of government changes effective from 1 July 2013.

Table 3.10.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	16 042.5	15 847.6	11 381.7	..	43 271.9
Comprehensive result	404.4	..	2 308.2	..	2 712.7
Transfers between reserves	363.2		(363.2)		..
Transactions with owners in their capacity as owners	..	(37.6)	..	..	( 37.6)
Closing balance 30 June 2012 (actual)^(b)	16 810.1	15 810.0	13 326.8	..	45 946.9
Comprehensive result	199.3	..	0.1	..	199.4
Transactions with owners in their capacity as owners	..	205.6	..	..	205.6
Closing balance 30 June 2013 (budget)^(b)	17 009.4	16 015.6	13 326.9	..	46 351.9
Comprehensive result	39.4	..	(2.6)	..	36.8
Transactions with owners in their capacity as owners	..	165.7	..	..	165.7
Closing balance 30 June 2013 (revised)^(b)	16 849.5	15 975.7	13 324.2	..	46 149.4
Comprehensive result	69.9	..	3 071.0	..	3 141.0
Transactions with owners in their capacity as owners ^(c)	..	854.6	..	..	854.6
Closing balance 30 June 2014 (estimate)	16 919.5	16 830.3	16 395.2	..	50 145.0

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Notes:

- (a) Land, buildings, infrastructure plant and equipment revaluation surplus.
- (b) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Transport, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (c) This item reflects the impact of machinery of government changes where functions have been transferred from other departments effective from 1 July 2013.

Table 3.10.5: Administered items statement

(\$ million)

	2011-12 Actual ^(a)	2012-13 Budget ^(a)	2012-13 Revised ^(a)	2013-14 Budget ^(b)
Administered income				
Appropriations – Payments made on behalf of the State	–	–	–	0.9
Sale of goods and services ^(c)	97.8	95.2	110.0	443.0
Grants	..	..	..	548.0
Other income ^(c)	1 671.6	1 955.4	1 979.5	2 056.1
Total administered income	1 769.3	2 050.6	2 089.6	3 048.0
Administered expenses				
Expenses on behalf of the State	31.7	30.9	30.9	32.1
Grants and other transfers	..	..	..	548.9
Payments into the Consolidated Fund	1 719.5	2 021.0	2 047.1	2 455.0
Total administered expenses	1 751.2	2 051.8	2 078.0	3 035.9
Income less expenses	18.2	(1.2)	11.6	12.1
Other economic flows included in net result				
Net gain/(loss) on financial instruments and statutory receivables/payables	(21.9)	(0.7)	(13.5)	(13.8)
Total other economic flows included in net result	(21.9)	(0.7)	(13.5)	(13.8)
Net result	(3.8)	(1.9)	(1.9)	(1.8)
Administered assets				
Cash and deposits	11.1	9.0	9.0	11.7
Receivables	22.7	24.8	24.8	24.5
Total administered assets	33.8	33.8	33.8	36.1
Administered liabilities				
Payables	348.0	349.9	349.9	351.8
Total administered liabilities	348.0	349.9	349.9	351.8
Net assets	(314.2)	(316.1)	(316.1)	(315.7)

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Notes:

- (a) Figures for 2011-12 and 2012-13 reflect the operations of the former Department of Transport, which do not include the impact of machinery of government changes effective from 1 July 2013.
- (b) The 2013-14 Budget reflects the full impact of machinery of government changes effective from 1 July 2013.
- (c) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.

Table 3.10.6: Payments made on behalf of the State*(\$ million)*

	<i>2012-13 Budget</i> ^(a)	<i>2012-13 Revised</i> ^(a)	<i>2013-14 Budget</i> ^(b)
Anzac Day administered trust	0.9
Total	0.9

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Notes:

*(a) Figures for 2012-13 do not include the impact of machinery of government changes effective from 1 July 2013.**(b) The 2013-14 Budget reflects the full impact of machinery of government changes effective from 1 July 2013.*

DEPARTMENT OF TREASURY AND FINANCE

Operating performance

The Department of Treasury and Finance (DTF) is expected to have a surplus net result from transactions of \$7.8 million in 2013-14.

The Department's revenue for output delivery and corresponding budgeted expenses remain steady between 2012-13 and 2013-14.

There is additional funding for new and existing outputs, which will:

- implement the administration of the Fire Services Property Levy;
- enable increased land tax compliance activities by the State Revenue Office from 1 July 2013; and
- facilitate the Essential Services Commission role in conducting non-economic regulation of energy distribution businesses and harmonising codes and guidelines of the National Energy Customer Framework to enable future transition to the Australian Energy Regulator.

Funding in 2013-14 includes the net transfer of output funding (\$3.9 million) between the Department and the Department of State Development, Business and Innovation, resulting from machinery of government changes for industrial relations and Information Communication and Technology activities.

Revenue from the sales of goods and services (and corresponding underlying expenditure) is expected to increase, principally representing the services provided by the centralised information technology provider.

Balance sheet performance

Controlled net assets are budgeted to increase by \$6 million between 2012-13 revised budget and the 2013-14 budget. Non-financial assets will decrease by \$28 million, largely resulting from the amortisation of municipal land valuations and depreciation of property, plant and equipment. The increase in liabilities of \$8 million relates to the government motor vehicle lease facility.

Investing and financing

The 2013-14 budgeted net cash flow from operating activities is \$49 million higher than the 2012-13 revised budget resulting from lower operating costs and higher payable balance for the provision of supplies and services.

Cash flows used in investing activities is expected to be \$21 million higher than the 2012-13 revised budget predominantly due to decreased drawdowns on the annual appropriation received associated with depreciation and other non-cash expenses.

Net cash flow from financing activities is expected to decrease by \$26 million as agencies repay advances to the Public Account.

Administered items statement

The Department administers a large amount of transactions on behalf of the State. While these transactions flow through the Department, it does not exercise direct control over these funds which have been earmarked to specific items. These administered items include grants provided by the Commonwealth Government (for example, as a result of National Agreements), the collection of State taxation income, and administration of the State's superannuation expenses.

Total administered income is expected to increase by \$1.2 billion between 2012-13 revised budget and the 2013-14 budget. Total grant revenue is estimated to increase by \$296 million, primarily associated with the Commonwealth Government aggregated payments, covering most Specific Purpose and National Partnership payments for Victoria.

The increase in other income of \$1 billion mainly relates to the Fire Services Property Levy (\$739 million), replacing the insurance based funding model as recommended by the Victorian Bushfires Royal Commission.

Total administered expenses are estimated to increase by \$1.5 billion. This includes higher superannuation expenses due to the impact of changed accounting for superannuation expenses required by the revised accounting standard AASB 119 *Employee Benefits*, and an increase in transfer payments to the Consolidated Fund, reflecting an increase in administered revenue.

Other economic flows, for the 2012-13 revised budget, are estimated to contribute \$3.7 billion to the overall net result because of a higher return in the index-linked bond yield used to measure Victoria's superannuation liability.

Table 3.11.1: Comprehensive operating statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	238.7	238.0	249.0	247.8
Special appropriations	..	..	1.7	..
Interest	11.9	12.2	12.6	12.2
Sale of goods and services	176.5	135.9	176.4	181.2
Fair value of assets and services received free of charge or for nominal consideration	0.4	..	..	..
Other income	26.7	26.6	26.6	26.6
Total income from transactions	454.2	412.7	466.3	467.8
Expenses from transactions				
Employee benefits	193.2	153.8	196.3	197.8
Depreciation	48.9	42.5	52.8	66.3
Interest expense	11.7	13.4	13.4	13.4
Grants and other transfers	2.6	0.2	7.2	7.2
Capital asset charge	16.5	21.2	21.2	21.2
Other operating expenses	206.2	175.0	175.6	154.0
Total expenses from transactions	479.1	406.1	466.5	460.0
Net result from transactions (net operating balance)	(24.9)	6.6	(0.2)	7.8
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	0.4	..	..	..
Other gains/(losses) from economic flows	(0.7)	..	..	..
Total other economic flows included in net result	(0.3)	..	..	..
Net result	(25.2)	6.6	(0.2)	7.8
Other economic flows – other comprehensive income				
Asset revaluation reserve	156.8	..	..	..
Other	3.1	..	..	..
Total other economic flows – other comprehensive income	159.9	..	..	..
Comprehensive result	134.7	6.6	(0.2)	7.8

Source: Department of Treasury and Finance

Table 3.11.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2012</i> <i>Actual</i>	<i>2013</i> <i>Budget</i>	<i>2013</i> <i>Revised</i>	<i>2014</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	87.9	89.5	90.0	94.1
Receivables	340.9	347.3	350.8	388.3
Total financial assets	428.8	436.8	440.7	482.4
Non-financial assets				
Inventories	16.3	16.3	16.3	16.3
Property, plant and equipment	614.1	614.2	608.9	596.6
Intangible assets	37.5	53.3	48.6	33.1
Other	20.8	20.8	24.6	24.6
Total non-financial assets	688.7	704.5	698.4	670.6
Total assets	1 117.5	1 141.3	1 139.2	1 153.0
Liabilities				
Payables	123.9	124.6	130.0	130.8
Borrowings	233.6	238.6	238.6	243.6
Provisions	48.4	50.7	50.7	53.1
Total liabilities	405.9	413.9	419.4	427.6
Net assets	711.6	727.4	719.8	725.4
Equity				
Accumulated surplus/(deficit)	102.3	108.9	102.1	109.9
Reserves	237.1	237.1	237.1	237.1
Contributed capital	372.1	381.4	380.6	378.4
Total equity	711.6	727.4	719.8	725.4

Source: Department of Treasury and Finance

Table 3.11.3: Statement of cash flows

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Cash flows from operating activities				
Receipts				
Receipts from Government	238.7	238.0	250.7	247.8
Receipts from other entities	42.4	..	(2.0)	..
Interest received	11.9	12.2	12.6	12.2
Other receipts	207.3	162.9	199.1	208.2
Total receipts	500.3	413.1	460.5	468.2
Payments				
Payments of grants and other transfers	(7.6)	(5.6)	(12.7)	(12.6)
Payments to suppliers and employees	(432.0)	(326.4)	(374.4)	(333.3)
Capital asset charge	(16.5)	(21.2)	(21.2)	(21.2)
Interest and other costs of finance paid	(11.7)	(13.4)	(13.4)	(13.4)
Total payments	(467.9)	(366.7)	(421.7)	(380.6)
Net cash flows from/(used in) operating activities	32.4	46.4	38.8	87.6
Cash flows from investing activities				
Net investment	(13.3)	(1.4)	1.4	(32.6)
Payments for non-financial assets	(53.3)	(58.4)	(58.8)	(45.9)
Proceeds from sale of non-financial assets	2.4	..	..	..
Net loans to other parties	(3.9)	(0.7)	(0.7)	(0.7)
Net cash flow from/(used in) investing activities	(68.1)	(60.4)	(58.1)	(79.2)
Cash flows from financing activities				
Owner contributions by State Government	4.3	9.2	8.5	5.3
Net borrowings	23.5	6.4	12.9	(9.6)
Net cash flows from/(used in) financing activities	27.8	15.6	21.3	(4.3)
Net increase/(decrease) in cash and cash equivalents	(7.9)	1.6	2.0	4.1
Cash and cash equivalents at the beginning of the financial year	95.8	87.9	87.9	90.0
Cash and cash equivalents at the end of the financial year	87.9	89.5	90.0	94.1

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>Revaluation surplus ^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	124.5	371.2	80.3	..	576.0
Comprehensive result	(22.2)	..	156.8	..	134.7
Transactions with owners in their capacity as owners	..	0.9	..	..	0.9
Closing balance 30 June 2012 (actual)	102.3	372.1	237.1	..	711.6
Comprehensive result	6.6	..	..	..	6.6
Transactions with owners in their capacity as owners	..	9.2	..	..	9.2
Closing balance 30 June 2013 (budget)	108.9	381.4	237.1	..	727.4
Comprehensive result	(0.2)	..	..	..	( 0.2)
Transactions with owners in their capacity as owners	..	8.4	..	..	8.4
Closing balance 30 June 2013 (revised)	102.1	380.6	237.1	..	719.8
Comprehensive result	7.8	..	..	..	7.8
Transactions with owners in their capacity as owners	..	(2.2)	..	..	( 2.2)
Closing balance 30 June 2014 (estimate)	109.9	378.4	237.1	..	725.4

Source: Department of Treasury and Finance

Note:

(a) Land, buildings, infrastructure plant and equipment revaluation surplus.

Table 3.11.5: Administered items statement

(\$ million)

	2011-12 Actual	2012-13 Budget	2012-13 Revised	2013-14 Budget
Administered income				
Appropriations – Payments made on behalf of the State	2 029.7	2 748.1	2 352.7	2 170.2
Special Appropriations	830.5	2 203.8	2 206.6	2 300.6
Sale of goods and services ^(a)	14.6	37.3	38.6	39.2
Grants	21 021.3	17 514.4	18 121.9	18 418.2
Interest	13.5	22.1	45.7	44.1
Other income ^(a)	16 398.3	16 744.8	16 743.5	17 776.7
Total administered income	40 308.0	39 270.6	39 509.1	40 749.1
Administered expenses				
Expenses on behalf of the State	2 324.4	2 705.3	2 357.1	3 159.3
Grants and other transfers	3 166.6	2 998.2	3 035.8	2 837.0
Payments into the Consolidated Fund	39 403.3	33 181.6	33 849.4	34 728.9
Total administered expenses	44 894.3	38 885.2	39 242.4	40 725.2
Income less expenses	(4 586.4)	385.4	266.7	23.9
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	2.3	175.7	176.0	42.5
Remeasurement of superannuation defined benefit plans ^(b)	(9 327.0)	..	3 591.9	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(281.7)	(4.0)	(101.6)	19.5
Total other economic flows included in net result	(9 606.5)	171.7	3 666.3	62.0
Net result	(14 192.8)	557.1	3 933.1	85.9
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans ^(b)	..	..	..	593.2
Other	7.1	..	..	..
Total other economic flows – other comprehensive income	7.1	..	..	593.2
Comprehensive result	(14 185.7)	557.1	3 933.1	679.1
Administered assets				
Cash and deposits	2 401.1	4 750.2	4 425.8	6 995.6
Receivables	(568.4)	1 623.2	1 134.6	2 375.5
Other financial assets	300.0	300.0	300.0	300.0
Property, plant and equipment	..	173.5	91.9	248.1
Total administered assets	2 132.7	6 846.9	5 952.3	9 919.3

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Administered liabilities				
Payables	668.0	561.5	568.6	419.5
Borrowings	19 268.7	23 492.3	23 070.2	26 708.2
Provisions	93.2	93.2	6.2	6.2
Other	32 591.3	32 630.9	28 862.4	28 653.7
Total administered liabilities	52 621.1	56 777.9	52 507.4	55 787.5
Net assets	(50 488.4)	(49 931.0)	(46 555.1)	(45 868.2)

Source: Department of Treasury and Finance

Notes:

- (a) Regulatory fees have been reclassified from Other income to Sale of goods and services, consistent with the GAAP/GFS classification.
- (b) This item reclassified due to changes in reporting requirements arising from changed accounting standard AASB 119 Employee Benefits effective from 2013-14.

Table 3.11.6: Payments made on behalf of the State

(\$ million)

<i>Accounts</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Superannuation and pension payments	16.4	16.4	16.4
Interest	1 142.3	1 120.4	1 287.5
Current and capital grants	438.6	363.9	243.9
Operating supplies and consumables	260.1	215.1	255.3
Other	890.7	637.0	367.1
Total	2 748.1	2 352.7	2 170.2

Source: Department of Treasury and Finance

PARLIAMENT

Operating performance

The net result from transactions for the Parliament is expected to have a surplus of \$0.6 million for 2013-14.

The operating statement shows an increase in total income of \$7.8 million (4.7 per cent) from the 2012-13 revised budget to the 2013-14 budget. The variation in annual appropriation revenue is primarily due to expected carryover of Parliamentary Services Department appropriation funding to 2013-14.

In 2012-13, additional expenditure was approved to be funded from Parliament's prior year surplus for the operation of Council Standing Committee System, recruitment of the Auditor-General and employee expenses associated with the Parliamentary Officer Enterprise Bargaining Agreement.

Table 3.12.1: Comprehensive operating statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	123.6	130.0	131.8	138.8
Special appropriations	32.6	33.8	33.8	34.4
Sale of goods and services	1.4	..	..	..
Fair value of assets and services received free of charge or for nominal consideration	0.2	..	..	0.3
Total income from transactions	157.7	163.9	165.7	173.5
Expenses from transactions				
Employee benefits	94.5	91.5	92.0	96.9
Depreciation	6.5	6.5	14.7	14.9
Interest expense	0.2	0.3	0.3	0.2
Capital asset charge	2.1	2.4	2.4	2.4
Other operating expenses	51.6	63.1	57.1	58.6
Total expenses from transactions	154.9	163.8	166.6	172.9
Net result from transactions (net operating balance)	2.8	..	(0.9)	0.6
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	0.2	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	..	..	..	..
Other gains/(losses) from economic flows	(0.5)	..	..	..
Total other economic flows included in net result	(0.2)	..	..	..
Net result	2.6	..	(0.9)	0.6
Other economic flows – other comprehensive income				
Asset revaluation reserve	208.0	..	205.2	..
Total other economic flows – other comprehensive income	208.0	..	205.2	..
Comprehensive result	210.5	..	204.3	0.6

Sources: Parliament of Victoria and Department of Treasury and Finance

Table 3.12.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2012 Actual</i>	<i>2013 Budget</i>	<i>2013 Revised</i>	<i>2014 Budget</i>
Assets				
Financial assets				
Receivables	55.5	59.8	60.8	77.4
Total financial assets	55.5	59.8	60.8	77.4
Non-financial assets				
Inventories	0.1	0.1	0.1	0.1
Non-financial assets classified as held for sale, including disposal group assets	0.4	0.4	0.4	0.4
Property, plant and equipment	451.9	452.2	646.6	635.0
Intangible assets	0.4	0.4	0.5	0.5
Other	1.8	2.1	1.4	1.7
Total non-financial assets	454.6	455.1	648.9	637.6
Total assets	510.2	514.9	709.6	714.9
Liabilities				
Payables	4.2	5.2	3.0	4.0
Borrowings	3.7	4.0	3.5	3.7
Provisions	15.0	18.5	11.6	15.2
Total liabilities	23.0	27.7	18.2	22.9
Net assets	487.2	487.2	691.4	692.0
Equity				
Accumulated surplus/(deficit)	37.4	37.5	36.5	37.1
Reserves	278.3	278.3	483.4	483.4
Contributed capital	171.5	171.5	171.5	171.5
Total equity	487.2	487.2	691.4	692.0

Sources: Parliament of Victoria and Department of Treasury and Finance

Table 3.12.3: Statement of cash flows

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	156.1	163.8	165.6	173.2
Receipts from other entities	1.4	..	..	..
Other receipts	(0.3)	..	0.1	..
Total receipts	157.3	163.8	165.7	173.2
Payments				
Payments to suppliers and employees	(144.1)	(150.4)	(153.2)	(150.9)
Capital asset charge	(2.1)	(2.4)	(2.4)	(2.4)
Interest and other costs of finance paid	(0.2)	(0.3)	(0.3)	(0.2)
Total payments	(146.4)	(153.1)	(155.9)	(153.6)
Net cash flows from/(used in) operating activities	10.9	10.8	9.7	19.6
Cash flows from investing activities				
Net investment	(3.2)	(4.2)	(5.3)	(16.6)
Payments for non-financial assets	(13.7)	(6.8)	(4.2)	(3.3)
Proceeds from sale of non-financial assets	1.3	..	..	..
Net cash flow from/(used in) investing activities	(15.6)	(11.0)	(9.5)	(19.9)
Cash flows from financing activities				
Capital contributions by State Government	4.0	..	..	..
Net borrowings	0.4	0.2	(0.2)	0.2
Net cash flows from/(used in) financing activities	4.4	0.2	(0.2)	0.2
Net increase/(decrease) in cash and cash equivalents	(0.3)	..	..	..
Cash and cash equivalents at the beginning of the financial year	(1.0)	..	..	..
Cash and cash equivalents at the end of the financial year	(1.4)	..	..	..

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>Revaluation surplus^(a)</i>	<i>Other Reserves</i>	<i>Total equity</i>
Opening balance 1 July 2011	34.9	167.5	70.3	..	272.7
Comprehensive result	2.6	..	208.0	..	210.5
Transactions with owners in their capacity as owners	..	4.0	..	..	4.0
Closing balance 30 June 2012 (actual)	37.4	171.5	278.3	..	487.2
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2013 (budget)	37.5	171.5	278.3	..	487.2
Comprehensive result	(0.9)	..	205.2	..	204.3
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2013 (revised)	36.5	171.5	483.4	..	691.4
Comprehensive result	0.6	..	..	..	0.6
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2014 (estimate)	37.1	171.5	483.4	..	692.0

Sources: Parliament of Victoria and Department of Treasury and Finance

Note:

(a) Land, buildings, infrastructure plant and equipment revaluation surplus.

Table 3.12.5: Administered items statement

(\$ million)

	2011-12 <i>Actual</i>	2012-13 <i>Budget</i>	2012-13 <i>Revised</i>	2013-14 <i>Budget</i>
Administered income				
Sale of goods and services	22.5	21.2	22.5	21.2
Other income	0.2	..	..	..
Total administered income	22.7	21.2	22.5	21.2
Administered expenses				
Payments into the Consolidated Fund	22.8	17.8	26.7	17.8
Total administered expenses	22.8	17.8	26.7	17.8
Income less expenses	(0.1)	3.4	(4.2)	3.4
Other economic flows included in net result				
Total other economic flows included in net result	..	..	..	..
Net result	(0.1)	3.4	(4.2)	3.4
Comprehensive result	(0.1)	3.4	(4.2)	3.4
Administered assets				
Receivables	5.2	8.6	0.9	4.3
Total administered assets	5.2	8.6	0.9	4.3
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	5.2	8.6	0.9	4.3

Sources: Parliament of Victoria and Department of Treasury and Finance

CHAPTER 4 – STATE REVENUE

This chapter outlines expected movements in the major categories of general government revenue between 2012-13 and 2016-17.

Table 4.1: General government sector revenue

	(\$ million)				
	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Taxation	15 621.4	16 454.4	17 514.5	18 299.4	19 262.0
Interest	672.6	867.0	867.3	862.9	857.4
Dividends, income tax and rate equivalent revenue	1 232.7	671.5	634.8	778.4	740.8
Sales of goods and services	6 916.7	6 949.5	7 085.2	7 336.7	7 422.1
Grants	21 693.0	23 310.5	23 937.0	25 199.6	26 230.4
Other revenue	1 969.2	2 074.5	1 935.9	1 997.3	2 030.7
Total revenue from transactions	48 105.6	50 327.5	51 974.7	54 474.3	56 543.4

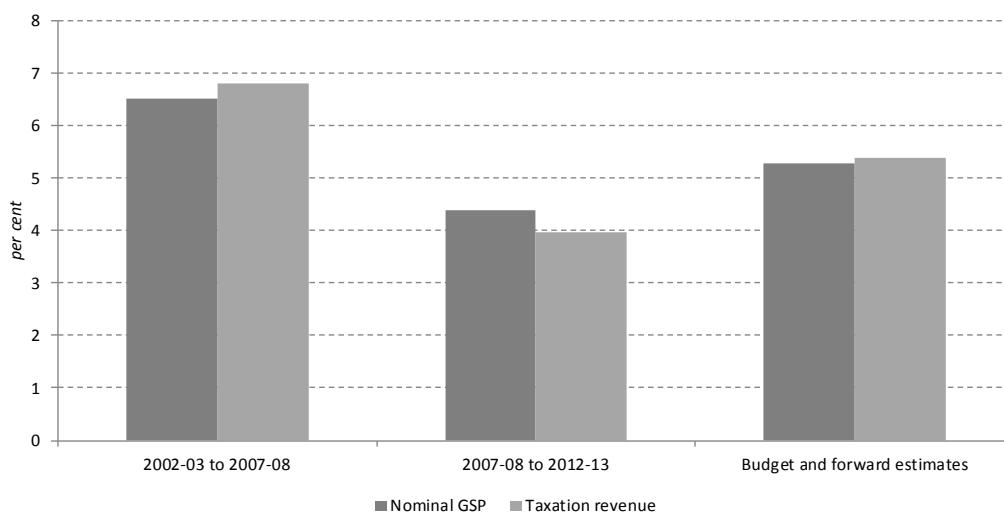
Source: Department of Treasury and Finance

Total revenue from transactions is forecast to grow by 4.6 per cent in 2013-14, up from 0.5 per cent in 2012-13. Revenue is forecast to grow by an average of 4.0 per cent a year over the forward estimates.

While revenue growth is expected to recover from several years of slower growth and maintain a steady trend over the forward estimates, it is unlikely to return to the rates of growth recorded prior to the global financial crisis. As outlined in Budget Paper No. 2, Chapter 3 *Long-Term Economic and Fiscal Outlook*, this primarily reflects more modest expectations for economic growth in future, as gross state product (GSP) growth returns to more sustainable rates.

Historically, growth in Victoria's taxation revenue has tended to track growth in nominal GSP (Chart 4.1). Hence, strong economic growth of 6.5 per cent a year in the five years to 2007-08 was matched by taxation revenue growth of 6.8 per cent a year. Similarly, the slowdown in nominal GSP growth since 2007-08 to 4.4 per cent a year is mirrored by an easing in the pace of taxation revenue growth to 4.0 per cent a year.

Chart 4.1: Victorian GSP and taxation revenue growth^{(a)(b)}



Sources: Department of Treasury and Finance and Australian Bureau of Statistics

Notes:

(a) Average annual percentage change.

(b) Data for 2012-13 are estimates.

Nominal GSP growth is expected to average 5.25 per cent over the budget and forward estimates period, in line with the estimate of trend growth in the economy. This is well below the estimate of trend GSP growth of 6 per cent a decade ago reflecting a reduction in trend real GSP growth from 3.5 per cent to 2.75 per cent. This implies that while taxation revenue growth is forecast to recover over the budget and forward estimates period, it is likely to settle at a lower, more sustainable, rate of growth than experienced in the period prior to the global financial crisis.

Similar economic trends at the national level suggest that growth in GST and other Commonwealth grants are likely to be more moderate than in the past.

Taxation revenue is expected to grow solidly in 2013-14 and over the forward estimates, as economic growth moves back towards trend.

Interest revenue is expected to grow strongly in 2013-14, in line with the receipt of interest associated with the finance lease with Melbourne Water Corporation for the Victorian desalination plant. Thereafter, interest revenue is expected to remain flat.

Dividend, income tax and rate equivalent revenue is forecast to fall in 2013-14, reflecting the timing of dividends from the public non-financial corporations sector (PNFC) and a reduction in profitability in the water sector. Dividend revenues increase again from 2014-15, as profitability improves in the PNFC sector in line with steady growth in sales revenue.

Revenue from sales of goods and services is expected to be stable in 2013-14. This follows strong growth in 2012-13 resulting from the one-off recognition of revenue from the Melbourne Water Corporation for its right to acquire the Victorian desalination plant.

Grants revenue is expected to grow strongly in 2013-14 and over the forward estimates. Goods and services tax (GST) grants revenue is expected to grow modestly in the near term and accelerate over the forward estimates as growth in the GST national pool returns to trend and Victoria's share of GST grants increases from 2015-16, in line with improved fiscal capacity in the resource-rich jurisdictions. Other grants revenue is expected to grow strongly in 2013-14, with growth easing over the remainder of the outlook period. This occurs as payments are yet to be included in forward estimates due to uncertainty around future negotiations with the Commonwealth Government.

TAXATION

The recovery in taxation revenue currently underway is expected to gather momentum, with growth of 5.3 per cent in 2013-14, and an average of 5.4 per cent over the forward estimates, in line with nominal growth in the Victorian economy.

The property market remains an important driver of Victoria's taxation base, and the forecasts incorporate the expectation that it will recover from historically weak outcomes in recent years. There are signs that the market has begun to improve with sales volumes, auction clearance rates and house prices increasing since the end of 2012. Given the inherent uncertainty around turning points, the recovery is forecast to be relatively modest compared with previous cycles.

New policies announced in the *2013-14 Budget* will contribute to taxation revenue. In particular, an expansion of the congestion levy and increased land tax compliance measures will increase revenue over the forward estimates, though this will be partly offset in 2013-14 by the early commencement of the 40 per cent land transfer duty first home buyer concession from 1 July 2013.

Budget Paper No. 3 Chapter 1 *Output, Asset Investment, Savings and Revenue Priorities* 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).

Table 4.2: Taxation estimates

	(\$ million)				
	2012-13	2013-14	2014-15	2015-16	2016-17
	Revised	Budget	Estimate	Estimate	Estimate
Taxes on employers' payroll and labour force	4 815.9	5 110.9	5 407.7	5 721.8	6 040.2
Taxes on property					
Land tax	1 587.3	1 564.6	1 801.8	1 760.5	1 982.2
Congestion levy	48.1	93.5	95.8	98.2	100.6
Land transfer duty	3 172.1	3 459.5	3 708.6	3 931.1	4 168.9
Other property duties	7.9	8.1	8.3	8.5	8.7
Metropolitan improvement levy	136.0	141.3	146.2	151.3	157.9
Fire Services Property Levy ^(a)	..	610.9	605.9	612.4	625.1
Property owner contributions to fire brigades ^(a)	37.8	..	..	..	..
Financial accommodation levy	97.7	132.8	172.4	215.0	243.5
Growth areas infrastructure contribution	70.9	64.3	71.6	73.2	75.5
	5 157.7	6 074.9	6 610.6	6 850.2	7 362.3
Gambling taxes					
Public lotteries	428.2	410.1	414.5	430.8	444.3
Electronic gaming machines	1 076.8	1 154.4	1 183.2	1 221.2	1 264.3
Casino	216.3	230.6	257.9	270.7	284.1
Racing	91.5	91.3	92.5	93.8	95.0
Other	18.4	20.2	25.3	31.9	40.5
	1 831.2	1 906.6	1 973.4	2 048.4	2 128.2
Levies on statutory corporations^(b)	70.2	117.5	116.3	114.7	..
Taxes on insurance					
Non-life insurance	890.5	872.3	934.9	998.1	1 065.8
Life insurance	4.5	4.6	4.7	4.9	5.0
Duty on compulsory third party premiums	163.2	172.9	180.8	189.0	197.7
Insurance contributions to fire brigades ^(a)	569.0	..	..	..	..
	1 627.1	1 049.8	1 120.4	1 192.0	1 268.0
Motor vehicle taxes					
Vehicle registration fees	1 183.9	1 239.7	1 301.2	1 366.8	1 435.4
Duty on vehicle registrations and transfers	644.3	661.1	680.9	701.6	722.9
	1 828.2	1 900.8	1 982.1	2 068.4	2 158.3
Other taxes					
Liquor licence fees	22.9	23.5	22.9	22.2	22.8
Transurban concession fees	29.0	30.3	31.6	33.1	34.9
Landfill levy	164.2	163.8	171.3	168.2	165.0
Port licence fee	75.0	76.5	78.3	80.3	82.3
	291.1	294.1	304.1	303.9	305.0
Total taxation	15 621.4	16 454.4	17 514.5	18 299.4	19 262.0

Source: Department of Treasury and Finance

Notes:

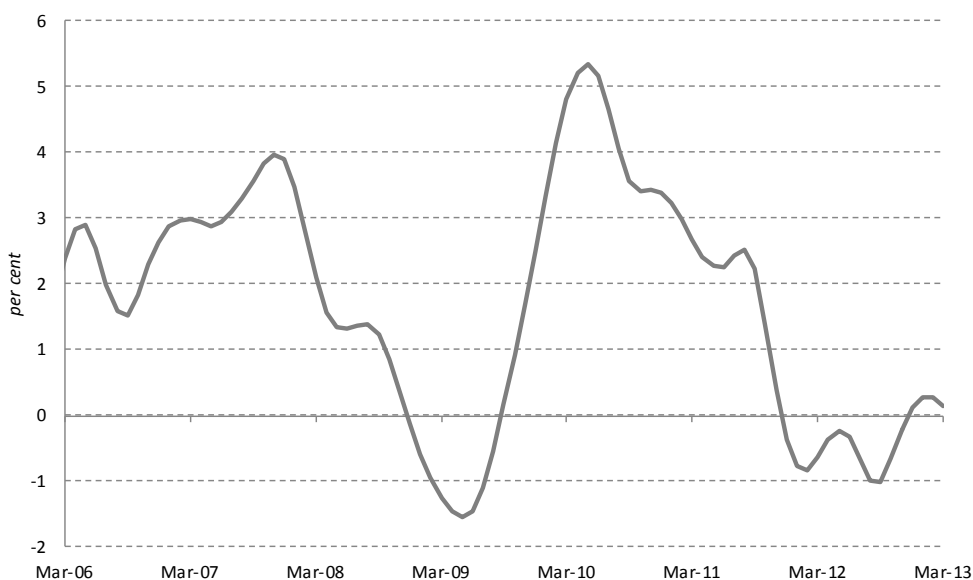
- (a) These estimates reflect the Government's introduction of the new Fire Services Property Levy, commencing on 1 July 2013, which will replace the current insurance and property owner contributions to the fire brigades.
- (b) The existing environmental levy payable by water authorities is not expected to continue beyond 2015-16.

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.

Payroll tax collections have been weaker than expected in recent months, notwithstanding employment growth over this period. This in part reflects the changing composition of employment growth in 2012-13, moderating growth in total hours worked (Chart 4.2). Recent employment growth has been skewed towards industries that are largely exempt from payroll tax. For example, Victoria's health care and social assistance industry is now the State's second largest employer by hours worked, up from the fourth largest in 2007-08.

Chart 4.2: Annual growth in hours worked in Victoria



Source: Australian Bureau of Statistics, trend data

These factors are expected to be transitory, waning as employment growth accelerates over the budget and forward estimates period. As a result, payroll tax revenue is expected to recover strongly, growing by 6.1 per cent in 2013-14, and by an average of 5.7 per cent growth a year over the forward estimates.

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*.

Land tax revenue is forecast to decrease marginally in 2013-14, in line with the typical pattern associated with the disaggregation of holdings of taxable land. Over the forward estimates, land tax is expected to grow by an average of 8.2 per cent a year, based on increases in average land value of 11 per cent in the next two land revaluation cycles in 2014-15 and 2016-17. This is consistent with recent revaluations.

In addition, new compliance measures are being introduced to improve compliance with the Land Tax Principal Place of Residence exemption. These measures are expected to restore \$90 million in land tax revenue over the budget and forward estimates period.

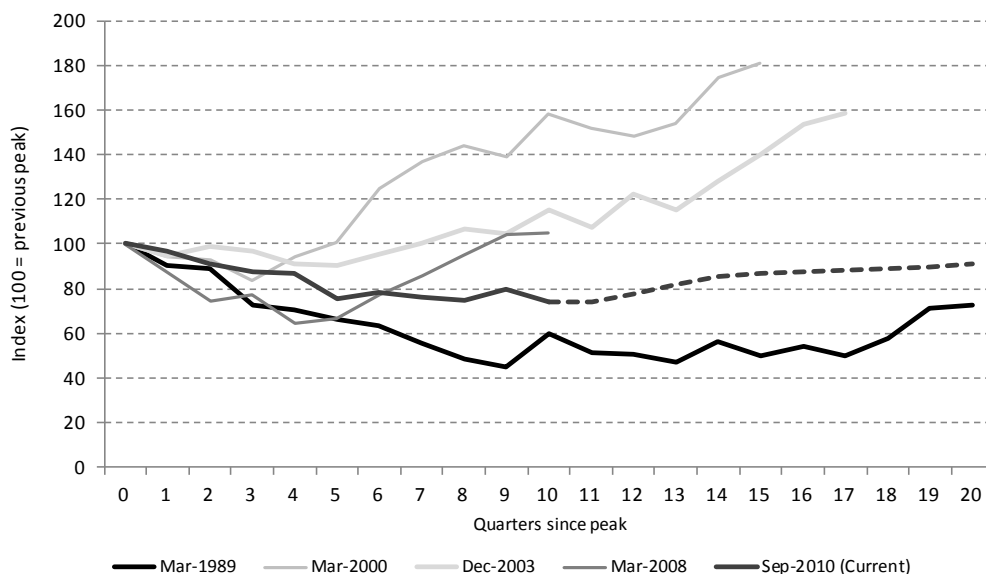
Land transfer duty

Duty is payable on any transaction that results in a change of ownership of land and associated real assets. Exemptions and concessions are available for pensioners and concession card holders, first homebuyers and young farmers, and on properties purchased as a principal place of residence.

Revenue from land transfer duty is expected to return to growth in 2013-14. The economic fundamentals for a recovery in the property market are in place, with low interest rates, higher levels of housing affordability, improving consumer confidence and ongoing solid population growth. There are early signs that a recovery is already underway, with sales volumes, auction clearance rates and house prices all increasing, to varying degrees, since late 2012. Following the initial recovery forecast for 2013-14, growth in land transfer duty revenue is forecast to continue at a more moderate pace over the remainder of the forward estimates.

Risks to the outlook are evenly balanced. While the anticipated recovery may be delayed, it is equally possible that it turns out to be stronger than anticipated. Compared with previous cycles the forecast recovery in land transfer duty revenue is modest, leaving upside risk to the outlook (see Chart 4.3). Since the peak in the current land transfer duty revenue cycle in the September quarter 2010, revenues have fallen by around 25 per cent. At similar stages in previous cycles, revenues had more than exceeded the previous cyclical peak, indicating the protracted nature of the current cycle. The only similar previous cycle was during the recession of the early 1990s, when revenue fell more dramatically, though over a similarly extended period of time. The current forecasts have revenue approaching the previous cyclical peak toward the end of the forward estimates, or more than five years on.

Chart 4.3: Land transfer duty revenue cycles



Source: Department of Treasury and Finance

Note: Current cycle includes forecasts from quarter 10 onwards.

The forecasts incorporate a number of recently announced policy changes. As announced in November 2012, the Government will raise the existing threshold for the young farmers duty concession from \$300 000 to \$600 000, such that any purchase up to this value will receive a full duty exemption on the first \$300 000 of the purchase. A concession will apply for purchases valued between \$600 000 to \$750 000. This will result in a taxation revenue reduction of \$4 million over the budget and forward estimates period.

The Government’s election commitment to increase the duty concession for first home buyers to 40 per cent from 1 January 2014 will be brought forward by six months to 1 July 2013. Eligible contracts settled from 1 July 2013 will receive the higher concession. The accelerated concession timetable will see revenue reduce by \$10.8 million in 2013-14.

Metropolitan improvement levy

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

Higher forecast revenue in 2013-14 and over the forward estimates is driven by both indexation and an increase in the number of properties in the metropolitan area.

Fire services property levy

The Government is implementing the Victorian Bushfires Royal Commission's recommendation to replace the existing insurance-based levy with a property-based levy, and introduce concessions for low income earners. The new levy commences on 1 July 2013.

Currently, Victoria's fire services are partly funded through an insurance-based funding model. Insurance companies have generally chosen 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). 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.

These funding sources will be replaced by the Fire Services Property Levy from 1 July 2013. The new levy will contribute to the upgrade of 142 rural fire stations in 2013-14 and 2014-15. This completes the Government's election commitment to deliver 250 rural fire stations by 2014.

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 government entities may experience in borrowing, as a result of their sovereign status, thereby ensuring that borrowings are valued appropriately in financing decisions for capital projects.

Over the budget and forward estimates period, growth in FAL revenue reflects a combination of increased borrowing levels and higher margins. The higher borrowings reflect capital expenditure across the PNFC sector, including the Port Capacity project, and substantial investment in water infrastructure.

The increase in margins reflects the removal of the cap on FAL. Since 2009-10, a capped rate of 110 basis points has been in place to moderate the impact of higher credit spreads as a result of the global financial crisis. However, market-based rates have since stabilised and starting 1 July 2013, the capped rate will be removed. This aligns with the objectives of competitive neutrality as government business enterprises would then be charged a commercial rate for borrowings based on their underlying credit rating.

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 growth areas.

GAIC revenue is expected to grow by an average of 5.5 per cent over the forward estimates period reflecting inflation-indexed tax rates and a gradually decreasing stock of taxable land.

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), averaging 2.5 per cent a year over the forward estimates period.

On 1 January 2014, the congestion levy will be adjusted to \$1 300 a space, and will apply to both long and short-stay parking. This initiative is expected to raise \$44.2 million in 2013-14.

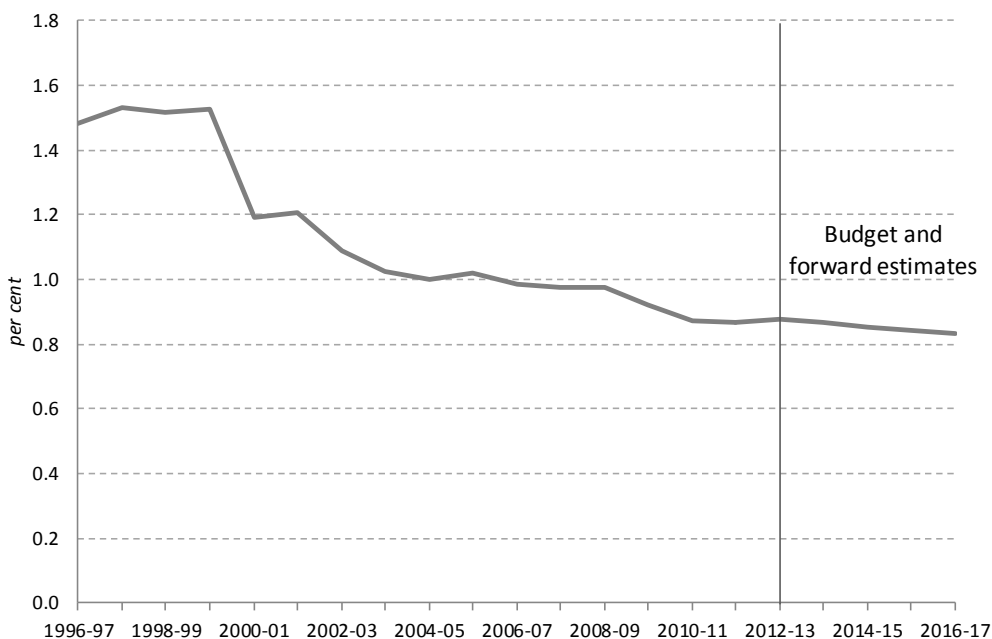
Gambling taxes

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 includes revenue associated with the gaming, wagering and keno licence premiums.

Gambling revenue is forecast to grow by 4.1 per cent in 2013-14, and by an average of 3.7 per cent a year over the forward estimates. This is lower than growth in total taxation revenue and reflects the long-term decline in gambling as a share of household consumption (Chart 4.4).

There are disparate trends among the various types of gambling. More established forms of gambling including public lotteries, racing and EGMs are forecast to grow modestly over the budget and forward estimates period. Revenue from Crown Casino is expected to grow at an average of 7.2 per cent over the forward estimates period as substantial refurbishments at Crown Casino allow for expanded capacity. The most significant growth will come from other revenues, as the popularity of Keno and sports betting grows, averaging 26.1 per cent a year over the forward estimates period.

Chart 4.4: Total gambling revenue share of Victorian household consumption



Sources: Department of Treasury and Finance and Australian Bureau of Statistics

In 2013-14, it is estimated that over 80 per cent (\$1.6 billion) of total gambling revenue will be transferred by standing appropriation to the Hospitals and Charities Fund, the Mental Health Fund and Community Support Fund, with remaining funds available for general government purposes, including funding for the Victorian Responsible Gambling Foundation.

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.

In June 2012, it was announced that the environmental contribution levy would be extended for an additional four years between 1 July 2012 and 30 June 2016. It is estimated that this extension will raise an additional \$419 million over the four years to fund a third tranche of water-related initiatives.

Taxes on insurance

Duty is payable on general insurance premiums at a rate of 10 per cent. General insurance includes insurance against damage to motor vehicles, loss of home or contents and trauma and disabilities, but excludes health insurance.

The transition from funding fire brigades with insurance contributions to the Fire Services Property Levy results in a lower insurance premium base to which insurance stamp duties apply, accounting for a reduction in insurance revenues in 2013-14.

Thereafter, non-life insurance premiums are forecast to rise strongly reflecting lower bond yields. Insurance companies invest premiums so they can meet their liabilities in the future. As bond yields fall, insurance companies require more investment in order to adequately fund future claims placing upward pressure on premiums. Since stamp duties are levied on the value of the insurance premiums collected, there is a positive effect on insurance revenues.

Higher general insurance prices and strong growth in motor vehicle registrations is expected to boost compulsory third party insurance receipts, partially offsetting the fall in non-life insurance revenues in 2013-14 and supporting strong growth over the forward estimates.

Motor vehicle taxes

Motor vehicle taxes include vehicle registration fees and duty on the transfer and registration of vehicles. Motor vehicle registration fees vary according to vehicle type and use, while duty is on the market value or the purchase price of the vehicle (whichever is greater).

Motor vehicle taxes are expected to grow strongly over the budget and forward estimate period reflecting strong growth in volumes as the high Australian dollar restrains growth in the price of new vehicles.

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. Revenue growth from other taxes is expected to grow modestly over the budget and forward estimates period.

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.

From 2013-14, 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 comprises dividends, income tax and rate equivalent revenue received by the State from government business enterprises. Details are shown in Table 4.3.

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

	(\$ million)				
	2012-13	2013-14	2014-15	2015-16	2016-17
	Revised	Budget	Estimate	Estimate	Estimate
Dividends	1 094.9	449.4	407.4	542.5	507.8
Income tax equivalent revenue	134.1	216.8	221.9	230.1	226.9
Local government rate equivalent revenue	3.7	5.3	5.5	5.8	6.0
Total dividends, income tax and rate equivalent revenue	1 232.7	671.5	634.8	778.4	740.8

Source: Department of Treasury and Finance

Dividend income will fall in 2013-14, reflecting the timing of dividends from the non-financial corporations sector and a reduction in profitability in the water sector, which was impacted by a price freeze and a return of charges to water users in 2011-12.

Both dividend and income tax and rate equivalent revenue in the forward estimates reflects the financial performance of the metropolitan water sector and the State's insurance agencies.

SALES OF GOODS AND SERVICES

Sales of goods and services comprise a number of categories, the largest being fees for the provision of services. Details are shown in Table 4.4.

Table 4.4: Sales of goods and services

	(\$ million)				
	2012-13	2013-14	2014-15	2015-16	2016-17
	Revised	Budget	Estimate	Estimate	Estimate
Motor vehicle regulatory fees	169.3	227.3	212.9	210.1	194.6
Other regulatory fees	400.5	402.3	400.8	411.5	421.8
Sale of goods	104.9	108.4	93.9	95.0	94.1
Provision of services	4 700.2	4 565.1	4 624.2	4 805.7	4 899.2
Rental	53.7	53.7	53.8	53.8	53.8
Refunds and reimbursements	66.9	68.3	69.7	71.2	71.2
Inter-sector capital asset charge	1 421.2	1 524.4	1 629.9	1 689.5	1 687.4
Total sales of goods and services	6 916.7	6 949.5	7 085.2	7 336.7	7 422.1

Source: Department of Treasury and Finance

Revenue from sales of goods and services is expected to increase by 0.5 per cent in 2013-14 and by an average of 2.2 per cent a year over the forward estimates.

Modest growth in 2013-14 reflects the recognition of \$319 million as revenue in 2012-13 associated with Melbourne Water Corporation's payments for the right to acquire the desalination plant at the end of the service concession period.

Revenue from the sale of goods is forecast to decrease from 2013-14 as revenue associated with the Northern Victorian Irrigation Renewal Project shifts to the PNFC sector following integration with the G-MW Connections Project on 30 June 2012.

Motor vehicle regulatory fees are made up of drivers licences, police learner and driver fees, and miscellaneous vehicle taxes. Significant growth in motor vehicle regulatory fees in 2013-14 is not expected to be maintained over the forward estimates as the mix between drivers opting for 10 year renewal terms versus three year renewal brings forward payments into the budget year.

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

	<i>(\$ million)</i>				
	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Fines					
Road safety camera fines	287.0	325.3	346.4	354.5	359.7
Police on-the-spot fines	159.5	162.2	164.5	167.0	169.5
Toll road evasion fines	185.5	155.0	157.4	159.7	162.1
Non-traffic statutory and court fines	67.3	72.3	75.9	79.3	85.7
Total fines	699.4	714.9	744.2	760.5	777.0
Fair value of assets received free of charge or for nominal consideration	3.1	1.8	1.8	1.7	1.9
Royalties	46.3	47.5	48.6	49.8	49.8
Donations and gifts	234.1	235.7	239.7	254.0	254.6
Other non-property rental	20.9	21.0	21.1	21.2	21.2
Other miscellaneous income	965.4	1 053.6	880.6	910.0	926.2
Other current revenue	1 969.2	2 074.5	1 935.9	1 997.3	2 030.7

Source: Department of Treasury and Finance

Other revenue is projected to increase by 5.3 per cent in 2013-14, with growth boosted by the recognition of revenue from the sale of land in Kew. This is partly offset by a reduction in toll road evasion fines in 2013-14, following a high level in 2012-13 associated with the processing of the backlog of fines. Thereafter, growth in other current revenue is expected to settle at more normal rates, averaging 2.4 per cent between 2014-15 and 2016-17.

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 *2013-14 Budget*. Grants revenue is expected to grow strongly, driven by growth in grants for specific purposes initially and general purpose grants toward the end of the forward estimates.

Table 4.6: Grants

	(\$ million)				
	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
General purpose grants	11 024.5	11 297.2	11 784.0	12 634.8	13 655.7
Specific purpose grants for on-passing	2 501.8	2 977.9	3 190.5	3 447.6	3 673.2
Grants for specific purposes	8 039.2	8 904.6	8 831.7	9 005.5	8 789.4
Total	21 565.6	23 179.8	23 806.2	25 087.8	26 118.4
Other contributions and grants	127.4	130.7	130.8	111.8	111.9
Total grants	21 693.0	23 310.5	23 937.0	25 199.6	26 230.4

Source: Department of Treasury and Finance

General purpose grants

In accordance with the *2008 Intergovernmental Agreement on Federal Financial Relations*, all 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 on the recommendation of the Commonwealth Grants Commission (CGC), and national GST collections.

GST grants to Victoria are expected to be \$11.3 billion in 2013-14, or 2.5 per cent higher than in 2012-13. Subdued growth in GST revenue reflects continued sub-trend growth in the national GST pool and a lower share compared to 2012-13.

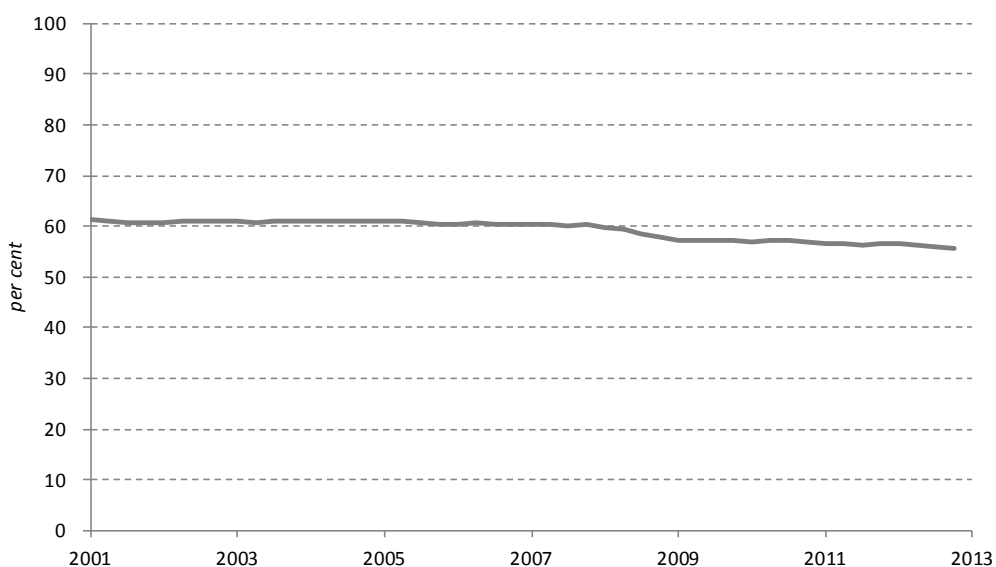
The national GST pool is forecast to grow by 4.7 per cent over 2013-14, the fourth consecutive year where growth will be below trend of around 5.5 per cent.

The key driver of recent weak growth in the national GST pool is the decline in the proportion of consumption of goods that are subject to GST (Chart 4.5). So while nominal (national) household consumption has been growing at a reasonable pace – most recently 5.3 per cent over the year to the December quarter 2012 – growth in the part of consumption on which GST is levied has been much slower. This trend has been in place since the introduction of the GST, but accelerated around the time of the global financial crisis.

Underpinning this trend is changing consumption patterns. Growth in the volume of consumption goods subject to GST has declined since the global financial crisis while growth in GST-exempt consumption goods has largely maintained its pre-crisis rate. At the same time, there has been slower price inflation for goods subject to GST since the global financial crisis. The appreciation of the Australian dollar over this period is likely to have been a major contributor to weak inflation in consumption goods subject to GST, which tend to be more trade exposed. By contrast, GST exempt consumption goods, which are typically non-traded (like education, health and rents), maintained a similar pace of inflation before and after the global financial crisis.

These changes had a significant impact on the states. In 2011-12, it is estimated that a 1 percentage point variation in the share of consumption subject to GST would have had a \pm \$795 million impact on the GST national pool, and \pm \$179 million on Victoria's share. If consumption subject to GST were to remain constant at levels recorded in 2006-07, the national pool would be almost \$3.2 billion higher than it actually was, and Victoria would have received an additional \$716 million in 2011-12.

Chart 4.5: Share of household consumption subject to GST



Sources: Department of Treasury and Finance and Australian Bureau of Statistics

Every year the CGC updates its recommended GST relativities consistent with the terms of reference from the Commonwealth Treasurer. The CGC's *Report on GST Revenue Sharing Relativities – 2013 Update* recommended a decrease in Victoria's GST share to 22.6 per cent of the total GST pool in 2013-14. This compares with a GST share of 22.9 per cent in 2012-13.

Table 4.7: Victoria's forecast GST relativities and share

	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Victoria's relativity	0.92106	0.90398	0.89372	0.90644	0.92664
GST share (%)	22.9	22.6	22.4	22.7	23.3

Sources: Department of Treasury and Finance and Commonwealth Grants Commission

Victoria's GST relativities are expected to again decline in 2014-15, before forecast increases in mining royalties in Western Australia and Queensland lead to a recovery in Victoria's GST relativity from 2015-16 onwards. Estimates for royalties in the resource-rich states are based on assumptions about commodity prices and production, both of which are subject to considerable uncertainty. Deviations in outcomes from these assumptions will have a significant impact on the outlook for Victoria's share of the GST pool.

The recent relative weakness in land transfer duty receipts is also expected to positively impact Victoria's relativities over the forward estimates.

Despite expectations of an increase in Victoria's GST relativity from 2014-15, Victoria's share of the GST pool is expected to remain below its share of the national population, which is approximately 25 per cent, throughout the forward estimates.

Specific purpose grants for on-passing

Table 4.8 lists Commonwealth grants for on-passing. The increase in grants mainly reflects funding to be received as part of the National Education Agreement. This increase in tied grants in 2013-14 partly reflects the re-phasing of payments.

Table 4.8: Grants for on-passing

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
Commonwealth Government grants to local government			
<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> .			
The variance from the 2012-13 revised estimate to the 2013-14 Budget estimate reflects lower receipts in 2012-13, attributable to the Commonwealth Government's decision to bring forward payments from 2012-13 to 2011-12, reducing total grants in 2012-13.			
	192.4	400.7	108.3
<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> . The variance from the 2012-13 revised estimate to the 2013-14 Budget estimate reflects lower receipts in 2012-13, attributable to the Commonwealth Government's decision to bring forward payments from 2012-13 to 2011-12, reducing total grants in 2012-13.			
	70.8	147.3	108.1
National Education Agreement			
Support for school services. Increase is due to indexation as determined by the movement in the average non-government school recurrent cost.			
Non-government schools	2 238.6	2 429.9	8.5
Total grants for on-passing	2 501.8	2 977.9	19.0

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2012-13 and 2013-14.

Grants for specific purposes

Table 4.9 lists Commonwealth grants for specific purposes, with detailed tables by broad expenditure categories provided in Tables 4.10 to 4.16. The increase in tied grants in 2013-14 partly reflects the rephrasing of funding into 2013-14.

Table 4.9: Grants for specific purposes

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
Health	4 034.4	4 261.1	5.6
Education	1 674.8	1 675.6	0.1
Community Services	381.1	411.2	7.9
Environment	96.6	161.8	67.5
Infrastructure	776.2	1 303.5	67.9
Affordable Housing	342.8	315.6	(7.9)
Contingent/Other	733.3	775.8	5.8
Total grants for specific purposes	8 039.2	8 904.6	10.8

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2012-13 and 2013-14.

Table 4.10: Payments for health services

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Health Reform Agreement			
The National Health Reform Agreement, which replaces the National Healthcare Agreement Specific Purpose Payment, commenced 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. The 2012-13 revised amount excludes payments made directly to entities outside the Victorian general government sector.	3 312.0	3 484.5	5.2
National Partnerships			
<i>Activity Based Funding</i>			
Funding 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 2012-13 revised amount excludes payments made directly to entities outside the Victorian General Government sector. Funding sunsets in 2012-13.	14.7	..	(100.0)
<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 Home Care Packages. 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.	22.8	24.2	6.4
<i>Ballarat Regional Integrated Cancer Centre</i>			
Funding is provided to help establish 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.	10.2	..	(100.0)
<i>Digital mammography</i>			
Funding under the National Partnership Agreement on Health Infrastructure to support 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. Funding sunsets in 2012-13.	7.3	..	(100.0)

Table 4.10: Payments for health services (continued)

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
<i>Essential Vaccines</i>			
Funding 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.	75.8	71.7	(5.4)
<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.	4.8	14.9	208.6
<i>Expansion of Gippsland Cancer Care Centre</i>			
Funding is provided 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.	14.0	8.0	(42.9)
<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.	3.3	..	(100.0)
<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 and Healthy Children.	13.1	13.0	(0.6)
<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.	..	67.0	na

Table 4.10: Payments for health services (continued)

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
<i>Victorian Cytology Service</i>			
Funding is provided 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, approximately 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.			
	8.1	8.5	5.0
COAG — National Health and Hospitals Reform			
<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. Emergency department facilitation funding from the Commonwealth may change, pending finalisation of data issues.			
	140.5	154.7	10.1
<i>Financial assistance for long stay older patients</i>			
Funding is provided under the National Partnership Agreement on financial assistance for long stay 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.			
	12.8	9.4	(26.3)
<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 benefits scheme 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. Funding sunsets in 2012-13.			
	12.0	..	(100.0)
<i>Statewide enhancements to regional cancer services</i>			
Funding is provided to undertake statewide enhancements to existing regional cancer services in Victoria, to benefit patients in regional areas including Bendigo and Traralgon.			
	5.5	4.0	(27.3)

Table 4.10: Payments for health services (continued)

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
<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.	9.2	9.3	2.0
<i>Home and Community Care</i>			
Funding is provided 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.	350.8	379.6	8.2
<i>Home and Community Care for Veterans</i>			
The Department of Veterans' Affairs contribution to the Victorian HACC program.	3.9	3.9	0
<i>National Reform Agenda for Organ and Tissue Donation</i>			
Funding to increase Australians' access to organ and tissue transplants through the implementation of a world's best practice, coordinated and consistent national approach and systems for organ and tissue donation.	6.5	6.5	1.4
Other	7.1	1.8	(74.9)
Total health services	4 034.4	4 261.1	5.6

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2012-13 and 2013-14.

Table 4.11: Payments for education services

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Agreement for Skills and Workforce Development			
Funding for delivery of training services.	344.5	351.6	2.1
National Education Agreement			
Support for school services. Increase is due to indexation as determined by the movement in the average government school recurrent cost.			
Government schools	917.6	980.0	6.8
National Partnerships			
<i>Early childhood education</i> ^(b)			
Funding is provided to assist Victoria to work towards the Council of Australian Governments target of access to 15 hours of early childhood education a week for all children in the year before school by 2013.	109.5	nfp	na
<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. No estimate has been captured for the 2013-14 eligible reward payments until targets are confirmed for this period.	4.6	..	(100.0)
<i>Literacy and numeracy</i>			
Funding to improve the performance of students who are falling behind in literacy and/or numeracy, including targeted groups with a particular emphasis on students from disadvantaged backgrounds, in participating schools.			
Government schools	19.6	9.8	(49.9)
Non-government schools	8.6	4.3	(49.9)
<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.	66.7	40.9	(38.7)
<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.			
Government schools	14.9	7.4	(50.2)
Non-government schools	4.7	2.3	(50.0)
<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.	5.1	4.6	(9.9)

Table 4.11: Payments for education services (continued)

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Secondary School Computer Fund – Digital Education Revolution^(b)			
Funding for new information technology equipment for all secondary schools with students in Years 9 to 12 through the National Secondary School Computer Fund.			
Government schools	29.6	nfp	na
Non-government schools	19.8	nfp	na
National Solar Schools Plan			
Funding to install solar and other renewable power systems, solar hot water systems, rainwater tanks and energy efficiency measures. Funding sunsets in 2012-13.			
Government schools	6.1	..	(100.0)
Non-government schools	2.4	..	(100.0)
Reward for School Improvement			
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.			
Government schools	2.4	2.1	(10.0)
Skills for all Australians – Skills Reform			
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 National Partnership replaces the Productivity Places Program.			
	59.3	59.3	0
Skills for all Australians – Training places for single and teenage parents			
Funding for single and teenage parents to improve training outcomes with a guarantee of priority access to a government funded training place.			
	4.7	6.3	33.3
TAFE fee waivers for child care qualifications			
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.			
	9.1	8.6	(4.9)
Trade training centres in schools			
Funding to build new or upgrade existing trade or vocational education and training facilities in secondary schools.			
	20.1	21.1	4.7
Youth Attainment and Transitions			
Funding to increase participation of young people in education and training, increase attainment levels, and improve successful transition from schools.			
	17.0	8.5	(50.0)

Table 4.11: Payments for education services (continued)

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
Indigenous early childhood development			
Funding to address the high levels of disadvantage experienced by Indigenous children in Victoria and provide 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.	4.6	4.6	0.9
Other	4.1	164.1	na
Total education services	1 674.8	1 675.6	0.1

Source: Department of Treasury and Finance

Notes:

(a) Per cent change from 2012-13 and 2013-14.

(b) The Commonwealth Budget Papers have not disclosed a 2013-14 estimate for these National Partnerships.

Table 4.12: Payments for community services

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Disability Agreement			
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.	307.3	334.9	9.0
National Partnerships			
<i>Certain concessions for pensioners and seniors card holders</i>			
Funding contribution for the provision of certain concessions for pensioners, being rebates made available to pensioners for council rates, gas, electricity, water and sewerage, motor vehicle registration and public transport, and reciprocal public transport concessions between jurisdictions for pensioners and seniors card holders.	70.4	72.8	3.4
Other	3.5	3.5	2.5
Total community services	381.1	411.2	7.9

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2012-13 and 2013-14.

Table 4.13: Payments for affordable housing

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Affordable Housing Agreement			
Funding for provision of affordable, safe and sustainable housing that contributes to economic and social participation in the community.	300.3	313.1	4.3
National Partnerships			
<i>Homelessness</i>			
Funding under the <i>National Partnership Agreement on Homelessness</i> commits the Commonwealth, states and territories 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. This National Partnership will end in 2012-13.	31.2	..	(100.0)
<i>Transitional National Partnership Agreement on Homelessness</i> ^(b)			
This new National Partnership replaces the National Partnership Agreement on Homelessness. Its focus is on maintaining the current level of services to assist people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion while a longer term reform plan is developed.	..	t.b.c.	na
Other payments to the State			
<i>Housing Affordability Fund</i>			
Funding for the renewal of inner city public housing estates at Prahran, Richmond and Fitzroy. The Housing Affordability Fund 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.	8.8	..	(100.0)
Other	2.5	2.5	0
Total affordable housing	342.8	315.6	(7.9)

Source: Department of Treasury and Finance

Notes:

(a) Per cent change from 2012-13 and 2013-14.

(b) One-off grant.

Table 4.14: Payments for infrastructure services

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Partnerships			
<i>Melbourne Metro 1</i>			
As part of the Commonwealth Government's 2009-10 Budget, \$40 million in development funding was provided for planning of a proposed rail tunnel between Dynon Road in the west and St Kilda Road at Domain.	20.0	..	(100.0)
<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 toward agreed projects. The low quantum in 2012-13 reflects the timing of cash flows provided by the Commonwealth in relation to particular projects.	184.2	418.3	127.1
<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. Three new stations will be constructed at Wyndham Vale, Tarneit and West Footscray.	522.0	858.0	64.4
Other payments to the State			
<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.	24.8	27.2	9.3
Other	25.2	..	(100.0)
Total infrastructure services	776.2	1 303.5	67.9

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2012-13 and 2013-14.

Table 4.15: Payments for environment services

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Partnerships			
<i>Caring for Our Country</i>			
Funding to help communities, farmers and other land managers protect the natural environment. Some funding is expected to be provided to Victoria in 2013-14, the majority of which will be passed on to catchment management authorities.			
	30.6	0.2	(99.5)
<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. Under Water for the Future, the Commonwealth is estimated to contribute to a number of Victorian projects in 2013-14, 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.			
	58.5	151.3	158.8
Other	7.6	10.4	36.6
Total environment services	96.6	161.8	67.5

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2012-13 and 2013-14.

Table 4.16: Payments for contingent and other services

(\$ million)

	2012-13 Revised	2013-14 Budget	Change % ^(a)
National Partnerships			
<i>Victoria Legal Aid</i>			
Funding for a share of the service delivery costs of Victoria Legal Aid on Commonwealth law matters.	44.4	45.2	1.8
<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.	4.2	4.3	2.4
<i>Natural Disaster Relief</i>			
Applies to natural disasters declared in Victoria. The grants are driven by claims following recent bushfires in 2012-13.	30.9	2.7	(91.2)
Other	653.8	723.6	10.7
Total other services	733.3	775.8	5.8

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2012-13 and 2013-14.

CHAPTER 5 – TAX EXPENDITURES AND CONCESSIONS

TAX EXPENDITURES

Tax expenditures are concessions, benefits and incentives delivered through the tax system that result in preferential treatment of certain taxpayers, activities or assets compared with the normal taxation treatment. This can include tax-free thresholds, exemptions or reduced rates, and deductions or rebates of a tax for a certain class of taxpayer, activity or asset. Tax expenditures exclude broadly applicable marginal tax rates as part of a tax scale.

Table 5.1 shows aggregate tax expenditure estimates by the main tax categories for the period 2012-13 to 2016-17, excluding the effect of tax-free thresholds for land tax and payroll tax. Table 5.2 lists the estimated individual tax expenditures that can be costed for the period 2012-13 to 2016-17 (including those arising from tax-free thresholds).

Total tax expenditures are expected to fall in 2013-14, largely driven by a fall in land transfer duty tax expenditures. This reflects a return to normal market activity, following unusually high corporate reconstruction expenditure in 2012-13. Thereafter, given land tax exemptions account for around 60 per cent of total tax expenditures, the pattern of growth largely reflects the biennial land tax revaluation cycle.

The fire services property levy tax expenditure relates to the new property-based levy starting from 1 July 2013. The concession for the Fire Services Property Levy will apply to those who are eligible to receive a concession provided by their local council for rates. The concession is a \$50 discount from the total levy amount due for one property which is used exclusively as the principal place of residence.

New policies announced in the *2013-14 Budget* have offsetting impacts on tax expenditures in 2013-14. The 40 per cent reduction in land transfer duty for eligible first home buyers has been brought forward by six months to 1 July 2013, resulting in land transfer duty expenditures about \$11 million higher in 2013-14 than they would be otherwise. The congestion levy has been expanded to include short-stay carparks and the rate has been amended from \$950 in 2013 to \$1 300 in 2014, resulting in congestion levy expenditures around \$11 million lower in 2013-14. For more details about these initiatives refer to Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives*.

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

(\$ million)

Description	2012-13 Estimate	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Land tax	2 484.2	2 419.6	2 767.9	2 702.4	3 091.2
Fire services property levy	0.0	21.4	21.6	21.8	22.0
Payroll tax	1 013.8	1 046.7	1 081.5	1 118.9	1 157.8
Gambling tax	74.2	81.8	84.5	86.8	88.9
Motor vehicle taxes	113.1	118.5	124.1	129.8	135.7
Land transfer duties	679.6	341.6	373.2	387.6	397.5
Congestion levy	35.0	25.1	25.8	26.4	27.1
Total estimated tax expenditures	4 400.0	4 054.7	4 478.6	4 473.7	4 920.2

Source: Department of Treasury and Finance

Note:

(a) Tax expenditures associated with thresholds are excluded due to the different nature of these expenditures to other taxation expenditures. Expenditures are benefits that target certain taxpayers or activities, whereas thresholds exclude transactions below a certain size.

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

(\$ million)

Description	2012-13 Estimate	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Land tax					
Crown property (right of Victoria)	217.1	211.4	242.0	236.2	270.4
Principal place of residence	1 232.1	1 199.9	1 373.3	1 340.7	1 534.3
Land held in trust for public or municipal purposes or vested in any municipality	120.8	117.6	134.7	131.5	150.4
Land used by a charitable institution	72.1	70.3	80.4	78.5	89.8
Commonwealth land	195.2	190.1	217.6	212.4	243.1
Land used for primary production	354.0	344.8	394.6	385.3	440.9
Land vested in a public statutory authority	165.6	161.2	184.6	180.2	206.2
Land used for the CityLink network	23.6	23.0	26.3	25.7	29.4
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	5.6	5.4	6.2	6.0	6.9
Partial exemption for non-profit organisations solely for social, sporting, cultural or literary purposes; or horse, pony or harness racing	6.2	6.0	6.9	6.7	7.7
Assessment on a single holding basis for land owned by a charity	10.4	10.2	11.6	11.4	13.0
Retirement villages	18.9	18.4	21.1	20.6	23.5

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

	(\$ million)				
<i>Description</i>	<i>2012-13</i> <i>Estimate</i>	<i>2013-14</i> <i>Estimate</i>	<i>2014-15</i> <i>Estimate</i>	<i>2015-16</i> <i>Estimate</i>	<i>2016-17</i> <i>Estimate</i>
Non-profit organisations providing outdoor cultural or sporting recreation (excluding horse, pony or harness racing)	36.0	35.1	40.2	39.2	44.9
Land tax exemption for friendly societies	0.2	0.2	0.2	0.2	0.2
Associations of ex-servicemen	0.5	0.5	0.6	0.6	0.6
Caravan parks	4.2	4.1	4.7	4.5	5.2
Residential care facilities	9.4	9.2	10.5	10.3	11.7
Low cost accommodation	1.9	1.8	2.1	2.0	2.3
Land tax exemption for mining	0.3	0.3	0.4	0.4	0.4
Aggregated site value below tax-free threshold	68.4	66.6	76.2	74.4	85.1
Total land tax expenditures	2 552.6	2 486.2	2 844.1	2 776.8	3 176.3
Fire services property levy					
Fire services property levy concession for pensioners and Department of Veteran Affairs cardholders	..	21.4	21.6	21.8	22.0
Total fire services property levy expenditures	..	21.4	21.6	21.8	22.0
Wages paid by public hospitals	361.7	374.2	387.1	400.6	414.6
Wages paid by public benevolent institutions/charities	276.2	285.7	295.6	305.9	316.6
Wages paid by non-profit-non-government schools	155.1	160.5	166.0	171.8	177.8
Commonwealth departments/agencies (excluding transport and communication)	39.8	41.1	42.5	44.0	45.8
Wages paid by non-profit hospitals	29.0	30.0	31.0	32.1	33.2
Municipal councils (not wages for trading activities)	127.5	131.9	136.5	141.3	146.2
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986 (Commonwealth)</i>	14.5	13.0	12.3	12.3	12.3
Religious institutions	5.6	5.8	6.0	6.2	6.4
Construction industry leave entitlements paid by CoINVEST	2.0	2.1	2.2	2.3	2.4
Paid maternity leave	1.2	1.2	1.3	1.3	1.3
Government school councils	1.2	1.2	1.2	1.2	1.2
Employers' payroll below \$550 000	1 840.5	1 822.0	1 803.4	1 777.9	1 742.1
Total payroll tax expenditures	2 854.3	2 868.7	2 884.9	2 896.8	2 899.9

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

<i>Description</i>	<i>(\$ million)</i>				
	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>	<i>2015-16 Estimate</i>	<i>2016-17 Estimate</i>
Congestion levy tax					
Residential	2.0	2.9	3.0	3.0	3.1
Commercial and private	15.5	22.2	22.8	23.4	23.9
Short-stay car parks	17.5	..	..	..	..
Total congestion levy tax expenditures	35.0	25.1	25.8	26.4	27.1
Gambling tax					
Clubs pay lower tax rate on net cash balance (electronic gaming machines)	74.2	81.8	84.5	86.8	88.9
Total gambling tax expenditures	74.2	81.8	84.5	86.8	88.9
Motor vehicle taxes					
Motor vehicle registration fee for eligible beneficiaries	90.9	94.8	98.9	103.1	107.5
Registration fee for primary production vehicles (4.5 tonnes or less)	15.7	16.1	16.5	16.9	17.4
Exemption for non-commercial vehicles owned by incapacitated war service pensioners	1.6	1.6	1.7	1.8	1.8
Motor vehicle duty concession for incapacitated and disabled persons	0.7	0.7	0.7	0.8	0.8
Motor registration discount for hybrid cars	4.2	5.2	6.2	7.2	8.2
Total motor vehicle taxes expenditures	113.1	118.5	124.1	129.8	135.7
Land transfer duties					
Land transfer duty concession for first homebuyers of properties valued up to \$600 000	56.3	98.1	126.7	138.9	147.3
Land transfer duty concession for farmers under 35 years of age	1.0	2.0	2.0	2.0	2.0
Stamp duty for corporate reconstruction	459.3	86.3	86.3	86.3	86.3
Conveyance duty concession for pensioners and concession cardholders	70.2	76.5	79.6	81.7	83.2
Stamp duty for principal place of residence	92.8	78.7	78.7	78.7	78.7
Total land transfer duties expenditures	679.6	341.6	373.2	387.6	397.5
Total estimated tax expenditures	6 308.9	5 943.3	6 358.2	6 326.0	6 747.4

Source: Department of Treasury and Finance

Table 5.3 provides the ratio of tax expenditure to revenue by the main categories of tax in 2012-13. The ratio of tax expenditures (excluding thresholds) to tax revenue in 2012-13 is estimated at 28 per cent, which is slightly above the 25 per cent estimated in the *2012-13 Budget* for 2011-12.

Table 5.3: Estimated aggregate tax expenditures (excluding thresholds) and tax revenue in 2012-13^(a)

(\$ million)

<i>Description</i>	<i>Tax expenditure</i>	<i>Tax revenue</i>	<i>Ratio</i>
Land tax	2 484.2	1 587.3	1.57
Payroll tax	1 013.8	4 815.9	0.21
Gambling tax	74.2	1 831.2	0.04
Motor vehicle taxes	113.1	1 828.2	0.06
Land transfer duties	679.6	3 172.1	0.21
Congestion levy	35.0	48.1	0.73
Other/miscellaneous	...	2338.7	...
Total for items estimated	4 400.0	15 621.4	0.28

Source: Department of Treasury and Finance

Note:

(a) Tax expenditures associated with thresholds are excluded due to the different nature of these expenditures to other taxation expenditures. Expenditures are benefits that target certain taxpayers or activities, whereas thresholds exclude transactions below a certain size.

Table 5.4 provides a grouping of estimated tax expenditures to particular persons or entities based on the legal incidence of state taxes. Business expenditure is expected to fall in 2013-14 following high land transfer duty expenditures on corporate restructuring in 2012-13.

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

<i>Description</i>	<i>(\$ million)</i>				
	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>	<i>2015-16 Estimate</i>	<i>2016-17 Estimate</i>
Business	547.2	162.0	165.8	165.7	170.8
Construction industry	2.0	2.1	2.2	2.3	2.4
Charitable organisations	358.8	366.2	387.6	395.8	419.5
Educational institutions	156.3	161.7	167.2	173.0	179.0
Gambling clubs	74.2	81.8	84.5	86.8	88.9
Commonwealth and State Governments	617.7	603.9	686.7	672.9	765.4
Local government	253.9	255.0	277.3	278.8	303.5
Hospitals	390.7	404.1	418.1	432.7	447.8
Pensioners/concession cardholders	182.2	213.3	223.4	229.5	238.7
Property owners	1 392.4	1 387.7	1 591.3	1 570.6	1 774.4
Primary producers	370.8	362.9	413.2	404.2	460.3
Religious institutions	5.6	5.8	6.0	6.2	6.4
Sporting, recreation and cultural organisations	42.2	41.1	47.1	46.0	52.6
Other	6.1	7.1	8.2	9.3	10.3
Total for items estimated	4 400.0	4 054.7	4 478.6	4 473.7	4 920.2

Source: Department of Treasury and Finance

Note:

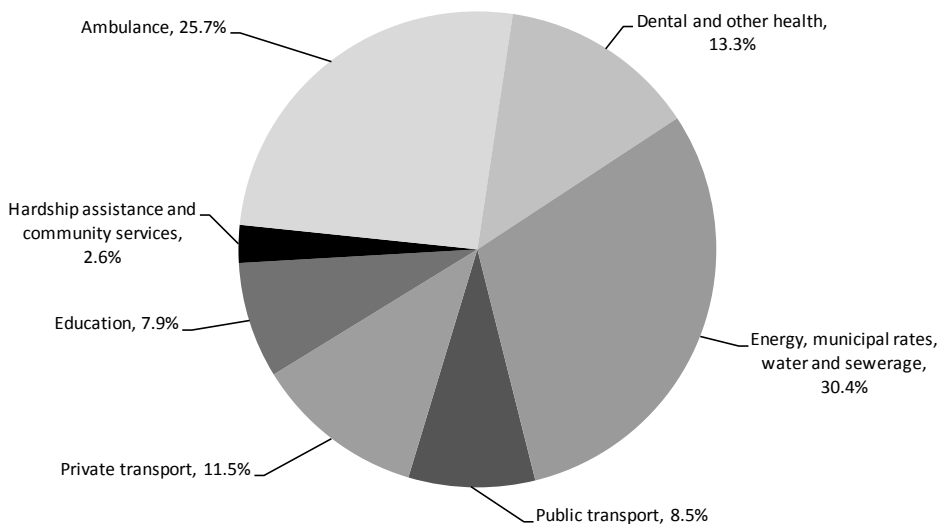
(a) Tax expenditures associated with thresholds are excluded due to the different nature of these expenditures to other taxation expenditures. Expenditures are benefits that target certain taxpayers or activities, whereas thresholds exclude transactions below a certain size.

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. Certain characteristics of the consumer, such as possession of a Commonwealth Government pension card or a health care card, are the basis for entitlement. Concessions allow certain groups in the community to access or purchase important amenities like energy, education, health and transportation at a reduced or zero cost.

Chart 5.1 shows the estimated distribution of concessions by category for 2013-14. At an aggregate level, the largest share of concessions is concentrated in health (ambulance, dental and community health programs) accounting for 39 per cent of total concessions.

Chart 5.1: Estimated concessions by category for 2013-14



Source: Department of Treasury and Finance

Table 5.5 classifies the major concessions by category.

Table 5.5: Concessions by category^(a)

(\$ million)

<i>Description</i>	<i>2011-12 Estimate</i>	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>
Electricity	152.3	171.7	173.7
Mains gas	54.2	62.0	62.8
Municipal rates	82.0	84.9	86.8
Water and sewerage	144.4	153.7	156.5
Total energy, municipal rates, water and sewerage	432.8	472.3	479.7
Ambulance	381.0	416.1	406.1
Dental services and spectacles	110.2	111.9	114.7
Community health programs	91.5	93.8	95.9
Total health	582.7	621.8	616.7
Education	132.0	138.4	124.6
Hardship schemes	30.3	32.2	35.6
Social and community services	4.4	4.7	4.8
Private transport	171.2	176.0	182.3
Public transport	124.3	129.0	134.9
Total for items estimated	1 477.7	1 574.3	1 578.7

Source: Department of Treasury and Finance

Note:

(a) Some concessions are unable to be directly measured and are estimates only (including 2011-12).

Education concessions include the education maintenance allowance, concessions for preschool, and concessions for vocational education and training. Education concessions are estimated to fall in 2013-14, partly due to the removal of the component of the education maintenance allowance that was previously paid to schools.

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, 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 in the control of the entity.

These are classified as either quantifiable, where the potential economic benefit can be measured, or non-quantifiable. The table below contains estimated quantifiable contingent assets as at 30 June 2013, based on currently available information.

Table 6.1: Quantifiable contingent assets

(\$ million)

	<i>As at Nov 2012^(a)</i>	<i>Estimate for June 2013</i>
Guarantees, indemnities and warranties	0.8	1.6
Legal proceedings and disputes	20.6	30.5
Other	0.8	..
Total contingent assets	22.1	32.1

Source: Department of Treasury and Finance

Note:

(a) As published in the 2012-13 Budget Update.

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.

Land contamination – Burnley Complex

The Metropolitan Fire and Emergency Services Board (MFB) has a pending claim with the City of Yarra to recover the cost of remediating contamination at the MFB Burnley Training Complex, located at 450 Burnley Street, Richmond.

Due to the uncertainty inherent in any litigation an accurate assessment of the outcome is not possible.

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 in 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 obligation cannot be measured with sufficient reliability.

As with contingent assets, contingent liabilities are also classified as either quantifiable or non-quantifiable. Table 6.2 contains estimated quantifiable contingent liabilities as at 30 June 2013, based on currently available information.

Table 6.2: Quantifiable contingent liabilities

(\$ million)

	As at Nov 2012 ^(a)	Estimate for June 2013
Guarantees, indemnities and warranties	10 634.9	11 134.1
Legal proceedings and disputes	489.0	485.3
Other	305.9	294.0
Total contingent liabilities	11 429.8	11 913.4

Source: Department of Treasury and Finance

Note:

(a) As published in the 2012-13 Budget Update.

Non-quantifiable contingent liabilities

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

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

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

Royal Melbourne Showgrounds redevelopment

In October 2003, the State, through the then Department of Primary Industries (now the Department of Environment and 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 hold the land and 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 support 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.

National Electricity Code Administrator

As part of the windup 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 after completion of their tenure in 2015.

The Biosciences Research Centre

The Biosciences Research Centre (BRC) project is a joint initiative between the State, through the Department of Environment and Primary Industries, and La Trobe University (La Trobe). The project is being delivered as a public private partnership. The Department of Environment and 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 for a period of 25 years. 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. On 21 August 2012, Plenary Research Pty Ltd was granted Commercial Acceptance of AgriBio effective from 18 July 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.

Public transport rail partnership agreements

The Public Transport Development Authority (operating as Public Transport Victoria (PTV)) has partnership contractual arrangements with franchisees to operate metropolitan rail transport services in the State, operative from 30 November 2009 until 30 November 2017. 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, with the assets, at early termination or expiry of the franchise agreement, to 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.

Compulsory property acquisitions

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 projects. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

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 cannot be reliably quantified.

Infrastructure projects

Public Transport Victoria (PTV) is managing contractor disputes in relation to rail infrastructure projects. The information usually required by AASB 137 *Provisions, Contingent Liability and Contingent Assets* is not disclosed on the grounds it can be expected to prejudice PTV's position in the management of these disputes.

Native Title

A number of claims have been filed with the Federal Court under the Commonwealth *Native Title Act 1993* that affect Victoria. 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:

- **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.
- **teachers:** In the event that a teacher is named as a defendant in a student personal injury claim, any costs and damages will generally be paid by the Department provided the teacher was not drunk, under the influence of illicit drugs or engaging in a criminal offence and the behaviour was not outrageous and was related to their employment.

Land remediation – environmental concerns

In addition to properties for which remediation costs have been provided in the State's 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 State Government departments, participating bodies and other entities as defined under the *Victorian Managed Insurance Authority Act 1996*.

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 occurrence up to a maximum of \$750 million for public and products 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. The Department of Treasury and Finance has agreed to provide Stop Loss protection for VMIA for each policy year from 1 July 2003, regardless of when the claims are finally settled. Under the Indemnity Deed the Department of Treasury and Finance will reimburse VMIA if the ultimate claims payouts exceed by more than 20 per cent of the initial estimate on which the risk premium was based.

Gambling licences

In 1992, a gaming operator's licence was issued to the Trustees of the Will and Estate of the late George Adams, later succeeded by Tatts Group. In 1994, the State issued a wagering and gaming licence to Tabcorp Holdings Limited (Tabcorp). These licences expired in August 2012. The *Gambling Regulation Act 2003* specified end of licence arrangements which included compensation provisions for the licensees predicated on the current licensing arrangements being rolled over beyond their scheduled expiry date.

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

- 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.

On 16 August 2012, Tatts Group commenced formal legal proceedings against the State. Tabcorp commenced proceedings on 24 August 2012. Each seeks, in essence, to hold the State to an obligation to provide compensation. The Government will defend the State against this claim.

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.

Fiskville firefighting independent investigation

An independent investigation has been undertaken by Professor Joy into the historical use of chemicals for live firefighting training at the Fiskville State Training Centre between 1971 and 1999. The report of the independent investigation has been released and the Country Fire Authority has accepted all of the facts and conclusions and is committed to implementing all recommendations. In August 2012 the CFA established a program office to manage the implementation of all recommendations and an additional 11 management initiatives that the CFA Board committed to in response to the report.

At this stage it is impractical to quantify any other financial impacts of the investigation's recommendations.

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 State’s financial transactions on the Public Account are recorded in the public ledger.

The *Financial Management Act 1994* (FMA) 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 established by the FMA is the Government’s primary financial account 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 2013 and for the year ending 30 June 2014.

(\$ million)

	2012-13 Budget	2013-14 Budget	Variation %
Receipts			
Taxation	15 560	16 784	7.9
Fines and regulatory fees	713	799	12.1
Grants received	15 366	16 021	4.3
Sales of goods and services (including Section 29 FMA annotated) ^(a)	5 239	5 348	2.1
Interest received	303	490	62.0
Dividends and income tax equivalent and rate equivalent receipts	1 020	647	(36.6)
Other receipts ^(a)	107	388	na
Total operating activities	38 306	40 477	5.7
Total cash inflows from investing and financing	6 170	4 568	(26.0)
Total receipts	44 476	45 045	1.3
Payments			
Special appropriations	3 966	4 119	3.9
Appropriations ^(b)			
Provision of outputs	31 779	33 113	4.2
Additions to the net asset base	3 303	3 461	4.8
Payments made on behalf of the State	3 316	3 209	(3.2)
Receipts credited to appropriation			
Provision of outputs	2 353	2 280	(3.1)
Additions to the net asset base	1 011	1 143	13.1
Sub total	45 728	47 326	3.5
Appropriations remaining unspent	(761)	(781)	2.6
Total payments	44 968	46 545	3.5
Net receipts/(payments)	(492)	(1 501)	205.0
Opening balance 1 July^(c)	(342)	433	na
Estimated closing balance 30 June	(833)	(1 068)	28.3

Source: Department of Treasury and Finance

Notes:

- (a) Capital assets charge has been reallocated from Other receipts to Sales of goods and services. This change is to align the Consolidated Fund statement with the main cash flow statement where the Capital assets charge is classified under Sales of goods and services under the accounting standards.
- (b) Includes unapplied appropriations carried over from the previous year.
- (c) The opening balance of the 2013-14 Budget is based on the closing balance of the revised 2012-13 Budget and therefore differs from the closing balance of the published 2012-13 Budget.

Table A.2: Consolidated Fund receipts^(a)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
Operating receipts			
Taxation			
Payroll tax	5 328 791	5 648 196	6.0
Land tax	1 552 852	1 590 084	2.4
Fire Services Property Levy ^(b)	..	610 881	..
Congestion levy	46 768	93 505	99.9
Duties from financial and capital transactions			..
Land transfer duty	3 447 174	3 654 546	6.0
Other duties	4 043	4 023	(0.5)
Growth areas infrastructure contribution	13 312	20 369	53.0
Financial accommodation levy	101 550	132 816	30.8
Levies on statutory corporations	70 150	117 457	67.4
Gambling taxes	2 018 384	1 822 866	(9.7)
Insurance	1 025 302	1 049 719	2.4
Motor vehicle			..
Road Safety Act (Registration Fees) 1986	1 177 923	1 247 797	5.9
Duty on vehicle registrations and transfers	647 640	661 059	2.1
Liquor licence fees	21 813	23 491	7.7
Other taxes ^(c)	103 965	106 792	2.7
Total	15 559 667	16 783 601	7.9
Fines and regulatory fees			
Fines	354 238	345 863	(2.4)
Regulatory fees	358 672	453 548	26.5
Total	712 909	799 410	12.1
Grants received			..
Grants received by department			..
Department of Environment and Primary Industries	22 257	16 350	(26.5)
Department of Health	28 571	31 004	8.5
Department of Human Services	84 913	3 537	(95.8)
Department of Justice	2 829	3 020	6.8
Department of Primary Industries	10 900	..	(100.0)
Department of State Development Business and Innovation	5 000	5 000	..
Department of Treasury and Finance	15 211 187	15 961 879	4.9
Total	15 365 656	16 020 790	4.3
Sales of goods and services ^(d)	5 238 619	5 347 683	2.1
Interest received	302 587	490 052	62.0
Dividends and income tax equivalent and rate equivalent revenue			
Dividends	840 493	445 890	(46.9)
Income tax equivalent revenue	174 149	195 660	12.4
Local government tax equivalent revenue	5 200	5 264	1.2
Total	1 019 841	646 814	(36.6)

Table A.2: Consolidated Fund receipts^(a) (continued)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
Other receipts			..
Land rent received	15 110	15 194	0.6
Royalties received	46 005	47 147	2.5
Other ^(d)	45 453	326 048	617.3
Total	106 567	388 389	264.5
Total operating activities	38 305 847	40 476 739	5.7
Cash inflows from investing and financing			
GBEs loans repaid	7 851	72 147	na
Other loans	655	655	..
Return of capital – government entities	39 000	700	(98.2)
Borrowings	6 122 560	4 494 273	(26.6)
Total cash in flows from investing and financing	6 170 066	4 567 775	(26.0)
Total Consolidated Funds receipts	44 475 914	45 044 514	1.3

Source: Department of Treasury and Finance

Notes:

- (a) It should be noted that machinery of government changes have been reflected in the departmental financial statements presented in Chapter 3 of this Budget Paper effective from 1 July 2013. These changes, including the merging of functions of the Department of Planning and Community Development and the Department of Primary Industries into various other departments, have been factored into the statements as appropriate. In addition, the following name changes were effected by Order in Council on 9 April 2013:
- Department of Environment and Primary Industries – formerly the Department of Sustainability and Environment;
 - Department of State Development, Business and Innovation – formerly the Department of Business and Innovation; and
 - Department of Transport, Planning and Local Infrastructure – formerly the Department of Transport.
- (b) The Fire Services Property Levy replaces the statutory insurance contributions to the Metropolitan Fire and Emergency Services Board and the Country Fire Authority. From 1 July 2013, the Fire Services Property Levy revenue will be recognised in the Consolidated Fund. This revenue will be appropriated to the Department of Justice to be granted to the fire services.
- (c) Other taxes include concession fees (Transurban) and port licence fee (Port of Melbourne Corporation).
- (d) Capital assets charge has been reallocated from 'other receipts' to 'sales of goods and services' to align the Consolidated Fund statement with the main cash flow statement where the capital assets change is classified under sales of goods and services under the accounting standards.

Table A.3: Consolidated Fund appropriations – summary^(a)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
Education and Early Childhood Development			
Special appropriations	256	26 488	na
Annual appropriations	10 441 466	10 314 217	(1.2)
Total	10 441 722	10 340 705	(1.0)
Environment and Primary Industries			
Special appropriations	3 840	8 300	na
Annual appropriations	1 624 991	2 465 673	51.7
Total	1 628 831	2 473 973	51.9
Health			
Special appropriations	1 332 247	1 445 402	8.5
Annual appropriations	8 082 623	8 472 534	4.8
Total	9 414 870	9 917 936	5.3
Human Services			
Special appropriations	63 935	63 935	..
Annual appropriations	3 558 921	3 683 781	3.5
Total	3 622 856	3 747 716	3.4
Justice			
Special appropriations	213 981	213 700	(0.1)
Annual appropriations	4 575 937	5 931 283	29.6
Total	4 789 918	6 144 983	28.3
Planning and Community Development			
Special appropriations	4 000	..	(100.0)
Annual appropriations	643 808	..	(100.0)
Total	647 808	..	(100.0)
Premier and Cabinet			
Special appropriations	8 640	15 477	79.1
Annual appropriations	563 622	609 335	8.1
Total	572 262	624 812	9.2
Primary Industries			
Special appropriations	..	..	..
Annual appropriations	566 102	..	(100.0)
Total	566 102	..	(100.0)
State Development, Business and Innovation			
Special appropriations	..	..	..
Annual appropriations	744 601	958 402	28.7
Total	744 601	958 402	28.7
Transport, Planning and Local Infrastructure			
Special appropriations	96 767	10 167	(89.5)
Annual appropriations	7 807 390	8 188 129	4.9
Total	7 904 157	8 198 296	3.7

Table A.3: Consolidated Fund appropriations – summary^(a)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
Treasury and Finance			
Special appropriations	2 204 011	2 300 645	4.4
Annual appropriations	3 022 924	2 444 626	(19.1)
Total	5 226 934	4 745 271	(9.2)
Parliament			
Special appropriations	38 054	35 008	(8.0)
Annual appropriations	130 030	138 827	6.8
Total	168 084	173 835	3.4
Total special appropriations	3 965 731	4 119 122	3.9
Total annual appropriations^(b)	41 762 413	43 206 807	3.5
Total appropriations	45 728 143	47 325 928	3.5

Source: Department of Treasury and Finance

Notes:

- (a) It should be noted that machinery of government changes have been reflected in the departmental financial statements presented in Chapter 3 of this Budget Paper effective from 1 July 2013. These changes, including the merging of functions of the Department of Planning and Community Development and the Department of Primary Industries into various other departments, have been factored into the statements as appropriate. In addition, the following name changes were effected by Order in Council on 9 April 2013:
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 - Department of State Development, Business and Innovation – formerly the Department of Business and Innovation; and
 - Department of Transport, Planning and Local Infrastructure – formerly the Department of Transport.
- In relation to machinery of government changes, no adjustments have been made to the estimates for 2012-13. Therefore care needs to be taken in comparing year-on-year estimates on a departmental basis.
- (b) Includes receipts credited to appropriation and unapplied previous year appropriations carried over.

Table A.4: Consolidated Fund payments – special appropriations^(a)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
Education and Early Childhood Development			
<i>Financial Management Act No. 18 of 1994, Section 10 –</i> Appropriation of Commonwealth grants		26 225	na
<i>Education and Training Reform Act No. 24/26 of 2006,</i> Section 5.6.8 – Volunteer Workers Compensation	256	263	2.7
Total	256	26 488	na
Environment and Primary Industries			
<i>Financial Management Act No. 18 of 1994, Section 33 –</i> Appropriation to meet certain obligations ^(b)	3 840	8 300	116.1
Total	3 840	8 300	116.1
Health			
<i>Casino Control Act No. 47 of 1991, Section 114 – Hospitals</i> and Charities Fund	14 356	16 314	13.6
<i>Financial Management Act No. 18 of 1994, Section 10 –</i> Appropriation of Commonwealth Grants	84 254	89 308	6.0
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.11 –</i> Hospitals and Charities Fund and Mental Health Fund	841 401	894 981	6.4
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.4 –</i> Hospitals and Charities Fund	15 712	..	(100.0)
<i>Gambling Regulation Act No. 114 of 2003, Sections 4.4.11 and</i> 4.6.8 – Hospitals and Charities Fund	63 206	57 120	(9.6)
<i>Gambling Regulation Act No. 114 of 2003, Section 4.6.8(2)</i> Contributions to Hospitals and Charities Fund	..	34 167	na
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 –</i> Hospitals and Charities Fund and Mental Health Fund	311 805	342 926	10.0
<i>Gambling Regulation Act No. 114 of 2003, Section 6.3.3 –</i> Hospitals and Charities Fund and Mental Health Fund	1 513	..	(100.0)
<i>Gambling Regulation Act No. 114 of 2003, Section 6A.4.4(2) –</i> Contributions to Hospital and Charities Fund/Mental Health Fund	..	6 000	na
<i>Gambling Regulation Act No. 114 of 2003, Section 6A.4.4(1) –</i> Contributions to Hospital and Charities Fund and Mental Health Fund		4 586	na
Total	1 332 247	1 445 402	8.5
Human Services			
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 –</i> Hospitals and Charities Fund and Mental Health Fund	63 935	63 935	..
Total	63 935	63 935	..
Justice			
<i>Constitution Act No. 8750 – Judges Supreme Court</i>	19 927	21 776	9.3
<i>Constitution Act No. 8750 – President Court of Appeal</i>	502	548	9.2
<i>Constitution Act No. 8750 – Judges Court of Appeal</i>	6 254	6 821	9.1

Table A.4: Consolidated Fund payments – special appropriations^(a) (continued)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
<i>Constitution Act No. 8750 – Chief Justice</i>	627	683	8.9
<i>County Court Act No. 6230 Judges</i>	27 941	30 432	8.9
<i>Crown Proceedings – Act No. 6232</i>	4 755	4 874	2.5
<i>EastLink Project Act No. 39 of 2004, Section 26</i>	1 156	1 185	2.5
<i>Electoral Act No. 23 of 2002, Section 181 – Electoral Expenses</i>	43 995	30 434	(30.8)
<i>Emergency Management Act No 30 of 1986, Section 32 – Volunteer Workers Compensation</i>	315	323	2.5
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(b)</i>	7 260	6 574	(9.4)
<i>Juries Act No. 53 of 2000, Section 59 – Compensation to Jurors</i>	22	23	4.5
<i>Magistrates Court Act No. 51 of 1989</i>	43 407	48 937	12.7
<i>Melbourne City Link, Act No. 107 of 1995, Section 14(4)</i>	2 732	2 800	2.5
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – awards</i>	51 704	54 821	6.0
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – expenses</i>	2 419	2 480	2.5
<i>Victoria State Emergency Service Act No. 51 of 2005, Section 52 – Volunteer Workers Compensation</i>	859	880	2.4
<i>Work Cover Authority Fund, Corrections Act 1986, Part 9D, S.104ZW</i>	106	109	2.8
Total	213 981	213 700	(0.1)
Planning and Community Development			
Payments to Growth areas Public Transport Fund pursuant to Section 46QB of the Planning and Environment Act No. 45 of 1987	2 000		(100.0)
Payments to Building New Communities Fund pursuant to Section 30 of Growth Areas Infrastructure Contribution Act No.23 of 2010	2 000		(100.0)
Total	4 000	..	(100.0)
Premier and Cabinet			
<i>Constitution Act No. 8750 – Executive Council</i>	50	50	..
<i>Constitution Act No. 8750 – Governor's Salary</i>	413	423	2.4
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(b)</i>	500	7 135	na
<i>Ombudsman Act No. 8414</i>	489	501	2.5
<i>Parliamentary Salaries and Superannuation Act No. 7723 of 1968</i>	7 188	7 368	2.5
Total	8 640	15 477	79.1
Transport, Planning and Local Infrastructure			
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth Grants</i>	94 767	..	(100.0)

Table A.4: Consolidated Fund payments – special appropriations^(a) (continued)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
<i>Financial Management Act No. 18 of 1994 (and amendments), Section 33 – Prior Years Appropriations^(b)</i>	..	3 167	na
Payments to Growth Areas Public Transport Fund pursuant to Section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>		2 500	na
Payments to Building New Communities Fund pursuant to Section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>		2 500	na
Transport (Compliance and Miscellaneous) Act, Section 213A(4)	2 000	2 000	..
Total	96 767	10 167	(89.5)
Treasury and Finance			
<i>Constitution Act No. 8750 – Governor's Pension</i>	946	983	4.0
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	9 328	9 561	2.5
<i>County Court Act No. 6230 – Judges</i>	12 915	13 238	2.5
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(b)</i>	190	..	(100.0)
<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>	108 180	114 008	5.4
<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>	112 372	101 902	(9.3)
<i>State Superannuation Act No. 50 of 1988, Section 90(2) – contributions</i>	934 881	1 035 753	10.8
<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>	1 000 700	1 000 700	..
Total	2 204 011	2 300 645	4.4
Parliament			
<i>Audit Act No. 2 of 1994, Section 17(3) – Audit of Auditor- General's Office</i>	33	25	(24.2)
<i>Constitution Act No. 8750, Section 94A – Auditor-General's Salary</i>	484	495	2.3
<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^(b)</i>	4 270	640	(85.0)

Table A.4: Consolidated Fund payments – special appropriations^(a) (continued)

(\$ thousand)

	2012-13 Budget	2013-14 Budget	Variation %
<i>Parliamentary Salaries and Superannuation Act No. 7723, Section 13(1) – contributions</i>	9 300	9 300	..
<i>Parliamentary Salaries and Superannuation Act No. 7723 – salaries and allowances</i>	23 215	23 796	2.5
Total	38 054	35 008	(8.0)
Total special appropriations	3 965 731	4 119 122	3.9

Source: Department of Treasury and Finance

Notes:

- (a) It should be noted that machinery of government changes have been reflected in the departmental financial statements presented in Chapter 3 of this Budget Paper effective from 1 July 2013. These changes, including the merging of functions of the Department of Planning and Community Development and the Department of Primary Industries into various other departments, have been factored into the statements as appropriate. In addition, the following name changes were effected by Order in Council on 9 April 2013:
- Department of Environment and Primary Industries – formerly the Department of Sustainability and Environment;
 - Department of State Development, Business and Innovation – formerly the Department of Business and Innovation; and
 - Department of Transport, Planning and Local Infrastructure – formerly the Department of Transport.
- In relation to machinery of government changes, no adjustments have been made to the estimates for 2012-13. Therefore care needs to be taken in comparing year-on-year estimates on a departmental basis.
- (b) Relates to accumulated surplus – previously applied appropriation.

Table A.5: Consolidated Fund payments: total annual appropriations^(a)

Details of total annual appropriations for 2013-14, including amounts of estimates of unapplied 2012-13 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 2013-14 Budget are in **bold**. Estimates for 2012-13 Budget in *italics* reflect amounts published in the 2012-13 Budget. 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
Education and Early Childhood Development				
Appropriation ^(b)	9 603 806	..	..	9 603 806
	<i>9 545 978</i>	..	..	<i>9 545 978</i>
Receipts credited to appropriation ^(c)	589 295	78 065	..	667 360
	<i>616 431</i>	<i>69 136</i>	..	<i>685 567</i>
Unapplied previous year appropriation carried over ^(d)	43 051	..	..	43 051
	<i>141 335</i>	<i>68 586</i>	..	<i>209 921</i>
Total appropriation	10 236 152	78 065	..	10 314 217
	<i>10 303 744</i>	<i>137 722</i>	..	<i>10 441 466</i>
Environment and Primary Industries				
Appropriation ^(b)	1 205 015	104 386	919 313	2 228 714
	<i>819 858</i>	<i>47 837</i>	<i>456 992</i>	<i>1 324 687</i>
Receipts credited to appropriation ^(c)	116 182	29 374	..	145 556
	<i>112 986</i>	<i>32 071</i>	..	<i>145 057</i>
Unapplied previous year appropriation carried over ^(d)	35 865	55 274	263	91 403
	<i>87 835</i>	<i>65 637</i>	<i>1 774</i>	<i>155 246</i>
Total appropriation	1 357 062	189 034	919 576	2 465 673
	<i>1 020 679</i>	<i>145 546</i>	<i>458 766</i>	<i>1 624 991</i>
Health				
Appropriation ^(b)	6 978 374	295 119	..	7 273 492
	<i>6 796 019</i>	<i>71 128</i>	..	<i>6 867 147</i>
Receipts credited to appropriation ^(c)	915 250	157 859	..	1 073 109
	<i>874 336</i>	<i>274 930</i>	..	<i>1 149 265</i>
Unapplied previous year appropriation carried over ^(d)	73 524	52 409	..	125 933
	<i>66 211</i>	..	..	<i>66 211</i>
Total appropriation	7 967 147	505 387	..	8 472 534
	<i>7 736 565</i>	<i>346 058</i>	..	<i>8 082 623</i>
Human Services				
Appropriation ^(b)	3 534 576	84 007	..	3 618 583
	<i>3 375 362</i>	<i>70 795</i>	..	<i>3 446 157</i>
Receipts credited to appropriation ^(c)	43 837	6 500	..	50 337
	<i>19 859</i>	<i>92 055</i>	..	<i>111 913</i>
Unapplied previous year appropriation carried over ^(d)	2 889	11 972	..	14 861
	..	<i>850</i>	..	<i>850</i>
Total appropriation	3 581 302	102 479	..	3 683 781
	<i>3 395 221</i>	<i>163 700</i>	..	<i>3 558 921</i>

Table A.5: Consolidated Fund payments: total annual appropriations^(a) (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>
Justice				
Appropriation ^(b)	4 792 389	708 894	54 461	5 555 744
	3 983 708	242 488	54 461	4 280 657
Receipts credited to appropriation ^(c)	251 993	800	..	252 793
	200 858	600	..	201 458
Unapplied previous year appropriation carried over ^(d)	70 408	52 338	..	122 746
	75 285	18 537	..	93 822
Total appropriation	5 114 790	762 032	54 461	5 931 283
	4 259 851	261 625	54 461	4 575 937
Planning and Community Development				
Appropriation ^(b)	..	..	..	..
	464 064	163 714	850	628 628
Receipts credited to appropriation ^(c)	..	..	..	..

Unapplied previous year appropriation carried over ^(d)	..	..	..	..
	2 700	12 480	..	15 180
Total appropriation	..	..	..	..
	466 764	176 194	850	643 808
Premier and Cabinet				
Appropriation ^(b)	561 669	16 237	..	577 906
	539 883	21 254	..	561 137
Receipts credited to appropriation ^(c)	470	..	..	470
	485	..	..	485
Unapplied previous year appropriation carried over ^(d)	17 109	13 850	..	30 959
	2 000	..	..	2 000
Total appropriation	579 248	30 087	..	609 335
	542 368	21 254	..	563 622
Primary Industries				
Appropriation ^(b)	..	..	..	..
	408 598	23 227	..	431 825
Receipts credited to appropriation ^(b)	..	..	..	..
	92 870	..	..	92 870
Unapplied previous year appropriation carried over ^(d)	..	..	..	..
	28 893	12 514	..	41 407
Total appropriation	..	..	..	..
	530 361	35 741	..	566 102
State Development, Business and Innovation				
Appropriation ^(b)	751 786	81 367	64 000	897 153
	477 893	194 043	54 000	725 936
Receipts credited to appropriation ^(c)	5 550	..	..	5 550

Unapplied previous year appropriation carried over ^(d)	29 941	25 758	..	55 699
	18 665	..	..	18 665
Total appropriation	787 277	107 125	64 000	958 402
	496 558	194 043	54 000	744 601

Table A.5: Consolidated Fund payments: total annual appropriations^(a) (continued)

(\$ thousand)

	Provision of outputs	Additions to net asset base	Payments made on behalf of the State	Total
Transport, Planning and Local Infrastructure				
Appropriation ^(b)	5 025 834	1 932 267	850	6 958 951
	4 590 995	2 248 750	..	6 839 745
Receipts credited to appropriation ^(c)	328 049	870 840	..	1 198 889
	404 442	542 600	..	947 042
Unapplied previous year appropriation carried over ^(d)	29 289	1 000	..	30 289
	16 253	4 350	..	20 603
Total appropriation	5 383 172	2 804 107	850	8 188 129
	5 011 690	2 795 700	..	7 807 390
Treasury and Finance				
Appropriation ^(b)	239 787	26 587	2 170 234	2 436 608
	225 261	32 764	2 748 130	3 006 156
Receipts credited to appropriation ^(c)	7 568	..	..	7 568
	8 468	..	..	8 468
Unapplied previous year appropriation carried over ^(d)	450	..	..	450
	4 290	4 010	..	8 300
Total appropriation	247 805	26 587	2 170 234	2 444 626
	238 019	36 774	2 748 130	3 022 924
Parliament				
Appropriation ^(b)	112 218	..	..	112 218
	101 175	..	..	101 175
Receipts credited to appropriation ^(c)	21 572	..	..	21 572
	22 505	..	..	22 505
Unapplied previous year appropriation carried over ^(d)	5 037	..	..	5 037
	6 350	..	..	6 350
Total appropriation	138 827	..	..	138 827
	130 030	..	..	130 030

Source: Department of Treasury and Finance

Notes:

(a) It should be noted that machinery of government changes have been reflected in the departmental financial statements presented in Chapter 3 of this Budget Paper effective from 1 July 2013. These changes, including the merging of functions of the Department of Planning and Community Development and the Department of Primary Industries into various other departments, have been factored into the statements as appropriate. In addition, the following name changes were effected by Order in Council on 9 April 2013:

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- Department of State Development, Business and Innovation – formerly the Department of Business and Innovation; and
- Department of Transport, Planning and Local Infrastructure – formerly the Department of Transport.

In relation to machinery of government changes, no adjustments have been made to the estimates for 2012-13. Therefore care needs to be taken in comparing year-on-year estimates on a departmental basis.

(b) Appropriation (2013/2014) Bill 2013.

(c) Financial Management Act 1994 Section 29.

(d) Financial Management Act 1994 Section 32.

(e) Appropriation (Parliament 2013/2014) Bill 2013.

Table A.6: Appropriation of certain revenue and asset sales proceeds pursuant to Section 29 of the *Financial Management Act 1994*^(a)

Estimates for 2013-14 Budget are in **bold**; estimates for 2012-13 Budget are in *italics*.

(\$ thousand)

Department	Outputs	Receipt source		Total
		Commonwealth	Other ^(b)	
Education and Early Childhood Development	1 634	608 726	57 000	667 360
	<i>1 557</i>	<i>651 010</i>	<i>33 000</i>	<i>685 567</i>
Environment and Primary Industries	108 828	13 945	22 784	145 556
	<i>82 883</i>	<i>56 103</i>	<i>6 071</i>	<i>145 057</i>
Health	312 046	759 563	1 500	1 073 109
	<i>310 533</i>	<i>837 233</i>	<i>1 500</i>	<i>1 149 265</i>
Human Services	40 300	3 537	6 500	50 337
	<i>8 780</i>	<i>95 040</i>	<i>8 093</i>	<i>111 913</i>
Justice	199 777	52 416	600	252 793
	<i>152 028</i>	<i>48 830</i>	<i>600</i>	<i>201 458</i>
Premier and Cabinet	470	..	..	470
	<i>485</i>	..	..	<i>485</i>
Primary Industries	..	..	..	..
	<i>92 450</i>	<i>420</i>	..	<i>92 870</i>
State Development, Business and Innovation	5 550	..	..	5 550
Transport, Planning and Local Infrastructure	..	1 198 889	..	1 198 889
	..	<i>947 042</i>	..	<i>947 042</i>
Treasury and Finance	7 568	..	..	7 568
	<i>8 468</i>	..	..	<i>8 468</i>
Parliament	21 193	379	..	21 572
	<i>21 193</i>	<i>1 312</i>	..	<i>22 505</i>

Source: Department of Treasury and Finance

Notes:

(a) It should be noted that machinery of government changes have been reflected in the departmental financial statements presented in Chapter 3 of this Budget Paper effective from 1 July 2013. These changes, including the merging of functions of the Department of Planning and Community Development and the Department of Primary Industries into various other departments, have been factored into the statements as appropriate. In addition, the following name changes were effected by Order in Council on 9 April 2013:

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- Department of State Development, Business and Innovation – formerly the Department of Business and Innovation; and
- Department of Transport, Planning and Local Infrastructure – formerly the Department of Transport.

In relation to machinery of government changes, no adjustments have been made to the estimates for 2012-13. Therefore care needs to be taken in comparing year-on-year estimates on a departmental basis.

(b) Includes the proceeds from the disposal of assets and municipal council contributions.

Table A.7: The Trust Fund

(\$ thousand)

	2012-13 Budget ^(a)	2012-13 Revised	2013-14 Budget	Variation %
Cash flows from operating activities				
Receipts				
Taxation	291 205	292 962	292 844	0.6
Regulatory fees and fines	49 042	51 612	47 774	(2.6)
Grants received	6 548 381	4 955 006	6 502 651	(0.7)
Sale of goods and services	810 034	838 611	907 216	12.0
Interest received	136 328	99 303	102 095	(25.1)
Net transfers from Consolidated Fund ^(a)	9 282 017	9 986 094	9 518 349	2.5
Other receipts	149 741	173 043	148 190	(1.0)
	17 266 748	16 396 631	17 519 118	1.5
Payments				
Payments for employees	(158 451)	(145 268)	(167 270)	5.6
Superannuation	(7 928)	(10 654)	(12 197)	53.8
Interest paid	(13 623)	(14 635)	(14 772)	8.4
Grants and subsidies	(12 881 543)	(14 344 114)	(15 237 085)	18.3
Goods and services and other payments	(3 975 617)	(1 968 754)	(1 978 794)	(50.2)
	(17 037 162)	(16 483 424)	(17 410 118)	2.2
Net cash flows from operating activities	229 586	(86 793)	109 000	(52.5)
Cash flows from investing activities				
Net proceeds from customer loans	..	..	..	..
Purchases of non-financial assets	(42 417)	(47 885)	(25 738)	(39.3)
Sales of non-financial assets	39 736	39 736	39 736	..
Other investing activities	(99 883)	(72 975)	(76 684)	..)
Net cash flows from investing activities	(102 564)	(81 124)	(62 687)	(38.9)
Cash flows from financing activities				
Net borrowings	(17 418)	(17 388)	(17 314)	(0.6)
Net cash flow from financing activities	(17 418)	(17 388)	(17 314)	(0.6)
Net cash inflow/(outflow)	109 604	(185 306)	28 999	(73.5)
Represented by:				
Cash and cash equivalent held at beginning of reporting period ^(b)	3 088 324	3 088 324	2 903 018	(6.0)
Cash and deposits held at end year	3 197 928	2 903 018	2 932 017	(8.3)

Source: Department of Treasury and Finance

Notes:

(a) Includes transfers between funds.

(b) Cash and deposits held at the end of the year for the 2012-13 budget and revised 2012-13 budget are based on the 2012-13 actual opening balance plus the 2012-13 budgeted movement.

APPENDIX B – 2012-13 BUDGET OUTCOME INCORPORATING THE FINANCIAL REPORT FOR THE MARCH QUARTER 2013

This appendix provides estimates of the budget outcome for the 2012-13 financial year, taking into account government policy decisions and economic developments impacting on both income and expenses since the presentation of the *2012-13 Budget* to Parliament in May 2012. This appendix also presents the financial results for the general government sector for the nine months ending 31 March 2013, prepared consistent with the requirements of the *Financial Management Act 1994*. Comparisons are made between the revised 2012-13 full year estimates, the May 2012 budget and the actual results for the nine months ending 31 March 2013.

FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

Revised 2012-13 budget outcome

The comprehensive operating statement presented in Table B.1 incorporates the estimated operating outcome at the *2012-13 Budget* and the revised outcome for 2012-13, as well as the results for the nine months ending 31 March 2013. The revised net result from transactions for 2012-13 is estimated at \$177 million, which is in line with the estimates published in both the *2012-13 Budget* and the *2012-13 Budget Update*.

Revenue from transactions

Total revenue from transactions for 2012-13 is now estimated at \$48.1 billion, a decrease of \$251 million since the *2012-13 Budget*; an increase of \$158 million since the *2012-13 Budget Update*.

The main contributing factors to the revision in revenue estimates since *2012-13 Budget Update* are:

- an expected improvement in sales of goods and services revenues (\$46 million) mainly due to increased hospital own source revenues and increased estimates for regulatory and license fees;

- increased grants revenue estimates (\$74 million) associated with the health funding and the transport sector, offset by a revision to GST grants associated with the lower national pool and Victoria's relative share of the pool; and
- higher other current revenue estimates (\$26 million) related to revenue associated with processing the backlog of toll fare evasion fines, and the transport sector.

Expenses from transactions

Expenses from transactions are now budgeted to be \$47.9 billion for 2012-13, a decrease of \$273 million since the original published budget and \$118 million higher than what was reported in the *2012-13 Budget Update*. The increase since the *2012-13 Budget Update* is mainly due to higher expenditure in the transport sector associated with the transfer of Transport Ticketing Authority functions to Public Transport Victoria and road related policy initiatives.

Other economic flows and the net result

The net result is now estimated to be \$3.4 billion which is mainly due to an estimated \$3.6 billion actuarial gain on the State's defined benefit superannuation plans. This actuarial gain on superannuation is primarily attributable to favourable movements in the bond rates that are used to value the liability, as well as higher than expected investment returns.

It is important to note that superannuation actuarial movements associated with bond rate fluctuations 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 2013

For the nine months ending 31 March 2013, the net result from transactions is a surplus of \$784 million. This result is consistent with expectations, reflecting the fact that all of the land tax revenue for the year has been recognised to the March quarter and expenditure is slightly below pro rata, also consistent with expectations for this time of year.

Balance sheet

The balance sheet presented in Table B.2 shows that net assets are now expected to be \$115 billion at 30 June 2013, an upward movement of \$4.7 billion compared to the *2012-13 Budget*. This movement is primarily associated with actuarial gains on the State's defined benefit superannuation plans since 30 June 2012, as outlined above. For the nine months ending 31 March 2013, net assets of \$116.1 billion are in line with revised expectations for the full year.

Cash flow statement

The estimate for net cash from operations of \$1.7 billion for 2012-13 has decreased by \$280 million since the original published budget, however is consistent with the *2012-13 Budget Update*. Movements in cash flows from operations shown in Table B.3 are consistent with the factors impacting on the operating statement. The cash from operations provides around 33 per cent of the Government's infrastructure investment program in 2012-13.

Infrastructure investment

The Government's infrastructure investment program in 2012-13, 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 \$5.2 billion with the majority of investment occurring in the transport, health and education sectors.

For the year to 31 March 2013, net infrastructure investment is \$4.1 billion or 79 per cent of the revised 2012-13 budget estimate. Net purchases of non-financial assets at \$2.6 billion are consistent with expectations for this time of year and on track to achieve the revised budget estimate of \$4.1 billion. Capital contributions to other sectors (net cash flows from investments in financial assets for policy purposes) are at 87 per cent of the revised budget estimate. The majority of spending is in the transport sector.

Table B.1: Comprehensive operating statement for the period ended 31 March

(\$ million)

2011-12 Actual to Mar		Notes	2012-13 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
Revenue from transactions							
11 606.9	Taxation revenue	2	11 984.3	15 621.4	15 782.8	(161.4)	(1.0)
310.1	Interest		486.1	672.6	709.5	(36.8)	(5.5)
724.1	Dividends and income tax equivalent and rate equivalent revenue	3	734.4	1 232.7	1 001.9	230.8	18.7
4 554.8	Sales of goods and services	4	5 190.4	6 916.7	6 753.1	163.5	2.4
16 774.3	Grants	5	16 556.4	21 693.0	22 220.0	(527.0)	(2.4)
1 407.8	Other revenue	6	1 542.2	1 969.2	1 889.4	79.8	4.1
35 378.0	Total revenue from transactions		36 493.7	48 105.6	48 356.7	(251.0)	(0.5)
Expenses from transactions							
12 611.7	Employee expenses		13 169.5	17 546.3	17 257.2	289.0	1.6
607.5	Superannuation interest expense	7	335.1	446.3	729.2	(282.9)	(63.4)
1 319.1	Other superannuation expenses	7	1 449.8	1 923.1	1 811.2	111.9	5.8
1 644.7	Depreciation	8	1 649.6	2 264.9	2 385.9	(121.0)	(5.3)
895.2	Interest expense		1 241.3	1 750.6	1 725.6	25.1	1.4
6 604.9	Grants and other transfers		6 174.2	7 703.7	8 379.0	(675.3)	(8.8)
11 037.5	Other operating expenses		11 690.7	16 293.7	15 913.7	380.0	2.3
34 720.7	Total expenses from transactions	9	35 710.2	47 928.6	48 201.8	(273.2)	(0.6)
657.3	Net result from transactions – net operating balance		783.5	177.0	154.9	22.2	12.5
Other economic flows included in net result							
(64.0)	Net gain/(loss) on sale of non- financial assets		22.7	90.0	264.8	(174.8)	(194.1)
(8.7)	Net gain/(loss) on financial assets or liabilities at fair value		2.3	2.3	1.7	0.5	23.4
(5 861.3)	Net actuarial gains/(losses) of superannuation defined benefits plans		3 591.9	3 591.9	..	3 591.9	100.0
(344.4)	Other gains/(losses) from other economic flows	10	(294.8)	(476.6)	(329.0)	(147.5)	31.0
(6 278.5)	Total other economic flows included in net result		3 322.2	3 207.6	(62.5)	3 270.1	101.9
(5 621.1)	Net result		4 105.7	3 384.7	92.4	3 292.3	97.3
Other economic flows – other comprehensive income Items that will not be reclassified to net result							
16.8	Movement of non-financial asset reserves		10.5	288.2	526.2	(238.0)	(82.6)
(285.9)	Net gain on equity investments in other sector entities at proportional share of the carrying amount of the carrying amount of net assets		1 308.5	568.6	(746.6)	1 315.2	231.3
(35.8)	Other movements in equity		(37.8)	20.9	(1.0)	21.9	104.6

**Table B.1: Comprehensive operating statement for the period ended 31 March
(continued)**

(\$ million)

2011-12 Actual to Mar	Notes	2012-13 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
Items that may be reclassified subsequently to net result						..
(9.6)	Net gain/(loss) on financial assets at fair value	(1.4)	0.7	..	0.7	100.0
(314.5)	Total other economic flows – other comprehensive income	1 279.8	878.5	(221.3)	1 099.8	125.2
(5 935.6)	Comprehensive result – Total change in net worth	5 385.5	4 263.2	(128.9)	4 392.1	103.0
FISCAL AGGREGATES						
657.3	Net operating balance	783.5	177.0	154.9	22.2	12.5
2 078.4	Less: Net acquisition of non- financial assets from transactions	11 1 803.3	2 466.7	1 436.2	1 030.4	41.8
(1 421.1)	Net lending/(borrowing)	(1 019.8)	(2 289.6)	(1 281.3)	(1 008.3)	44.0

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Table B.2: Balance Sheet as at 31 March

(\$ million)

2011-12 Actual 31 Mar	Notes	2012-13					
		Opening 1 Jul	Actual 31 Mar	Revised budget	2012-13 budget ^(a)	Revised Movement	Budgeted Movement
Assets							
Financial assets							
2 822.6		4 600.5	3 603.7	4 709.3	4 823.1	108.8	222.7
287.7		301.0	4 631.9	4 634.3	4 439.8	4 333.3	4 138.8
3 855.9	12	3 183.8	5 080.6	4 078.1	3 915.1	894.3	731.3
2 717.7		2 621.7	2 869.8	2 645.0	2 739.0	23.3	117.3
33.6		44.3	45.6	47.1	44.3	2.9	..
66 300.0		66 749.4	69 618.2	69 752.0	68 952.0	3 002.6	2 202.6
76 017.4		77 500.7	85 850.0	85 865.9	84 913.4	8 365.2	7 412.7
Non-financial assets							
290.2		296.2	236.4	235.4	265.4	(60.8)	(30.8)
74.7		149.2	123.6	142.6	142.6	(6.6)	(6.6)
95 841.2	13	97 796.6	99 254.6	99 871.1	99 937.4	2 074.5	2 140.8
945.3	14	744.0	933.2	813.9	741.1	69.9	(2.9)
97 151.4		98 986.0	100 547.8	101 063.0	101 086.5	2 077.0	2 100.5
173 168.8		176 486.6	186 397.8	186 928.9	185 999.9	10 442.3	9 513.2
Liabilities							
425.6		366.2	402.3	370.3	370.3	4.1	4.1
4 503.1		4 734.4	4 963.2	5 446.8	5 040.1	712.3	305.6
20 581.9		22 393.9	30 161.3	31 458.6	31 491.1	9 064.7	9 097.2
4 932.9	15	5 043.2	5 152.9	5 219.8	5 223.1	176.7	179.9
28 963.8		32 597.5	28 902.2	28 867.5	32 637.2	(3 730.0)	39.7
671.3		635.5	714.4	586.7	651.1	(48.7)	15.6
60 078.6		65 770.7	70 296.3	71 949.7	75 412.8	6 179.1	9 642.2
113 090.2		110 716.0	116 101.5	114 979.1	110 587.0	4 263.2	(128.9)
38 300.1		34 524.9	38 572.4	37 920.9	34 597.3	3 396.0	72.4
74 740.1		76 141.0	77 479.0	77 008.2	75 939.7	867.2	(201.3)
50.0		50.0	50.0	50.0	50.0	..	..
113 090.2		110 716.0	116 101.5	114 979.1	110 587.0	4 263.2	(128.9)
FISCAL AGGREGATES							
15 938.9		11 730.0	15 553.6	13 916.2	9 500.5	2 186.2	(2 229.5)
50 361.1		55 019.4	54 064.6	55 835.9	59 451.5	816.5	4 432.1
15 179.4	16	15 236.9	19 458.1	19 840.4	19 859.5	4 603.4	4 622.5

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) Budget represents actual opening balances as at 1 July 2012 plus 2012-13 budgeted movement.

Table B.3: Statement of cash flows for the period ended 31 March

(\$ million)

2011-12 Actual to Mar	Notes	2012-13 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
Cash flows from operating activities						
Receipts						
11 598.6		11 103.9	15 678.5	15 840.3	(161.8)	(1.0)
16 736.2		16 526.8	21 662.8	22 220.0	(557.2)	(2.6)
5 041.9		5 185.4	7 317.7	7 078.1	239.6	3.3
312.5		453.2	649.4	653.7	(4.3)	(0.7)
706.3		764.0	1 262.4	1 023.0	239.5	19.0
1 191.2		1 576.0	1 735.2	1 573.6	161.7	9.3
35 586.7		35 609.3	48 306.0	48 388.6	(82.6)	(0.2)
Payments						
(12 307.7)		(13 031.5)	(17 370.7)	(17 078.2)	(292.5)	1.7
(1 604.5)		(1 888.3)	(2 507.5)	(2 500.7)	(6.8)	0.3
(853.0)		(1 202.0)	(1 702.8)	(1 677.3)	(25.5)	1.5
(6 887.1)		(6 860.9)	(7 908.3)	(8 491.4)	583.1	(7.4)
(11 762.1)		(11 622.3)	(16 495.1)	(16 039.3)	(455.8)	2.8
(429.7)		(468.0)	(596.0)	(596.0)	..	..
(33 844.1)		(35 073.0)	(46 580.4)	(46 382.8)	(197.6)	0.4
1 742.6		536.2	1 725.6	2 005.8	(280.2)	(16.2)
Cash flows from investing activities						
(2 772.4)		(2 637.0)	(4 088.5)	(3 529.6)	(558.9)	13.7
83.8		117.2	405.7	552.5	(146.8)	(36.2)
(2 688.7)		(2 519.7)	(3 682.8)	(2 977.1)	(705.7)	19.2
(1 336.1)		(1 327.0)	(1 521.7)	(2 817.2)	1 295.5	(85.1)
(4 024.8)		(3 846.7)	(5 204.5)	(5 794.3)	589.8	(11.3)
(369.6)		(268.3)	(19.9)	(115.7)	95.8	(480.9)
(4 394.4)		(4 115.0)	(5 224.4)	(5 910.0)	685.6	(13.1)
Cash flows from financing activities						
0.4		2.8	..	..	..	..
1 808.6		2 523.2	3 603.5	4 122.8	(519.3)	(14.4)
(2.2)		33.3	4.1	4.1	..	0.1
..		22.8	..	..	..	100.0
1 806.7		2 582.1	3 607.6	4 126.9	(519.3)	(14.4)
(845.0)		(996.7)	108.8	222.7	(113.9)	(104.7)
3 667.6		4 600.5	4 600.5	4 600.5	..	..
2 822.6		3 603.7	4 709.3	4 823.1	(113.9)	(2.4)

Table B.3: Statement of cash flows for the period ended 31 March (continued)

(\$ million)

2011-12 Actual to Mar		Notes	2012-13 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
FISCAL AGGREGATES							
1 742.6	Net cash flows from operating activities		536.2	1 725.6	2 005.8	(280.2)	(16.2)
(2 688.7)	Net cash flows from investments in non-financial assets		(2 519.7)	(3 682.8)	(2 977.1)	(705.7)	19.2
(946.0)	Cash surplus/(deficit)		(1 983.5)	(1 957.2)	(971.3)	(985.9)	50.4

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>
2011-12 (Actual)		
Balance at 1 July 2011	43 840.0	48.5
Net result	(5621.1)	..
Other comprehensive income for the year	(19.4)	..
Transactions with owners in their capacity as owners	..	1.5
Total equity at end of period	38 199.5	50.0
2012-13 (Actual)		
Balance at 1 July 2012	34 524.9	50.0
Net result	4 105.7	..
Other comprehensive income for the year	(58.2)	..
Transactions with owners in their capacity as owners	..	..
Total equity at end of period	38 572.4	50.0
2012-13 (Revised)		
Balance at 1 July 2012	34 524.9	50.0
Net result	3 384.7	..
Other comprehensive income for the year	11.3	..
Transactions with owners in their capacity as owners	..	..
Total equity at end of period	37 920.9	50.0
2012-13 (Budget)		
Balance at 1 July 2012	34 524.9	50.0
Net result	92.4	..
Other comprehensive income for the year	(20.0)	..
Transactions with owners in their capacity as owners	..	..
Total equity at end of period	34 597.3	50.0

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>
34 956.4	39 068.6	1 010.1	118 923.6
..	..	..	(5621.1)
16.8	(285.9)	(25.9)	(314.5)
..	..	..	1.5
34 973.2	38 782.7	984.2	112 989.5
36 962.6	38 193.9	984.5	110 716.0
..	..	..	4 105.7
10.9	1 308.5	18.6	1 279.8
..
36 973.5	39 502.5	1 003.1	116 101.5
36 962.6	38 193.9	984.5	110 716.0
..	..	..	3 384.7
288.2	568.6	10.3	878.5
..
37 250.8	38 762.6	994.8	114 979.1
36 962.6	38 193.9	984.5	110 716.0
..	92.4
526.2	(746.6)	19.0	(221.3)
..
37 488.8	37 447.4	1 003.5	110 587.0

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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 2013 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 *2011-12 Annual Financial Report* published in the *2011-12 Financial Report* and the *2012-13 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 *2011-12 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.

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 entity's 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)

2011-12		2012-13	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
3 531.0	Taxes on employers' payroll and labour force	3 567.3	4 815.9
	Taxes on property		
	Taxes on immovable property		
1 355.6	Land tax	1 515.4	1 587.3
46.8	Congestion levy	44.9	48.1
130.2	Metropolitan improvement levy	135.6	136.0
28.6	Property owner contributions to fire brigades	28.4	37.8
1 561.2	Total taxes on immovable property	1 724.2	1 809.2
	Financial and capital transactions		
2 510.7	Land transfer duty	2 388.9	3 172.1
58.0	Growth areas infrastructure contribution	48.8	70.9
5.7	Other property duties	7.5	7.9
60.1	Financial accommodation levy	71.7	97.7
2 634.6	Total financial and capital transactions	2 516.8	3 348.5
4 195.8	Total taxes on property	4 241.0	5 157.7
2 572.1	Taxes on the provision of goods and services	2 625.6	3 528.5
281.8	Private lotteries	320.5	428.2
762.1	Electronic gaming machines	786.6	1 076.8
126.6	Casino	142.5	216.3
91.7	Racing	71.2	91.5
11.4	Other	13.9	18.4
1 273.6	Total gambling taxes	1 334.8	1 831.2
50.8	Levies on statutory corporations	50.8	70.2
1 247.6	Taxes on insurance	1 240.0	1 627.1
2 572.1	Total taxes on the provision of goods and services	2 625.6	3 528.5
	Taxes on the use of goods and performance of activities		
	Motor vehicle taxes		
722.8	Vehicle registration fees	867.8	1 183.9
436.3	Duty on vehicle registrations and transfers	474.9	644.3
1 159.0	Total motor vehicle taxes	1 342.7	1 828.2
21.8	Franchise taxes	21.4	22.9
127.1	Other	186.3	268.2
1 307.9	Total taxes on the use of goods and performance of activities	1 550.4	2 119.3
11 606.9	Total taxation	11 984.3	15 621.4

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

(\$ million)

2011-12		2012-13	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
515.8	Dividends	602.9	1 094.9
203.0	Income tax equivalent revenue	128.1	134.1
5.3	Local government rate equivalent revenue	3.5	3.7
724.1	Total dividends and income tax equivalent and rate equivalent revenue	734.4	1 232.7

Note 4: Sales of goods and services

(\$ million)

2011-12		2012-13	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
120.6	Motor vehicle regulatory fees	121.1	169.3
302.9	Other regulatory fees	332.7	400.5
98.7	Sale of goods	73.7	104.9
2 995.9	Provision of services	3 564.0	4 700.2
38.9	Rental	39.6	53.7
29.0	Refunds and reimbursements	3.3	66.9
968.8	Inter-sector capital asset charge	1 055.9	1 421.2
4 554.8	Total sales of goods and services	5 190.4	6 916.7

Note 5: Grants

(\$ million)

2011-12 <i>Actual to Mar</i>		2012-13	
		<i>Actual to Mar</i>	<i>Revised budget</i>
8 124.0	General purpose grants – Goods and Services Tax	8 365.7	11 024.5
2 381.8	Specific purpose grants for on-passing	2 381.5	2 501.8
6 216.6	Payments for specific purposes	5 724.5	8 039.2
16 722.4	Total	16 471.7	21 565.6
51.9	Other contributions and grants	84.6	127.4
16 774.3	Total grants	16 556.4	21 693.0

Note 6: Other revenue

(\$ million)

2011-12 <i>Actual to Mar</i>		2012-13	
		<i>Actual to Mar</i>	<i>Revised budget</i>
1.1	Fair value of assets received free of charge or for nominal consideration	2.0	3.1
400.3	Fines	534.1	699.4
34.2	Royalties	37.6	46.3
192.6	Donations and gifts	197.9	234.1
22.1	Other non-property rental income	23.6	20.9
757.6	Other miscellaneous income	746.9	965.4
1 407.8	Total other revenue	1 542.2	1 969.2

Note 7: Superannuation

(\$ million)

2011-12		2012-13	
Actual to Mar		Actual to Mar	Revised budget
Defined benefit plans			
1 486.2	Interest cost	1 197.1	1 594.6
(878.6)	Expected return on plan assets (net of expenses)	(862.0)	(1 148.3)
607.5	Superannuation interest expense	335.1	446.3
538.6	Current service cost	625.4	832.9
5 861.3	Actuarial (gains)/losses	(3 591.9)	(3 591.9)
7 007.5	Total expense recognised in respect of defined benefit plans	960.5	1 279.2
Defined contribution plans			
727.1	Employer contributions to defined contribution plans	767.5	1 032.0
53.4	Other (including pensions)	56.9	58.1
780.5	Total expense recognised in respect of defined contribution plans	824.4	1 090.1
7 788.0	Total superannuation expense recognised in operating statement	1 784.9	2 369.4
Represented by:			
607.5	Superannuation interest expense	335.1	446.3
1 319.1	Other superannuation	1 449.8	1 923.1
1 926.7	Superannuation expense from transactions	1 784.9	2 369.4
5 861.3	Superannuation expense from other economic flows	(3 591.9)	(3 591.9)
7 788.0	Total superannuation expense recognised in operating statement	(1 807.0)	(1 222.5)

Note 8: Depreciation

(\$ million)

2011-12		2012-13	
Actual to Mar		Actual to Mar	Revised budget
778.8	Buildings	728.1	992.1
21.0	Infrastructure systems	30.3	29.4
418.5	Plant, equipment and vehicles	416.9	644.6
354.5	Road and road networks	397.3	542.9
9.6	Cultural assets	15.8	14.5
62.2	Intangible produced assets ^(a)	61.1	41.5
1 644.7	Total depreciation	1 649.6	2 264.9

Note:

(a) Amortisation of intangible non produced assets is included under other economic flows.

Note 9: Total expenses from transactions by department ^(a)

(\$ million)

2011-12		2012-13	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
475.7	Business and Innovation	488.8	691.5
10 641.8	Education and Early Childhood Development	10 838.9	13 916.6
10 585.8	Health	10 877.6	14 783.4
2 503.8	Human Services	2 637.3	3 529.3
3 179.7	Justice	3 311.5	4 585.6
651.2	Planning and Community Development	537.4	768.8
487.2	Premier and Cabinet	480.4	636.0
338.1	Primary Industries	357.9	547.4
1 080.1	Sustainability and Environment	1 309.0	1 814.9
4 311.8	Transport	4 508.5	6 228.2
4 803.2	Treasury and Finance	4 729.3	5 859.5
111.2	Parliament	118.7	166.6
1 446.7	Regulatory bodies and other part-funded agencies ^(b)	1 473.5	1 922.4
40 616.3	Total	41 668.9	55 450.2
(5 895.6)	Less eliminations and adjustments ^(c)	(5 958.7)	(7 521.6)
34 720.7	Total expense from transactions ^(d)	35 710.2	47 928.6

Notes:

(a) The department names referred to in this table reflect the structure in existence at 31 March 2013.

(b) Other general government sector agencies which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.

(c) Mainly comprising payroll tax, capital asset charge and inter departmental transfers.

(d) This table shows total expenses for each department including administered items.

Note 10: Other gains/(losses) from other economic flows

(\$ million)

2011-12		2012-13	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
(188.1)	Net (increase) in provision for doubtful receivables	(229.8)	(302.3)
(9.6)	Amortisation of intangible non-produced assets	(11.6)	(10.5)
(44.3)	Bad debts written off	(73.9)	(108.4)
(102.4)	Other gains/(losses)	20.4	(55.4)
(344.4)	Total other gains/(losses) from other economic flows	(294.8)	(476.6)

Note 11: Net acquisition of non-financial assets

(\$ million)

2011-12		2012-13	
Actual to Mar		Actual to Mar	Revised budget
2 772.4	Purchase of non-financial assets	2 637.0	4 088.5
(83.8)	Less: Sales of non-financial assets	(117.2)	(405.7)
(1 644.7)	Less: Depreciation	(1 649.6)	(2 264.9)
1 034.5	Plus: Other movements in non-financial assets	933.1	1 048.8
2 078.4	Total net acquisition of non-financial assets	1 803.3	2 466.7

Note 12: Receivables

(\$ million)

2011-12		2012-13		
Actual 31 Mar		Opening 1 Jul	Actual 31 Mar	Revised budget
Contractual				
807.9	Sales of goods and services	595.0	790.7	553.9
79.9	Accrued investment income	78.2	63.8	48.1
594.9	Other receivables	531.0	516.4	827.3
(49.7)	Provision for doubtful contractual receivables	(63.0)	(72.4)	(62.1)
Statutory				
1 792.5	Taxes receivables	1 184.5	2 857.9	1 908.1
1 066.5	Fines and regulatory fees	1 299.0	1 562.0	1 541.7
224.9	GST input tax credits recoverable	258.9	204.7	256.2
(661.1)	Provision for doubtful statutory receivables	(699.9)	(842.4)	(995.2)
3 855.8	Total receivables	3 183.8	5 080.6	4 078.1
Represented by:				
3 728.7	Current receivables	2 713.8	4 648.0	3 554.2
127.1	Non-current receivables	470.0	432.6	524.0

Note 13: Property, plant and equipment

(a) Total land, buildings, infrastructure, plant and equipment

(\$ million)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	Budget
20 862.1	Buildings (written down value)	20 659.1	20 853.0	21 664.3
2 937.3	Buildings Leasehold	2 837.8	2 774.6	2 802.3
36 588.8	Land and national parks	36 728.0	36 676.2	36 581.2
1 736.3	Infrastructure systems (written down value)	1 645.1	2 327.7	2 325.6
2 626.6	Plant, equipment and vehicles (written down value)	2 285.5	2 604.3	2 409.3
19 257.7	Roads (written down value)	20 903.6	21 292.1	21 353.5
6 544.3	Earthworks	7 279.4	7 279.4	7 276.7
5 288.1	Cultural assets (written down value)	5 458.1	5 447.3	5 458.3
95 841.2	Total land, buildings, infrastructure, plant and equipment	97 796.6	99 254.6	99 871.1

(b) Land and buildings

(\$ million)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
24 471.6	Buildings	24 264.4	25 114.7	26 336.4
(3 609.5)	Accumulated depreciation	(3 605.3)	(4 261.7)	(4 672.1)
20 862.1	Buildings (written down value)	20 659.1	20 853.0	21 664.3
2 937.3	Buildings Leasehold	2 837.8	2 774.6	2 802.3
34 900.7	Land	35 040.0	34 988.2	34 893.2
1 688.1	National Parks and other 'land only' holdings	1 688.0	1 688.0	1 688.0
36 588.8	Land and national parks	36 728.0	36 676.2	36 581.2
60 388.2	Total land and buildings	60 224.9	60 303.8	61 047.8

Note 13: Property, plant and equipment (*continued*)

(c) Plant, equipment and vehicles, and infrastructure systems

(\$ million)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
1 986.6	Infrastructure systems	1 942.5	2 764.1	2 778.2
(250.3)	Accumulated depreciation	(297.4)	(436.4)	(452.6)
1 736.3	Infrastructure systems (written down value)	1 645.1	2 327.7	2 325.6
5 750.7	Plant, equipment and vehicles	5 286.3	5 827.4	5 852.3
(3 179.8)	Accumulated depreciation	(3 145.8)	(3 365.4)	(3 584.9)
264.1	Leased plant, equipment and vehicles	363.5	381.9	386.9
(208.3)	Accumulated depreciation	(218.5)	(239.5)	(244.9)
2 626.6	Plant, equipment and vehicles (written down value)	2 285.5	2 604.3	2 409.3
4 362.9	Total plant, equipment and vehicles, and infrastructure systems	3 930.6	4 932.0	4 734.9

(d) Road networks and earthworks

(\$ million)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
23 836.5	Roads and roads infrastructure	35 695.7	36 355.7	36 563.7
(10 214.3)	Accumulated depreciation	(14 792.0)	(15 063.6)	(15 210.2)
19 257.7	Roads (written down value)	20 903.6	21 292.1	21 353.5
6 544.3	Earthworks	7 279.4	7 279.4	7 276.7
25 802.0	Total road networks and earthworks	28 183.1	28 571.6	28 630.2

(e) Cultural assets

(\$ million)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
5 416.2	Cultural assets	5 561.6	5 552.2	5 575.5
(128.1)	Accumulated depreciation	(103.6)	(104.9)	(117.2)
5 288.1	Total cultural assets	5 458.1	5 447.3	5 458.3

Note 14: Other non-financial assets

(\$ million)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
843.8	Intangibles produced assets	895.0	903.7	972.6
(370.6)	Accumulated depreciation	(394.6)	(392.5)	(438.7)
99.2	Intangibles non-produced assets	105.5	120.3	105.5
(67.0)	Accumulated depreciation	(62.6)	(82.2)	(73.1)
505.3	Total intangibles	543.3	549.3	566.3
61.8	Investment properties	42.2	44.4	36.2
34.3	Biological assets ^(a)	6.0	6.3	7.9
343.8	Other assets	152.4	333.3	203.5
945.3	Total other non-financial assets	744.0	933.2	813.9

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)

2011-12		2012-13		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
Current				
1 556.6	Accrued salaries and wages ^(a)	1 515.1	1 620.4	1 546.7
2 863.3	Long service leave	2 977.5	2 819.6	3 091.7
4 419.9	Total current employee benefits	4 492.6	4 440.1	4 638.3
Non-current				
1.8	Accrued salaries and wages ^(a)	..	..	..
511.2	Long service leave	550.6	712.8	581.5
513.0	Total non-current employee benefits	550.6	712.9	581.5
4 932.9	Total employee benefits	5 043.2	5 152.9	5 219.8

Note:

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

Note 16: Application of cash resources

(\$ million)

	2012-13	
	Budget	Revised
Net result from transactions	154.9	177.0
Add back: Non-cash income and expenses (net) ^(a)	1 851.0	1 548.6
Net cash flows from operating activities	2 005.8	1 725.6
Less:		
Net investment in fixed assets		
Expenditure on approved projects	6 346.8	5 610.2
Proceeds from asset sales	(552.5)	(405.7)
Total net investment in fixed assets	5 794.3	5 204.5
Finance leases	844.8	1 055.3
Other investment activities (net)	(10.7)	69.2
Net Debt (Closing Balance)	19 859.5	19 840.4
Net Debt (Opening Balance)	15 236.9	15 236.9
Decrease/(increase) in net debt	(4 622.5)	(4 603.4)

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)

2011-12		2012-13	
Actual to Mar		Actual to Mar	Revised budget
Receipts			
11 253.7	Taxation	10 838.8	15 368.3
474.3	Fines and regulatory fees	441.4	724.1
13 908.5	Grants received	11 998.2	15 930.5
3 497.1	Sales of goods and services ^(a)	3 530.7	5 112.0
8.7	Interest received	203.6	307.4
702.4	Dividends and income tax equivalent and rate equivalent receipts	759.2	1 259.4
221.0	Other receipts ^(a)	122.1	148.7
30 065.7	Total operating activities	27 894.1	38 850.4
2 777.8	Total inflows from investing and financing	2 858.1	6 421.3
32 843.5	Total receipts	30 752.2	45 271.7
Payments to departments ^(b)			
437.0	Business and Innovation	433.8	649.7
8 327.4	Education and Early Childhood Development	7 854.9	10 485.6
8 853.3	Health	7 490.9	9 817.1
2 587.3	Human Services	2 654.6	3 569.7
3 195.7	Justice	3 360.3	4 629.8
108.6	Parliament	111.8	160.3
473.1	Planning and Community Development	462.4	606.6
447.8	Premier and Cabinet	411.7	532.0
329.4	Primary Industries	353.3	518.6
989.5	Sustainability and Environment	1 172.9	1 605.9
5 265.2	Transport	5 267.3	7 376.8
2 078.0	Treasury and Finance	2 210.3	4 844.6
33 092.5	Total payments	31 784.2	44 796.6
(249.0)	Net receipts/(payments)	(1 032.0)	475.1

Notes:

(a) Capital Asset Charge has been reallocated from Other receipts to Sales of goods and services. This change is to align the Consolidated Fund statement with the main cash flow statement where Capital Asset Charge is classified under Sales of goods and services under the accounting standards.

(b) The department names referred to in this table reflect the structure in existence at 31 March 2013.

Note 17: Public Account (continued)

(b) Trust Fund cash flow statement

(\$ million)

2011-12 Actual to Mar		2012-13 Actual to Mar	Revised budget
	Cash flows from operating activities		
	Receipts		
235.1	Taxation	234.7	293.0
38.9	Regulatory fees and fines	39.9	51.6
2 857.4	Grants received	6 325.5	8 274.5
593.2	Sale of goods and services	565.6	838.6
108.3	Interest received	78.3	99.3
9 472.6	Net transfers from Consolidated Fund	7 877.5	10 031.6
64.9	Other receipts	16.3	127.5
13 370.4	Total receipts	15 137.8	19 716.1
	Payments		
(111.2)	Payments for employees	(111.4)	(145.3)
(8.1)	Superannuation	(9.3)	(10.7)
(9.0)	Interest paid	(8.6)	(14.6)
(10 344.0)	Grants and subsidies	(13 675.0)	(17 663.6)
(2 879.3)	Goods and services and other payments	(1 259.4)	(1 968.8)
(13 351.5)	Total payments	(15 063.9)	(19 802.9)
18.9	Net cash flows from operating activities	73.9	(86.8)
	Cash flows from investing activities		
0.2	Net proceeds from customer loans	0.3	..
(30.6)	Purchases of non-financial assets	(41.0)	(47.9)
36.7	Sales of non-financial assets	45.9	39.7
(74.9)	Other investing activities	(55.7)	(73.0)
(68.6)	Net cash flows from investing activities	(50.6)	(81.1)
	Cash flows from financing activities		
(809.7)	Net borrowings ^(a)	(312.2)	(17.4)
(809.7)	Net cash flows from financing activities	(312.2)	(17.4)
(859.4)	Net cash inflow/(outflow)	(288.9)	(185.3)

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 2012</i>	<i>Mar movement YTD</i>	<i>Balances held at 31 Mar 2013</i>
Cash and deposits			
Cash balances outside the Public Account	(0.7)	29.7	29.0
Deposits held with the Public Account – specific trusts	317.1	57.5	374.6
Other balances held in the Public Account	2 771.9	(1 434.7)	1 337.2
Total cash and deposits	3 088.3	(1 347.5)	1 740.8
Investments			
Investments held with the Public Account – specific trusts	739.5	56.3	795.8
Total investments	739.5	56.3	795.8
Total fund balances	3 827.8	(1 291.3)	2 536.6
Less funds held outside the Public Account			
Cash	(0.7)	29.7	29.0
Total fund balances held outside the Public Account	(0.7)	29.7	29.0
Total fund held within the Public Account ^(a)	3 828.5	(1 320.9)	2 507.6

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)

2011-12 <i>Actual</i> 31 Mar		2011-12 <i>Actual</i> 30 Jun	2012-13 <i>Actual</i> 31 Mar
1 135.0	Amounts invested on behalf of specific trust accounts	1 056.6	1 170.4
816.9	General account balances	2 771.9	1 337.2
1 951.9	Total Public Account	3 828.5	2 507.6
	Represented by:		
803.6	Stocks and securities ^(a)	1 056.6	1 170.4
670.5	Cash and investments ^(a)	2 254.9	1 127.8
1 474.2	Total stock, securities, cash and investments	3 311.5	2 298.2
	Add cash advanced for:		
477.7	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	517.0	209.4
1 951.9	Total Public Account	3 828.5	2 507.6

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)					
	2011-12			2012-13	
	Mar	Jun	Sept	Dec	Mar
Revenue					
Taxation revenue	4 679.6	3 420.0	3 634.7	3 558.0	4 791.6
Interest	106.3	102.5	96.4	160.7	229.0
Dividends and income tax equivalent and rate equivalent revenue	253.3	215.0	48.9	648.8	36.7
Sales of goods and services	1 415.0	1 712.4	1 568.6	2 023.1	1 598.7
Grants	5 848.0	5 825.5	5 039.8	5 540.4	5 976.2
Other revenue	412.7	1 228.9	517.6	522.9	501.7
Total revenue from transactions	12 714.8	12 504.2	10 906.1	12 453.9	13 133.7
Expenses from transactions					
Employee expenses	4 204.2	4 508.4	4 334.0	4 555.9	4 279.6
Superannuation interest expense	201.0	201.1	183.8	41.2	110.1
Other superannuation expenses	453.7	504.7	458.7	500.1	491.0
Depreciation	611.2	481.8	552.3	540.4	556.9
Interest expense	303.3	347.4	326.6	426.4	488.3
Other operating expenses	3 431.3	4 918.0	3 992.9	3 937.4	3 760.4
Grants and other transfers	2 511.7	1 628.9	1 742.9	2 115.9	2 315.4
Total expenses from transactions	11 716.3	12 590.3	11 591.2	12 117.3	12 001.6
Net result from transactions – net operating balance	998.5	(86.1)	(685.1)	336.5	1 132.1
Other economic flows included in net result					
Net gain/(loss) on sale of non- financial assets	(26.5)	(42.0)	2.2	17.8	2.8
Net gain/(loss) on financial assets or liabilities at fair value	0.7	5.2	0.8	..	1.5
Net actuarial gains/(losses) of superannuation defined benefits plans	462.1	(3 465.7)	(1 077.5)	1 969.8	2 699.6
Share of net profit/(loss) from associates/ joint venture entities, excluding dividends	..	(0.4)	..	0.2	..
Other gains/(losses) from other economic flows	89.1	(517.2)	(87.2)	(87.1)	(120.5)
Total other economic flows included in net result	525.4	(4 020.1)	(1 161.7)	1 900.6	2 583.4
Net result	1 523.9	(4 106.2)	(1 846.8)	2 237.1	3 715.4

Table B.5: Operating statement for the past five quarters (continued)

(\$ million)

	2011-12		2012-13		
	Mar	Jun	Sept	Dec	Mar
Other economic flows – other movements in equity					
Items that will not be reclassified to net result					
Movement of non-financial asset reserves	(37.5)	1 989.4	12.6	(2.1)	0.1
Net gain on equity investments in other sector entities at proportional share of the carrying amount of the carrying amount of net assets	(364.5)	(588.8)	..	158.1	1 150.4
Other movements in equity	(4.3)	437.6	(178.0)	148.8	(8.6)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	3.2	(5.6)	2.0	(6.2)	2.8
Total other economic flows – other comprehensive income ^(a)	(403.2)	1 832.6	(163.4)	298.5	1 144.7
Comprehensive result – Total change in net worth	1 120.8	(2 273.6)	(2 010.3)	2 535.6	4 860.2
Net operating balance	998.5	(86.1)	(685.1)	336.5	1 132.1
Less: Net acquisition of non-financial assets from transactions	167.2	203.3	186.3	422.6	1 194.4
Net lending/(borrowing)	831.3	(289.4)	(871.4)	(86.1)	(62.3)

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) The new subheadings and the change of item description in other economic flows – other comprehensive income were due to the new accounting requirements of AASB 101 and AASB 1049.

Table B.6: Balance sheet as at the end of the quarter

(\$ million)

	2011-12		2012-13		
	Mar	Jun	Sept	Dec	Mar
Assets					
Financial assets					
Cash and deposits	2 822.6	4 600.5	3 148.2	4 449.9	3 603.7
Advances paid	287.7	301.0	300.9	4 640.1	4 631.9
Receivables	3 855.8	3 183.8	3 780.5	4 143.2	5 080.6
Investments, loans and placements	2 717.7	2 621.7	2 654.6	2 790.1	2 869.8
Investments accounted for using the equity method	33.6	44.3	44.3	45.6	45.6
Investments in other sector entities	66 199.4	66 749.4	67 224.4	68 193.2	69 618.2
Total financial assets	75 916.7	77 500.7	77 152.8	84 262.2	85 850.0
Non-financial assets					
Inventories	290.2	296.2	230.6	235.8	236.4
Non-financial assets held for sale	74.7	149.2	131.6	127.2	123.6
Land, buildings, infrastructure, plant and equipment	95 841.2	97 796.6	97 734.7	98 036.4	99 254.6
Non-financial assets held for sale	945.3	744.0	1 108.9	1 045.3	933.2
Total non-financial assets	97 151.4	98 986.0	99 205.9	99 444.7	100 547.8
Total assets	173 068.1	176 486.6	176 358.7	183 706.9	186 397.8
Liabilities					
Deposits held and advances received	425.6	366.2	404.8	380.1	402.3
Payables	4 503.1	4 734.4	4 981.6	5 408.5	4 963.2
Borrowings	20 581.9	22 393.9	22 671.5	29 414.0	30 161.3
Employee benefits	4 932.9	5 043.2	5 294.2	5 034.3	5 152.9
Superannuation	28 963.8	32 597.5	33 685.0	31 635.1	28 902.2
Other provisions	671.3	635.5	616.0	593.6	714.4
Total liabilities	60 078.6	65 770.7	67 653.0	72 465.6	70 296.3
Net assets	112 989.5	110 716.0	108 705.7	111 241.3	116 101.5
Accumulated surplus/(deficit)	38 199.5	34 524.9	32 525.0	34 877.7	38 572.4
Reserves	74 740.1	76 141.0	76 130.7	76 313.6	77 479.0
Non-controlling interest	50.0	50.0	50.0	50.0	50.0
Net worth	112 989.5	110 716.0	108 705.7	111 241.3	116 101.5
FISCAL AGGREGATES					
Net financial worth	15 838.2	11 730.0	9 499.8	11 796.6	15 553.6
Net financial liabilities	50 361.2	55 019.4	57 724.6	56 396.6	54 064.6
Net debt	15 179.4	15 236.9	16 972.6	17 914.0	19 458.1

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Table B.7: Statement of cash flows for the past five quarters

(\$ million)

	2011-12		2012-13		
	Mar	Jun	Sept	Dec	Mar
Cash flows from operating activities					
Receipts					
Taxes received	3 897.2	4 011.1	3 969.8	3 662.9	3 471.2
Grants	5 843.0	5 852.6	5 011.5	5 538.5	5 976.8
Sales of goods and services ^(a)	1 653.2	1 991.1	1 715.1	1 796.1	1 674.2
Interest received	106.1	105.9	98.1	150.7	204.4
Dividends and income tax equivalent and rate equivalent receipts	239.3	212.9	72.7	660.3	31.1
Other receipts	425.4	729.7	282.2	494.4	799.4
Total receipts	12 164.2	12 903.3	11 149.4	12 302.8	12 157.0
Payments					
Payments for employees	(4 016.4)	(4 482.7)	(4 085.6)	(4 795.5)	(4 150.3)
Superannuation	(548.1)	(537.8)	(632.4)	(621.5)	(634.4)
Interest paid	(292.7)	(329.0)	(325.6)	(400.5)	(476.0)
Grants and subsidies	(2 545.5)	(1 604.9)	(2 041.0)	(2 144.6)	(2 675.4)
Goods and services ^(a)	(3 384.7)	(4 787.9)	(4 432.0)	(3 810.2)	(3 380.2)
Other payments	(119.2)	(146.2)	(181.1)	(153.1)	(133.8)
Total payments	(10 906.5)	(11 888.4)	(11 697.7)	(11 925.4)	(11 450.0)
Net cash flows from operating activities ^(a)	1 257.7	1 014.9	(548.2)	377.5	707.0
Cash flows from investing activities					
Purchases of non-financial assets	(814.0)	(792.5)	(764.5)	(840.9)	(1 031.5)
Sales of non-financial assets	36.9	83.3	25.9	46.4	44.9
Cash flows from investments in non- financial assets	(777.2)	(709.2)	(738.6)	(794.5)	(986.6)
Net cash flows from investments in financial assets for policy purposes	(378.3)	(495.0)	(450.5)	(346.4)	(530.1)
Subtotal	(1 155.5)	(1 204.2)	(1 189.1)	(1 141.0)	(1 516.7)
Net cash flows from investments in financial assets for liquidity management purposes	(94.4)	95.6	(30.1)	(157.0)	(81.1)
Net cash flows from investing activities	(1 249.9)	(1 108.6)	(1 219.2)	(1 298.0)	(1 597.8)
Cash flows from financing activities					
Advances received (net)	..	(0.9)	9.5	(4.8)	(1.9)
Net borrowings	452.9	1 930.9	76.6	2 447.0	(0.4)
Deposits received (net)	23.4	(58.5)	29.1	(19.9)	24.1
Other financing (net)	..	..	..	..	22.8
Net cash flows from financing activities	476.3	1 871.6	115.1	2 422.3	44.6
Net increase/(decrease) in cash and cash equivalents	484.1	1 777.9	(1 652.3)	1 501.8	(846.2)

Table B.7: Statement of cash flows for the past five quarters (continued)

(\$ million)

	2011-12		2012-13		
	Mar	Jun	Sept	Dec	Mar
Cash and cash equivalents at beginning of reporting period	2 338.4	2 822.6	4 600.5	2 948.1	4 449.9
Cash and cash equivalents at end of reporting period	2 822.6	4 600.5	2 948.1	4 449.9	3 603.7
FISCAL AGGREGATES					
Net cash flows from operating activities	1 257.7	1 014.9	(548.2)	377.5	707.0
Net cash flows from investments in non-financial assets	(777.2)	(709.2)	(738.6)	(794.5)	(986.6)
Cash surplus/(deficit)	480.6	305.7	(1 286.8)	(417.1)	(279.6)

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

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 2013-14 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: – an estimated statement of financial performance – an estimated statement of financial position at the end of the year – an estimated statement of cash flows for the year – a statement of the accounting policies on which these statements are based and explanatory notes.	Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements and notes</i>
Section 23K of the <i>Financial Management Act 1994</i> Accompanying statements in association with each set of estimated financial statements comprising: – a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements	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>

Table C1: Statements required by the *Financial Management Act 1994* and their location in the 2013-14 Budget (continued)

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
<ul style="list-style-type: none"> – a discussion of the sensitivity of the estimated financial statements to changes in those economic and other assumptions – an overview of the estimated tax expenditures for the financial years covered by the estimated financial statements – a statement of risks that may have a material effect on the estimated financial statements. 	<p>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></p> <p>Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i></p> <p>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 <i>Revised 2012-13 Budget outcome incorporating the financial report for the March quarter 2013</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"> – 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 – 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 – 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. 	<p>Budget Paper No. 3, Chapter 2 <i>Departmental performance statements</i></p> <p>Budget Paper No. 5, Chapter 3 <i>Departmental financial statements</i></p> <p>Budget Paper No. 3, Chapter 2 <i>Departmental performance statements</i></p>
<p>Section 16B of the <i>Audit Act 1994</i> The Auditor-General reviews and reports 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:

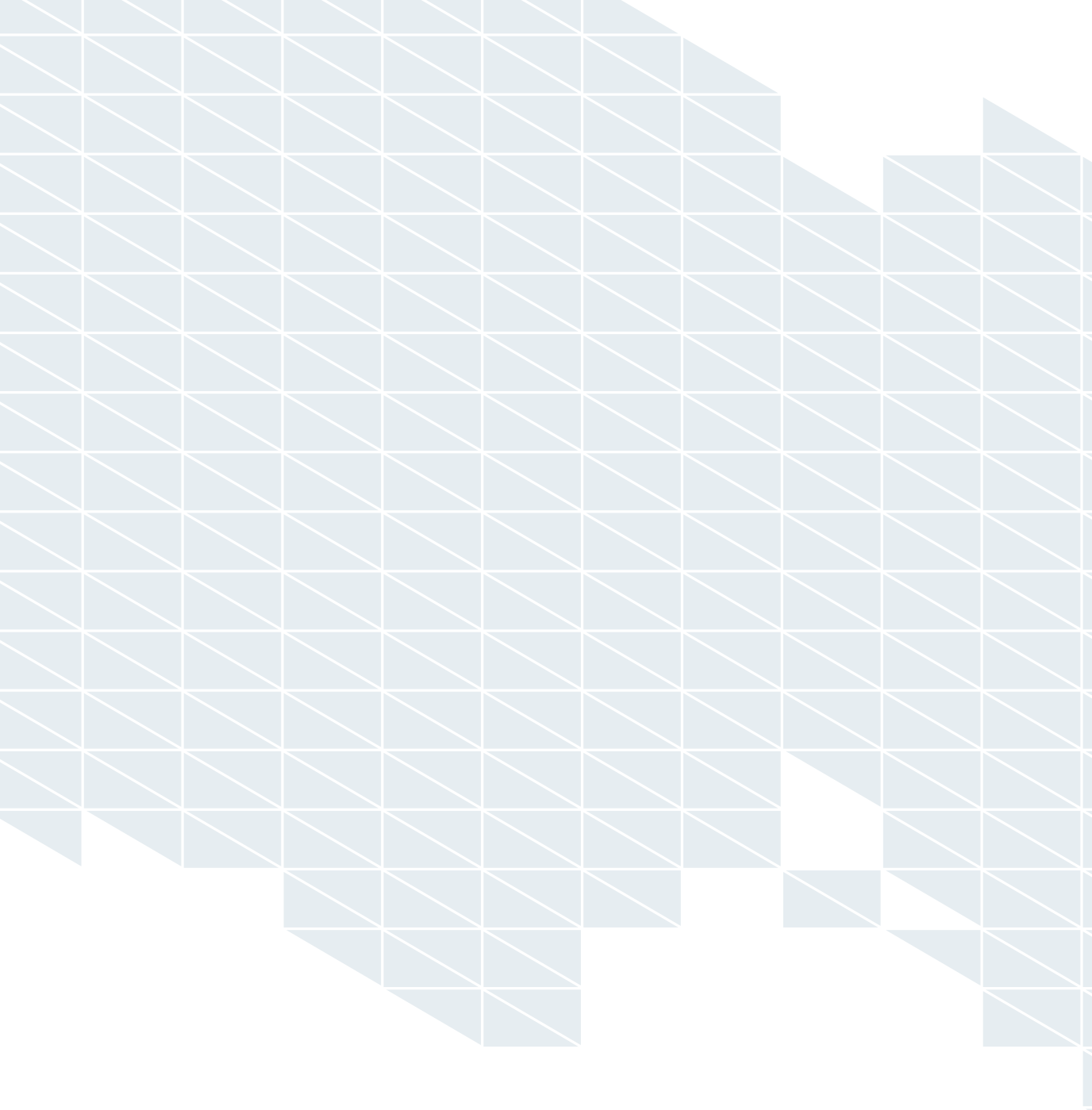
na	not available or not applicable
nfp	not for publication
..	zero, or rounded to zero
(xxx.x)	negative numbers
200x – 0x	year period

The notation used in the text is as follows:

–xxx.x	negative numbers within text.
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2013-14 Victorian Budget
Statement of Finances
Budget Paper No. 5
www.budget.vic.gov.au

Department of **Treasury and Finance**