

CHAPTER 3 – DEPARTMENTAL FINANCIAL STATEMENTS

This chapter provides financial reports for each department. The total resources made available to a department are applied to three uses:

- the provision of outputs;
- asset investment; or
- payments on behalf of the state.

The financial statements are presented in the format consistent with Australian Accounting Standards. For the purposes of this budget paper, controlled and administered items are presented in separate statements.

Administered items refer to those resources over which a department does not exercise direct control. Authority is provided through an appropriation for payments made on behalf of the State. Under Australian Accounting Standard AASB 1050 *Administered Items*, these items would normally appear as notes to the financial statements.

Machinery of government changes

The government recently announced the creation of a new Department of Transport which takes over responsibility for most of the functions of the former Department of Infrastructure. However, certain functions, in particular relating to Major Projects Victoria, have been transferred to the Department of Innovation, Industry and Regional Development. The new administrative arrangements came into effect on 30 April 2008 through Administrative Arrangements Order No. 199 of 2008. For financial reporting purposes, these transfers do not take effect until after the end of the current financial year 2007-08.

There is no net impact of these changes on the aggregate budget, however the full impact of these changes on the 2008-09 departmental estimates has yet to be quantified. Therefore, this machinery of government change has not been reflected in the 2008-09 Budget Papers. Any consequent adjustments to the departmental estimates and re-allocation of appropriations will be made at a later date.

Adjustments for other machinery of government changes announced in August 2007 after the publication of the 2007-08 Budget, are reflected in the '2007-08 Adjusted' and '2007-08 Revised' estimates for the period 1 July 2007 to 30 June 2008, in tables 3.3.1 onwards.

Machinery of government changes since the 2007-08 Budget include the transfer of responsibility for early childhood development to the Department of Education from the Department of Human Services. As a consequence, the former Department of Education is now the Department of Education and Early Childhood Development.

The Department of Education and Early Childhood Development has also assumed responsibility for Adolescent Health Services, Child Health and Support Services, Early Childhood Education and Care, and Early Childhood Intervention Services from the Department of Human Services.

Other machinery of government changes announced since the 2007-08 Budget are summarised below:

- the former Department of Victorian Communities is now the Department of Planning and Community Development, having assumed responsibility for Heritage Victoria, the Building Policy and Housing Affordability Unit, and the Office of Planning and Urban Design from the Department of Sustainability and Environment;
- the Department of Planning and Community Development has also assumed responsibility for the Transit Cities Unit from the Department of Infrastructure; and
- the Department of Innovation, Industry and Regional Development has assumed responsibility for Employment Programs from the Department of Planning and Community Development.

This publication fully reflects the impact of these machinery of government changes, effective from 1 September 2007.

Departmental Financial Statements

The following tables can be used to assess each department's financial performance, its use of and authority for resources:

- operating statement - provides details of the department's revenue and expenses on an accrual basis reflecting the cost of providing its outputs;
- cash flow statement - shows all movements of cash (cash receipts and payments). The cash impact of financing and investing activities on departmental resources is highlighted in this statement;
- 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 in the department;
- statement of changes in equity - adds together the net result from the operating statement and items deferred in equity such as the revaluation of property, plant and equipment, to present total income and expense;

- administered items statement - provides details of the department's administered revenue and expenses, and its administered assets and liabilities. By their nature, most if not all administered items are expensed and paid in cash in the year in which the item is recognised. Thus an administered departmental cash flow statement is not provided;
- parliamentary authority for resources – provides details of the department's appropriation authorities available to fund the provision of outputs, administered items and additions to the net asset base; and
- payments on behalf of the state (where applicable) – provides details of payments made by the department on behalf of the State Government as a whole, not directly reflecting the operations of the department.

The following Table 3.1 'Total expenses from transactions by department' and Table 3.2 'Total purchases of non-financial assets by department' are presented as breakdowns, by department, of totals as reported in Table 1.1 'Estimated operating statement' and Table 1.3 'Estimated cash flow statement' for the general government sector in Chapter 1 (prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*).

Table 3.1 Total expenses from transactions by department

	(\$ million)			
	2008-09 Budget	2009-10 Estimate	2010-11 Estimate	2011-12 Estimate
Expenses from transactions				
Education and Early Childhood Development ^(a)	8 999.4	9 234.1	9 552.1	9 799.7
Human Services	13 709.2	13 854.9	14 197.5	14 475.9
Infrastructure	4 344.6	4 445.1	4 623.9	4 769.2
Innovation, Industry and Regional Development	2 178.8	2 265.4	2 218.5	2 166.3
Justice	3 691.1	3 747.1	3 902.1	3 925.8
Planning and Community Development	993.7	949.3	919.5	921.6
Premier and Cabinet	595.5	536.0	539.5	536.7
Primary Industries	480.0	435.9	441.8	438.3
Sustainability and Environment	1 328.5	1 180.4	1 153.8	1 113.9
Treasury and Finance	2 018.6	1 995.0	2 121.8	2 280.4
Parliament	131.4	129.7	131.9	133.9
Contingencies not allocated to departments ^(b)	429.3	1 687.3	2 434.0	3 121.1
Regulatory bodies and other part funded agencies ^(c)	1 642.4	1 669.9	1 680.9	1 676.9
Total	40 542.5	42 130.2	43 917.4	45 359.8
<i>Less eliminations ^(d)</i>	<i>(3560.0)</i>	<i>(3660.6)</i>	<i>(3706.6)</i>	<i>(3676.0)</i>
Total expenses from transactions	36 982.4	38 469.6	40 210.7	41 683.7

Notes:

- (a) Includes a reduction in revenue and expenditure, with a nil impact on the net result from transactions, due to an adjustment to the estimates by DEECD in 2010-11.
- (b) This contingency includes a provision for programs lapsing, future demand growth, items not yet formalised at the time of the budget and an allowance for departmental underspending in 2008-09 which may be subject to carryover into 2009-10. Under the departmental funding model, since 1 July 2004, departments have been required to manage all costs within their departmental budgets.
- (c) Other general government sector agencies, which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to department.
- (d) Mainly comprising payroll tax, capital asset charge and inter-departmental transfers.

Table 3.2 Total purchases of non-financial assets by department

(\$ million)

	2008-09 <i>Budget</i>	2009-10 <i>Estimate</i>	2010-11 <i>Estimate</i>	2010-12 <i>Estimate</i>
Education	705.0	481.8	257.5	174.1
Human Services	643.2	500.3	333.2	174.4
Infrastructure	936.8	974.7	730.2	491.3
Innovation, Industry and Regional Development	166.2	167.3	106.5	93.8
Justice	281.9	299.0	234.5	177.2
Planning and Community Development	47.9	46.9	13.3	13.4
Premier and Cabinet	39.2	26.8	23.3	23.3
Primary Industries	63.2	99.1	41.1	8.5
Sustainability and Environment	130.6	59.8	53.0	40.8
Treasury and Finance	126.4	235.8	307.6	224.9
Parliament	8.1	4.6	3.8	2.7
Regulatory bodies and other part budget funded agencies	135.3	133.0	115.1	94.0
Not allocated to departments ^(a)	(445.9)	54.0	1 271.4	2 554.2
Total purchase of property, plant and equipment	2 837.9	3 083.1	3 490.6	4 072.7

Note:

(a) Amount available to be allocated to specific departments and projects. This includes an allowance for departmental underspending in 2008-09 which may be subject to carryover in 2009-10.

DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Operating performance

The Department of Education and Early Childhood Development (DEECD) is projecting an operating surplus of \$125 million for 2008-09. This is primarily as a result of anticipated third party revenue in excess of local expenses in the school sector.

The operating statement shows an increase in total operating income of \$449 million (6.4 per cent) between the 2007-08 Revised and the 2008-09 Budget. This is primarily a result of:

- increased income as a result of funding for new initiatives announced in the 2008-09 Budget, including: School Reform Resourcing to Support the Blueprint; Expanded Student Support Funding to meet the learning and development needs of at risk students; Improving Year 12 or Equivalent Completion by Young People in Victoria; and A New Focus on Quality in Family Day Care and Outside School Hours Care;
- machinery of government transfer of Early Childhood Development from the Department of Human Services to the Department of Education as at 1 September 2007. The Department received appropriation for Early Childhood Development for 10 months in 2007-08; and
- output price increases arising from price escalation for anticipated cost increases in 2008-09.

Total operating expenses for DEECD in 2008-09 are budgeted to increase by \$447 million (6.5 per cent) between the 2007-08 revised and the 2008-09 Budget primarily as a result of the factors referred to above.

Investing and financing

Cash flows from investing activities include payments for property, plant and equipment (totalling \$705 million) reflecting the continued asset investment in Schools through initiatives funded under *The Victorian Schools Plan* including *Better Schools Today* program; School Modernisation, and New Schools.

Balance sheet performance

DEECD's net asset position is expected to increase by \$491 million between the 2007-08 Revised and the 2008-09 Budget. This reflects a projected increase in total assets of \$509 million (4.0 per cent) and an increase in total liabilities of \$18 million (1.4 per cent) over the same period.

The increase in Property Plant and Equipment from the 2007-08 Budget to 2007-08 Revised is mainly due to a \$1.16 billion dollar revaluation of the department's assets.

The expected increase in total assets from the 2007-08 Revised to the 2008-09 Budget is mainly attributable to an increase in non-current assets of \$430 million (3.9 per cent). This movement is primarily as a result of increased capital investment in schools (after depreciation) to improve and add to the education infrastructure base as announced in the 2008-09 Budget.

Statement of administered items

Transactions administered by the department are grants received from the Commonwealth for government schools and for on-passing to non-government schools.

Total administered income is projected to decrease by \$0.7 million from the 2007-08 Revised to the 2008-09 Budget. This is due to the completion of the Investing in Our Schools Program, offset by increased Commonwealth funding to support non-government schools.

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

Table 3.3.1 Operating statement

	(\$ million)				
	2006-07 Actual ^(a)	2007-08 Budget	2007-08 Adjusted ^(b)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	6 391.4	6 213.3	6 461.5	6 398.2	6 840.2
Special appropriations	0.3	0.3	0.3	0.3	0.3
Resources received free of charge or for nominal consideration	2.2	..	..	..	..
Sale of goods and services	450.5	163.7	163.7	165.3	165.5
Commonwealth grants	158.3	6.6	6.6	6.6	6.6
Revenue from other parties and other income	428.0	307.6	307.6	418.0	424.6
	7 430.7	6 691.4	6 939.6	6 988.4	7 437.1
Expenses					
Employee benefits	4 271.8	4 044.6	4 081.5	3 946.7	4 146.3
Depreciation and amortisation	248.4	277.9	278.4	216.9	259.2
Resources provided free of charge or for nominal consideration	..	..	1.4	1.4	..
Grants and other payments	643.8	598.9	598.6	598.8	619.9
Capital asset charge	762.0	727.3	728.1	727.3	762.0
Supplies and services	1 442.0	883.0	1 093.2	1 373.9	1 524.3
Finance costs	1.2	0.5	0.5	0.5	0.5
Other expenses	0.2	..	..	..	..
	7 369.6	6 532.1	6 781.8	6 865.4	7 312.4
Net result for the reporting period	61.2	159.3	157.9	122.9	124.7

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

Notes:

- (a) 2006-07 actual figures include the Training and Further Education and Adult and Community Education sectors from 1 July 2006 to 31 December 2006. These sectors were transferred due to machinery of government changes to Department of Innovation, Industry and Regional Development (DIIRD) and Department of Planning and Community Development (DPCD) respectively at 1 January 2007.

(b) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.3.2 Cash flow statement

	(\$ million)				
	2006-07 Actual ^(a)	2007-08 Budget	2007-08 Adjusted ^(b)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	6 515.2	6 158.3	6 401.5	6 390.4	6 773.6
Receipts from other entities	476.3	118.9	118.9	164.7	163.7
Payments for supplies, grants and employees	(6 433.1)	(5 509.3)	(5 751.7)	(6 032.5)	(6 271.7)
	558.4	767.9	768.7	522.6	665.5
Interest received	47.2	27.6	27.6	37.8	38.9
Finance costs expense	(1.2)	(0.5)	(0.5)	(0.5)	(0.5)
Capital asset charge	(762.0)	(727.3)	(728.1)	(727.3)	(762.0)
Other receipts	409.0	295.6	295.6	395.6	402.2
Net cash inflow from operating activities	251.3	363.2	363.2	228.2	344.0
Cash flows from investing activities					
Payments for property, plant and equipment	658.4	(633.1)	(633.1)	(620.5)	(705.0)
Proceeds from sale of property, plant and equipment	1.7	2.4	2.4	2.4	2.4
(Repayment of) loans by other entities	69.2	(5.0)	(5.0)	48.0	(5.2)
Net cash (outflow) from investing activities	729.3	(635.7)	(635.7)	(570.1)	(707.8)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	(930.8)	264.2	264.2	316.8	366.3
Net proceeds from borrowing	(11.1)	..	..	..	..
Net cash inflows/(outflow) from financing activities	(941.9)	264.2	264.2	316.8	366.3
Net increase/(decrease) in cash held	38.7	(8.4)	(8.4)	(25.2)	2.5
Cash at the beginning of the financial year	689.2	727.9	727.9	727.9	702.8
Cash at the end of the financial year	727.9	719.6	719.6	702.8	705.2

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

Notes:

- (a) 2006-07 actual figures include the Training and Further Education and Adult and Community Education sectors from 1 July 2006 to 31 December 2006. These sectors were transferred due to machinery of government changes to Department of Innovation, Industry and Regional Development (DIIRD) and Department of Planning and Community Development (DPCD) respectively at 1 January 2007.
- (b) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.3.3 Balance Sheet

(\$ million)

	Estimated as at 30 June				
	2007 Actual ^(a)	2008 Budget	2008 Adjusted ^(b)	2008 Revised	2009 Budget
Current assets					
Cash assets	727.9	719.6	719.6	702.8	705.2
Other financial assets	57.3	57.3	57.3	4.3	4.3
Receivables	723.0	831.9	836.9	740.7	817.2
Prepayments	4.4	4.6	4.6	4.6	4.8
	1 512.6	1 613.3	1 618.3	1 452.3	1 531.5
Non-current assets classified as held for sale	23.9	23.9	23.9	23.9	23.9
Total current assets	1 536.5	1 637.2	1 642.2	1 476.1	1 555.3
Non-current assets					
Receivables	0.3	0.3	0.3	0.3	0.3
Other financial assets	14.3	19.3	19.3	19.3	24.5
Property, plant and equipment	9 249.3	9 582.0	9 581.4	11 104.7	11 528.7
Intangible assets	2.9	4.4	4.4	4.4	5.1
Total non-current assets	9 266.7	9 605.9	9 605.4	11 128.7	11 558.6
Total assets	10 803.2	11 243.1	11 247.6	12 604.8	13 114.0
Current liabilities					
Payables	321.5	323.3	323.3	215.0	216.8
Interest-bearing liabilities	3.1	3.1	3.1	3.1	3.1
Employee provisions	941.4	949.5	953.9	927.4	935.5
Other	85.7	85.7	85.7	85.7	85.7
Total current liabilities	1 351.7	1 361.6	1 366.0	1 231.3	1 241.2
Non-current liabilities					
Interest-bearing liabilities	3.2	3.2	3.2	3.2	3.2
Employee provisions	67.3	73.9	75.3	75.3	83.6
Other	..	..	..	..	..
Amounts owing to other departments	..	..	..	..	..
Total non-current liabilities	70.5	77.1	78.5	78.5	86.8
Total liabilities	1 422.3	1 438.7	1 444.5	1 309.8	1 328.0
Net assets	9 381.0	9 804.4	9 803.0	11 295.0	11 786.0
Equity					
Contributed capital	5 040.8	5 305.0	5 305.0	5 357.6	5 723.9
Reserves	3 016.7	3 016.7	3 016.7	4 491.0	4 491.0
Accumulated surplus/(deficit)	1 323.5	1 482.7	1 481.3	1 446.4	1 571.1
Total equity	9 381.0	9 804.4	9 803.0	11 295.0	11 786.0

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

Notes:

- (a) 2006-07 actual figures include the Training and Further Education and Adult and Community Education sectors from 1 July 2006 to 31 December 2006. These sectors were transferred due to machinery of government changes to Department of Innovation, Industry and Regional Development (DIIRD) and Department of Planning and Community Development (DPCD) respectively at 1 January 2007.
- (b) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.3.4 Statement of changes in equity

	(\$ million)				
	2006-07 Actual ^(a)	2007-08 Budget	2007-08 Adjusted ^(b)	2007-08 Revised	2008-09 Budget
Gains/(losses) on revaluation of properties	(1 024.2)	..	..	1 474.3	..
Other	(692.6)	..	..	..	..
Net income recognised directly in equity	(1 716.8)	..	..	1 474.3	..
Net result for the period	61.2	159.3	157.9	122.9	124.7
Total recognised income and expense for the period	(1 655.6)	159.3	157.9	1 597.2	124.7

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

Notes:

- (a) 2006-07 actual figures include the Training and Further Education and Adult and Community Education sectors from 1 July 2006 to 31 December 2006. These sectors were transferred due to machinery of government changes to Department of Innovation, Industry and Regional Development (DIIRD) and Department of Planning and Community Development (DPCD) respectively at 1 January 2007.
- (b) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.3.5 Administered items statement

	(\$ million)				
	2006-07 Actual ^(a)	2007-08 Budget	2007-08 Adjusted ^(b)	2007-08 Revised	2008-09 Budget
Administered income					
Sale of goods and services	1.5	1.5	2.4	2.4	1.9
Commonwealth grants	2 263.4	2 175.4	2 181.6	2 341.8	2 341.6
Other	(10.3)	9.9	9.9	8.7	8.7
Total administered income	2 254.6	2 186.8	2 193.8	2 352.8	2 352.1
Administered expenses					
Expenses on behalf of the State	0.7	..	..	..	..
Grants and other payments	1 551.7	1 541.4	1 541.4	1 620.9	1 687.0
Payments into the Consolidated Fund	725.7	645.4	652.4	731.9	665.0
Total administered expenses	2 278.2	2 186.8	2 193.8	2 352.8	2 352.1
Income less expenses	(23.6)	0.1	0.1	0.1	0.1
Administered assets					
Cash assets	..	0.1	0.1	0.1	0.1
Receivables	5.1	5.1	5.1	5.1	5.1
Other financial assets	1.5	1.5	1.5	1.5	1.5
Prepayments	3.3	3.3	3.3	3.3	3.3
Total administered assets	10.0	10.0	10.0	10.0	10.1
Administered liabilities					
Payables	..	..	..	..	..
Other	3.3	3.3	3.3	3.3	3.3
Total administered liabilities	3.3	3.3	3.3	3.3	3.3
Net assets	6.7	6.7	6.7	6.7	6.8

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

Notes:

- (a) 2006-07 actual figures include the Training and Further Education and Adult and Community Education sectors from 1 July 2006 to 31 December 2006. These sectors were transferred due to machinery of government changes to Department of Innovation, Industry and Regional Development (DIIRD) and Department of Planning and Community Development (DPCD) respectively at 1 January 2007.
- (b) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.3.6 Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	6 196.6	6 438.7	6 330.6	6 881.7
Receipts credited to appropriations	213.2	219.4	290.5	203.8
Unapplied previous years appropriation	67.6	67.6	93.9	121.0
Gross annual appropriation	6 477.4	6 725.7	6 715.0	7 206.5
Special appropriations	0.3	0.3	0.3	0.3
Trust funds	1 606.6	1 606.6	1 686.3	1 751.3
Total Parliamentary authority	8 084.3	8 332.5	8 401.5	8 958.0

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

Notes:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF HUMAN SERVICES

Operating performance

The Department of Human Services (DHS) is expected to have a net result of \$104 million in 2008-09.

The operating statement shows an increase in income of \$389 million between the 2007-08 Revised Budget to the 2008-09 Budget. This increase is primarily a result of:

- funding provided for government policy commitments (\$344 million) in the 2008-09 budget, including *Maintaining Health System Performance, Ambulance Service Strategy, Improving Mental Health Services, Enhancing Disability Services and Outcomes, Concessions* and the full year effect of initiatives announced in previous years budgets;
- output price increases of \$311 million arising from price escalation for anticipated cost increases in 2008-09;
- output price increases (\$58 million) for depreciation, amortisation and capital asset charge associated with the approved asset investment program for 2008-09; and
- a reduction in revenue of \$300 million in 2008-09 reflecting the one off payment in 2007-08 to establish the housing investment fund.

Operating expenses are budgeted to increase by \$633 million between the 2007-08 Revised Budget and 2008-09 Budget largely due to the increases in income outlined above.

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 \$643 million) reflecting the continued asset investment in the Department and hospitals, and include new initiatives to expand service capacity, enhance infrastructure and comply with regulatory requirements.

Balance sheet performance

DHS's net asset position is expected to improve by \$229 million between 2007-08 Revised Budget and 2008-09 Budget, reflecting an increase in total assets of \$477 million and an increase in total liabilities of \$248 million.

The expected increase in assets reflects the State Government's commitment to build new health and community facilities and other infrastructure across the state, based on modern service models and needs for the future. The movement in assets from the 2007-08 Budget to the 2008-09 Budget reflects funding provided for redevelopments and expansions at Dandenong Hospital, Kingston Centre, Latrobe Community Health Service, Olivia Newton-John Cancer Centre, Sunbury Day Hospital, Sunshine Hospital, Warrnambool Hospital and Werribee Mercy Hospital. Funding is also provided for hospital medical equipment replacement and infrastructure renewal.

The expected increase in liabilities is largely due to the recognition of the Royal Women's Hospital lease liability from 2008-09 and the increases in liabilities for leave entitlements for staff employed in the human services sector.

Statement of administered items

This statement includes items from the Commonwealth Government and revenue from the sale of assets, goods and services collected by the department. Total income has reduced by \$32 million from the 2007-08 Revised Budget to the 2008-09 Budget, due mainly to additional one off funds provided by the Commonwealth in 2007-08 in relation to the Australian Immunisation Agreement for Human Papilloma Virus vaccine and Childhood Pneumococcal vaccine.

Total expenditure has reduced by \$182 million from the 2007-08 Revised Budget to the 2008-09 Budget, due mainly to the transfer in 2007-08 of \$150 million of housing stock to Housing Associations for disadvantaged and low-income Victorians.

Table 3.4.1: Operating statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Income					
Output appropriations	9 710.9	10 722.1	10 473.8	10 635.6	10 981.6
Special appropriations	1 172.4	1 187.9	1 187.9	1 251.7	1 256.3
Resources received free of charge or for nominal consideration	10.8	..	1.4	1.4	..
Sale of goods and services	1 079.9	998.1	998.1	1 054.2	1 082.8
Commonwealth grants	150.3	133.1	133.1	127.6	130.7
Fines and fees	0.1	..	..	..	..
Revenue from other parties and other income	432.0	273.8	273.5	354.6	362.2
	12 556.3	13 315.0	13 067.9	13 425.0	13 813.5
Expenses					
Employee benefits	5 857.0	6 125.1	6 088.1	6 227.7	6 558.6
Depreciation and amortisation	336.3	391.6	391.1	402.4	428.3
Resources provided free of charge or for nominal consideration	0.9	..	..	..	..
Grants and other payments	1 155.8	842.7	842.7	594.6	543.9
Capital asset charge	536.2	584.0	583.2	571.3	603.5
Supplies and services	4 840.4	5 084.3	4 874.1	5 275.4	5 569.6
Finance costs	5.3	2.4	2.4	5.2	5.3
Other expenses	28.6	..	..	..	..
	12 760.4	13 030.0	12 781.5	13 076.5	13 709.2
Net result for the reporting period	(204.1)	285.0	286.4	348.4	104.3

Source: Departments of Human Services and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.4.2: Cash flow statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	11 005.9	11 986.5	11 743.3	12 091.0	12 351.1
Receipts from other entities	1 041.2	1 002.2	1 001.9	1 053.4	1 079.4
Payments for supplies, grants and employees	(11 659.0)	(11 967.8)	(11 726.4)	(12 005.7)	(12 653.7)
	388.2	1 020.9	1 018.7	1 138.7	776.7
Interest received	74.2	51.8	51.8	61.9	63.4
Finance costs expense	(4.8)	(2.4)	(2.4)	(5.2)	(5.3)
Capital asset charge	(536.2)	(584.0)	(583.2)	(571.3)	(603.5)
Other receipts	334.3	233.9	235.3	224.2	305.4
Dividends received	0.5	..	..	..	..
Net cash inflow from operating activities	256.1	720.3	720.3	848.4	536.8
Cash flows from investing activities					
Payments for property, plant and equipment	(768.0)	(767.7)	(767.7)	(670.4)	(643.2)
Proceeds from sale of property, plant and equipment	33.8	40.0	40.0	40.0	40.0
(Repayment of) loans by other entities	25.5	..	..	5.3	..
Net cash (outflow) from investing activities	(708.8)	(727.7)	(727.7)	(625.1)	(603.2)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	521.8	19.5	19.5	(165.4)	124.7
Net proceeds from borrowing	6.0	(8.1)	(8.1)	(0.1)	(1.5)
Net cash inflows/(outflow) from financing activities	527.8	11.4	11.4	(165.5)	123.3
Net increase/(decrease) in cash held	75.2	4.0	4.0	57.8	56.9
Cash at the beginning of the financial year	471.8	547.0	547.0	547.0	604.8
Cash at the end of the financial year	547.0	551.0	551.0	604.8	661.6

Source: Departments of Human Services and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.4.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted^(a)</i>	<i>Revised</i>	<i>Budget</i>
Current assets					
Cash assets	550.1	554.1	554.1	607.9	664.7
Other financial assets	412.0	412.0	412.0	412.0	412.0
Receivables	811.9	917.6	912.6	810.1	828.1
Inventories	55.4	55.4	55.4	55.4	55.4
Prepayments	22.7	22.7	22.7	22.7	22.7
	1 852.1	1 961.8	1 956.8	1 908.0	1 982.9
Non-current assets classified as held for sale	8.9	8.9	8.9	8.9	8.9
Total current assets	1 861.0	1 970.7	1 965.7	1 916.9	1 991.8
Non-current assets					
Receivables	8.2	8.2	8.2	2.9	2.9
Other financial assets	179.4	179.4	179.4	179.4	179.4
Investments accounted for using equity method	1.2	1.2	1.2	1.2	1.2
Property, plant and equipment	6 956.7	7 227.7	7 228.2	7 111.0	7 513.6
Intangible assets	64.2	64.2	64.2	64.9	64.9
Other	19.4	19.4	19.4	19.4	19.4
Total non-current assets	7 229.1	7 500.1	7 500.6	7 378.8	7 781.4
Total assets	9 090.1	9 470.8	9 466.3	9 295.7	9 773.1
Current liabilities					
Payables	1 043.1	791.8	791.8	784.7	784.7
Interest-bearing liabilities	25.0	29.4	29.4	25.0	34.4
Employee provisions	1 271.4	1 281.4	1 277.0	1 359.2	1 430.0
Other	237.2	241.7	241.7	229.7	234.2
Total current liabilities	2 576.6	2 344.2	2 339.9	2 398.5	2 483.2
Non-current liabilities					
Interest-bearing liabilities	146.4	133.8	133.8	146.3	366.8
Employee provisions	180.8	237.1	235.7	180.8	180.8
Amounts owing to other departments	5.0	5.0	5.0	5.0	5.0
Other	349.5	314.3	314.3	314.3	257.4
Total non-current liabilities	681.7	690.3	688.8	646.4	810.0
Total liabilities	3 258.4	3 034.5	3 028.7	3 044.9	3 293.2
Net assets	5 831.7	6 436.3	6 437.7	6 250.9	6 479.9
Equity					
Contributed capital	4 391.9	4 711.4	4 711.4	4 462.6	4 587.4
Reserves	1 736.6	1 736.6	1 736.6	1 736.6	1 736.6
Accumulated surplus/(deficit)	(296.8)	(11.8)	(10.4)	51.6	156.0
Total equity	5 831.7	6 436.3	6 437.7	6 250.9	6 479.9

Source: Departments of Human Services and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.4.4: Statement of changes in equity

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Gains/(losses) on revaluation of properties	50.3	..	..	..	..
Available for sale financial assets	7.7	..	..	..	..
Other	15.2	..	..	..	..
Net income recognised directly in equity	73.2	..	..	..	..
Net result for the period	(204.1)	285.0	286.4	348.4	104.3
Total recognised income and expense for the period	(130.9)	285.0	286.4	348.4	104.3

Source: Departments of Human Services and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.4.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Sale of goods and services	270.4	281.3	280.5	272.7	269.0
Commonwealth grants	3 052.9	3 256.1	3 249.9	3 424.0	3 393.0
Other grants	0.3	..	..	50.0	50.0
Fines	..	..	..	..	..
Fees	3.0	4.1	4.1	3.0	2.6
Other	6.2	74.5	74.5	9.0	12.2
Total administered income	3 332.7	3 616.0	3 609.0	3 758.7	3 726.7
Administered expenses					
Expenses on behalf of the State	1.3	..	..	149.9	..
Grants and other payments	0.3	..	..	..	..
Payments into the Consolidated Fund	3 333.7	3 616.0	3 609.0	3 708.7	3 676.7
Total administered expenses	3 335.3	3 616.0	3 609.0	3 858.6	3 676.7
Income less expenses	(2.6)	..	..	( 99.9)	50.0
Administered assets					
Cash assets	0.4	0.4	0.4	(49.6)	(99.6)
Receivables	11.1	11.1	11.1	61.1	111.1
Other financial assets	0.7	0.7	0.7	0.7	0.7
Other	53.2	53.2	53.2	53.2	53.2
Total administered assets	65.5	65.5	65.5	65.5	65.5
Administered liabilities					
Other	57.3	57.3	57.3	57.3	57.3
Total administered liabilities	57.3	57.3	57.3	57.3	57.3
Net assets	8.2	8.2	8.2	8.2	8.2

Source: Departments of Human Services and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.4.6: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	9 698.9	9 456.8	9 488.3	9 831.4
Receipts credited to appropriations	1 281.9	1 275.7	1 268.7	1 269.5
Unapplied previous years appropriation	91.4	91.4	66.6	62.3
Accumulated surplus - previously applied appropriation	..	..	139.0	9.2
Gross annual appropriation	11 072.2	10 823.9	10 962.6	11 172.3
Special appropriations	1 187.9	1 187.9	1 251.7	1 256.3
Trust funds	47.2	46.9	101.7	100.1
Total Parliamentary authority	12 307.2	12 058.7	12 316.0	12 528.7

Source: Departments of Human Services and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF INFRASTRUCTURE

The government recently announced the creation of a new Department of Transport which takes over responsibility for most of the functions of the former Department of Infrastructure. However, certain functions, in particular relating to Major Projects Victoria, have been transferred to the Department of Innovation, Industry and Regional Development. The new administrative arrangements came into effect on 30 April 2008-through Administrative Arrangements Order No. 199 of 2008. For financial reporting purposes, these transfers do not take effect until after the end of the current financial year 2007-08.

There is no net impact of these changes on the aggregate budget, however the full impact of these changes on the 2008-09 departmental estimates has yet to be quantified. Therefore, this machinery of government change has not been reflected in the 2008-09 Budget Papers. Any consequent adjustments to the departmental estimates and re allocation of appropriations will be made at a later date.

Operating performance

The Department of Infrastructure is estimated to have a net result of \$47 million in 2008-09, as shown in Table 3.5.1.

Total operating income is expected to decrease by \$241 million (5.2 per cent) in 2008-09 compared with the 2007-08 Revised Budget. Included in the 2007-08 Budget is one-off income of \$161 million to fund expenses incurred in prior years, including the buyback of the regional rail network lease and the settlement of claims in relation to the Southern Cross Station redevelopment and \$83 million relating to assets provided to the State by ConnectEast. In addition, funding from the Commonwealth for road projects is expected to reduce by \$179 million in 2008-09 reflecting the winding down of the Commonwealth Government's commitments under AusLink 1.

After discounting for these one-off items, operating income is estimated to increase by \$183 million (4.3 per cent). This increase is largely attributable to 2008-09 Budget initiatives, the ongoing impact of initiatives approved in prior years and increases in the capital assets charge relating to investments in rail assets held by VicTrack.

These increases have been partly offset by savings and the funding of some initiatives within existing resources.

Operating expenses, adjusted for items given free of charge in 2007-08, are estimated to increase by \$196 million (4.7 per cent) between the 2007-08 Revised Budget and the 2008-09 Budget. This reflects the increase in income outlined above and the impact of the revaluation of VicRoads' assets on depreciation expenses.

Investing and financing

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

The expected investments in new property, plant and equipment in 2008-09 reflect the approved cashflows for existing and new road asset initiatives announced in the 2008 09 Budget. New road asset funding in the 2008-09 Budget totals \$729 million.

Rail infrastructure investment is recorded in the balance sheet of VicTrack. In 2008-09, new rail initiatives include Dandenong Corridor Stage 2 – Westall Rail Upgrade with funding of \$151 million TEI, Country Passenger Rail Network Renewal and Maintenance with funding of \$142 million TEI, Laverton Rail Upgrade with funding of \$92 million TEI, Craigieburn Station Track Upgrade with funding of \$30 million TEI, Country Rail Freight Network Renewal and Maintenance with funding of \$24 million and procurement of rollingstock with funding of \$291 million TEI.

Balance sheet performance

The department's net assets are budgeted to increase by \$602 million from the 2007-08 Revised Budget to the 2008-09 budget.

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

Statement of administered items

Transactions administered by the Department of Infrastructure on behalf of the state include the collection of road and public transport regulatory fees and fines revenues and revenue received from the Commonwealth for road and rail projects. The budget also includes the progressive recognition of concession fees paid in advance by Transurban under the City Link contract.

Total administered income is budgeted to reduce in 2008-09 by \$125 million from the 2007-08 Revised Budget. This reduction is largely a result of a reduction in Commonwealth Revenue of \$159 million for road and rail projects, reflecting the winding-down of the Commonwealth Government's commitments under AusLink and land sales of \$17 million. This has been partly offset by additional taxation revenue of \$54 million.

Administered payments are likewise affected by the items outlined above.

Table 3.5.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	3 705.3	4 017.4	3 985.8	4 011.1	3 823.8
Special appropriations	1.7	1.7	1.7	2.0	2.0
Resources received free of charge or for nominal consideration	16.3	..	..	83.0	..
Sale of goods and services	207.4	166.4	166.4	185.6	194.9
Commonwealth grants	..	4.4	4.4	4.4	17.0
Taxes	9.0	..	..	..	..
Fines and fees	63.0	67.6	67.6	71.3	69.7
Revenue from other parties and other income	277.1	275.2	275.2	286.9	296.3
	4 279.8	4 532.6	4 501.0	4 644.2	4 403.7
Expenses					
Employee benefits	298.6	292.3	291.9	309.9	324.2
Depreciation and amortisation	365.5	358.9	358.9	358.4	422.2
Resources provided free of charge or for nominal consideration	27.0	..	..	72.9	..
Grants and other payments	1 488.6	1 478.7	1 447.6	1 446.8	1 552.6
Capital asset charge	68.3	70.8	70.8	70.8	73.6
Supplies and services	1 791.7	1 926.6	1 926.6	1 948.3	1 965.4
Finance costs	7.2	6.5	6.5	6.5	6.6
Other expenses	(3.3)	..	..	19.8	11.9
	4 043.6	4 133.9	4 102.3	4 233.2	4 356.5
Net result for the reporting period	236.2	398.8	398.8	411.0	47.3

Source: Departments of Infrastructure and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.5.2: Cash flow statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	3 591.3	3 999.2	3 967.6	3 994.4	3 863.6
Receipts from other entities	493.5	427.3	427.3	460.7	473.6
Payments for supplies, grants and employees	(3 755.8)	(3 653.0)	(3 621.4)	(3 669.2)	(3 839.0)
	329.0	773.5	773.5	785.8	498.2
Interest received	5.9	0.9	0.9	1.2	1.2
Finance costs expense	(7.2)	(6.5)	(6.5)	(6.5)	(6.6)
Capital asset charge	(68.3)	(70.8)	(70.8)	(70.8)	(73.6)
Other receipts	94.3	60.6	60.6	76.1	69.3
Net cash inflow from operating activities	353.7	757.8	757.8	785.9	488.4
Cash flows from investing activities					
Payments for property, plant and equipment	(852.9)	(983.0)	(983.0)	(922.0)	(936.8)
Proceeds from sale of property, plant and equipment	15.2	16.2	16.2	19.3	15.0
(Repayment of) loans by other entities	(4.9)	..	..	..	..
Net cash (outflow) from investing activities	(842.6)	(966.8)	(966.8)	(902.7)	(921.8)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	244.2	75.3	75.3	65.0	404.3
Net proceeds from borrowing	(12.7)	..	..	( 5.3)	..
Net cash inflows/(outflow) from financing activities	231.6	75.3	75.3	59.7	404.3
Net increase/(decrease) in cash held	(257.3)	(133.7)	(133.7)	(57.1)	(29.0)
Cash at the beginning of the financial year	727.2	469.8	469.8	469.8	412.7
Cash at the end of the financial year	469.8	336.2	336.2	412.7	383.7

Source: Departments of Infrastructure and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.5.3: Balance sheet

	(\$ million)					
	2007 Actual	2008 Budget	Estimated as at 30 June 2008 Adjusted ^(a)		2008 Revised	2009 Budget
Current assets						
Cash assets	469.8	336.2	336.2	412.7	383.7	
Other financial assets	50.0	50.0	50.0	50.0	50.0	
Receivables	548.6	577.1	577.1	572.7	552.3	
Inventories	4.6	5.6	5.6	4.6	4.6	
Prepayments	6.8	6.8	6.8	6.8	6.8	
Other assets	8.9	8.9	8.9	..	..
Total current assets	1 088.7	984.4	984.4	1 046.7	997.3	
Non-current assets						
Receivables	0.2	0.2	0.2	0.2	0.2	
Property, plant and equipment	19 528.8	20 151.8	20 151.8	22 572.7	23 075.4	
Intangible assets	18.8	18.8	18.8	18.8	18.8	
Other	51.5	4.2	4.2	50.5	50.5	
Total non-current assets	19 599.3	20 175.0	20 175.0	22 642.2	23 144.8	
Total assets	20 687.9	21 159.4	21 159.4	23 688.9	24 142.1	
Current liabilities						
Payables	809.7	573.7	573.7	752.0	582.8	
Interest-bearing liabilities	0.8	0.8	0.8	0.8	0.8	
Employee provisions	87.7	86.6	86.6	90.0	92.4	
Other	36.4	36.4	36.4	36.4	36.4	
Total current liabilities	934.6	697.6	697.6	879.3	712.4	
Non-current liabilities						
Interest-bearing liabilities	8.1	8.1	8.1	2.8	2.8	
Employee provisions	7.6	7.6	7.6	8.2	8.9	
Other	212.3	229.7	229.7	229.7	247.4	
Total non-current liabilities	228.0	245.4	245.4	240.8	259.1	
Total liabilities	1 162.6	943.0	943.0	1 120.0	971.6	
Net assets	19 525.3	20 216.5	20 216.5	22 568.9	23 170.5	
Equity						
Contributed capital	14 735.6	15 028.0	15 028.0	14 860.6	15 415.0	
Reserves	5 000.0	5 000.0	5 000.0	7 507.5	7 507.5	
Accumulated surplus/(deficit)	(210.3)	188.5	188.5	200.7	248.0	
Total equity	19 525.3	20 216.5	20 216.5	22 568.9	23 170.5	

Source: Departments of Infrastructure and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.5.4: Statement of changes in equity

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Gains/(losses) on revaluation of properties	32.2	..	..	2 507.5	..
Other	5.0	..	..	..	..
Net income recognised directly in equity	37.1	..	..	2 507.5	..
Net result for the period	236.2	398.8	398.8	411.0	47.3
Total recognised income and expense for the period	273.3	398.8	398.8	2 918.5	47.3

Source: Departments of Infrastructure and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.5.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Appropriations - Payments made on behalf of the State	18.5	..	..	..	..
Sale of goods and services	0.9	0.7	0.7	0.8	0.8
Commonwealth grants	339.8	394.7	394.7	426.6	268.0
Other grants	5.2	..	..	..	..
Taxes	1 319.2	1 373.2	1 373.2	1 366.1	1 419.6
Fines	13.3	15.1	15.1	22.4	15.8
Fees	60.3	52.1	52.1	52.1	55.8
Other	125.4	44.3	44.3	16.9	..
Total administered income	1 882.6	1 880.2	1 880.2	1 884.9	1 760.0
Administered expenses					
Expenses on behalf of the State	4.7	6.1	6.1	..	..
Grants and other payments	23.7	..	..	..	..
Payments into the Consolidated Fund	1 734.3	2 063.6	2 063.6	2 261.9	1 901.1
Total administered expenses	1 762.7	2 069.7	2 069.7	2 261.9	1 901.1
Income less expenses	119.9	(189.5)	(189.5)	(377.0)	(141.1)
Administered assets					
Cash assets	7.8	7.8	7.8	7.8	7.8
Receivables	575.5	495.2	495.2	203.7	67.9
Total administered assets	583.4	503.0	503.0	211.6	75.8
Administered liabilities					
Payables	10.7	10.7	10.7	10.7	10.7
Other	316.5	425.6	425.6	321.7	327.0
Total administered liabilities	327.2	436.3	436.3	332.4	337.7
Net assets	256.2	66.7	66.7	(120.8)	(261.9)

Source: Departments of Infrastructure and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.5.6: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	4 251.0	4 215.6	4 095.5	4 745.6
Receipts credited to appropriations	395.5	395.5	427.4	268.8
Unapplied previous years appropriation	223.4	205.4	203.4	162.8
Accumulated surplus - previously applied appropriation	8.4	8.4	9.5	41.6
Gross annual appropriation	4 878.2	4 824.8	4 735.9	5 218.8
Special appropriations	1.7	1.7	2.0	2.0
Trust funds	237.0	237.0	258.5	261.1
Total Parliamentary authority	5 116.9	5 063.5	4 996.3	5 481.9

Source: Departments of Infrastructure and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT

The government recently announced the creation of a new Department of Transport which takes over responsibility for most of the functions of former Department of Infrastructure. However, certain functions, in particular relating to Major Projects Victoria, have been transferred to the Department of Innovation, Industry and Regional Development (DIIRD). The new administrative arrangements came into effect on 30 April 2008 through Administrative Arrangements Order No. 199 of 2008. For financial reporting purposes, these transfers do not take effect until after the end of the current financial year 2007-08.

There is no net impact of these changes on the aggregate budget, however the full impact of these changes on the 2008-09 departmental estimates has yet to be quantified. Therefore, this machinery of government change has not been reflected in the 2008-09 Budget Papers. Any consequent adjustments to the departmental estimates and re-allocation of appropriations will be made at a later date.

Operating performance

DIIRD is expected to have a net result of \$118 million in 2008-09. This is an increase of \$13 million from the 2007-08 Revised Budget and \$88 million from the initial 2007-08 Budget.

DIIRD's surplus relates primarily to the TAFE Sector, partly as a result of Commonwealth revenue for capital projects that is received as income but applied to capital expenditure, therefore appearing as an operating surplus. The increased surplus in 2008-09 is the result of revised TAFE revenue and expenditure forecasts. DIIRD is also receiving non-recurrent funding to repay an advance relating to the Australian Synchrotron, which has contributed to the operating surplus in 2008-09.

Operating income for DIIRD is sourced from state government appropriations, commonwealth grants and external revenue for services provided primarily by TAFE colleges.

The total budgeted revenue in 2008-09 has declined by a total of \$19 million from the 2007-08 Revised Budget. This is due mainly to one-off funding received in 2007-08 for initiatives including Victorian Government International Networks, TAFE maintenance, drought and flood initiatives. This reduction has been partly offset by funding for new output initiatives including Creative Industries, Positioning Victoria Promoting Tourism, Australian Tourism Exchange, New Workforce New Workplace and non-recurring funding provided for the repayment of an advance relating to the Australian Synchrotron. Operating expenses for 2008-09 have also declined in line with the above.

Investing and financing

Cash flows from investing activities primarily reflect the purchase of property plant and equipment, associated with the TAFE capital program.

Balance sheet performance

DIIRD's net asset position is expected to increase by \$126 million compared to the 2007-08 Revised Budget. This reflects an increase in total assets relating to TAFE buildings, plant and equipment funded by Commonwealth and state government capital initiatives, and a decrease in liabilities related primarily to the repayment of an advance for the Australian Synchrotron.

Statement of administered items

DIIRD will receive an administered appropriation in 2008-09 for lease payments associated with the Melbourne Convention Centre which is expected to be operational in 2008-09. DIIRD has recognised an administered liability in relation to the lease payments, and also a loan payable to the department in relation to this.

Table 3.6.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	971.7	1 420.5	1 441.6	1 507.7	1 485.1
Resources received free of charge or for nominal consideration	(1.9)	..	..	..	..
Sale of goods and services	143.8	471.4	471.4	388.6	401.1
Commonwealth grants	148.6	294.4	294.4	313.5	312.5
Revenue from other parties and other income	70.6	48.8	48.8	85.7	77.6
	1 332.9	2 235.1	2 256.2	2 295.4	2 276.3
Expenses					
Employee benefits	406.1	924.3	927.3	911.3	938.4
Depreciation and amortisation	39.8	78.9	78.9	78.3	85.9
Resources provided free of charge or for nominal consideration	..	..	..	..	..
Grants and other payments	409.2	421.7	438.4	506.3	391.2
Capital asset charge	84.8	170.8	170.8	170.8	179.2
Supplies and services	232.9	609.7	611.0	523.9	563.9
Finance costs	0.1	0.5	0.5	0.2	0.2
Other expenses	1.1	..	..	..	..
	1 174.1	2 205.7	2 226.8	2 190.8	2 158.8
Net result for the reporting period	158.8	29.4	29.4	104.6	117.5

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.6.2: Cash flow statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Cash flows from operating activities					
Receipts from Government	1 100.2	1 712.4	1 733.5	1 812.9	1 793.6
Receipts from other entities	21.0	468.3	468.3	497.0	402.2
Payments for supplies, grants and employees	(846.5)	(1 953.2)	(1 974.3)	(1 932.6)	(1 893.0)
	274.6	227.5	227.5	377.3	302.9
Interest received	18.8	14.0	14.0	35.5	35.3
Finance costs expense	(0.1)	(0.5)	(0.5)	(0.2)	(0.2)
Capital asset charge	(84.8)	(170.8)	(170.8)	(170.8)	(179.2)
Other receipts	102.1	37.9	37.9	39.2	25.2
Net cash inflow from operating activities	310.6	108.1	108.2	280.9	184.0
Cash flows from investing activities					
Payments for property, plant and equipment	(1 161.0)	(114.0)	(114.0)	(219.7)	(166.2)
Proceeds from sale of property, plant and equipment	21.7	..	..	..	..
(Repayment of) loans by other entities	(170.5)	(4.9)	(4.9)	(224.0)	12.0
Net cash (outflow) from investing activities	(1 309.8)	(118.9)	(118.9)	(443.7)	(154.2)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	1 283.7	2.9	2.9	40.8	(29.6)
Net proceeds from borrowing	2.9	..	..	..	..
Net cash inflows/(outflow) from financing activities	1 286.5	2.9	2.9	40.8	(29.6)
Net increase/(decrease) in cash held	287.3	(7.8)	(7.8)	(121.9)	0.2
Cash at the beginning of the financial year	138.5	425.8	425.8	425.8	303.9
Cash at the end of the financial year	425.8	418.0	418.0	303.9	304.1

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.6.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted^(a)</i>	<i>Revised</i>	<i>Budget</i>
Current assets					
Cash assets	425.8	418.0	418.0	303.9	304.1
Other financial assets	111.6	111.5	111.5	323.2	306.1
Receivables	226.8	229.3	229.3	131.3	133.3
Inventories	10.0	10.0	10.0	8.6	9.5
Prepayments	10.2	10.2	10.2	17.8	10.1
Other assets	0.5	0.5	0.5	0.9	0.5
	785.0	779.5	779.5	785.7	763.6
Non-current assets classified as held for sale	0.1	0.1	0.1	0.1	0.1
Total current assets	785.0	779.6	779.6	785.7	763.6
Non-current assets					
Receivables	0.1	0.1	0.1	0.1	0.1
Other financial assets	58.8	58.8	58.8	61.3	61.3
Investments accounted for using equity method	15.0	20.0	20.0	25.0	30.0
Property, plant and equipment	2 243.7	2 278.8	2 278.8	2 385.8	2 449.3
Intangible assets	3.0	3.0	3.0	3.6	3.6
Other	0.1	0.1	0.1	0.1	0.1
Total non-current assets	2 320.8	2 360.9	2 361.0	2 475.9	2 544.5
Total assets	3 105.8	3 140.5	3 140.5	3 261.7	3 308.1
Current liabilities					
Payables	166.9	166.9	166.9	179.0	113.3
Interest-bearing liabilities	1.8	1.8	1.8	1.8	1.8
Employee provisions	131.5	132.2	132.2	142.4	116.3
Other	54.7	54.7	54.7	58.5	50.5
Total current liabilities	354.9	355.6	355.6	381.6	281.9
Non-current liabilities					
Interest-bearing liabilities	3.6	3.6	3.6	3.6	3.6
Employee provisions	25.3	27.0	27.0	26.1	55.9
Amounts owing to other departments	0.9	0.9	0.9	0.9	0.9
Other	40.0	40.0	40.0	30.0	20.0
Total non-current liabilities	69.8	71.4	71.4	60.6	80.4
Total liabilities	424.6	427.0	427.0	442.2	362.3
Net assets	2 681.2	2 713.5	2 713.5	2 819.4	2 945.8
Equity					
Contributed capital	702.1	726.0	726.0	756.8	765.7
Reserves	979.2	979.2	979.2	979.2	979.2
Accumulated surplus/(deficit)	999.9	1 008.3	1 008.3	1 083.5	1 201.0
Total equity	2 681.2	2 713.5	2 713.5	2 819.4	2 945.8

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.6.4: Statement of changes in equity

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Gains/(losses) on revaluation of properties	968.7	..	..	..	..
Other	722.9	..	..	..	..
Net income recognised directly in equity	1 691.6	..	..	..	..
Net result for the period	158.8	29.4	29.4	104.6	117.5
Total recognised income and expense for the period	1 850.3	29.4	29.4	104.6	117.5

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.6.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Appropriations - Payments made on behalf of the State	..	..	..	..	27.0
Commonwealth grants	0.1	..	..	..	..
Fines	..	0.2	0.2	..	..
Fees	..	2.2	2.2	..	..
Other	6.3	5.3	5.3	5.3	22.2
Total administered income	6.4	7.6	7.6	5.3	49.2
Administered expenses					
Expenses on behalf of the State	(0.3)	0.1	0.1	0.1	16.1
Grants and other payments	..	..	..	..	4.0
Payments into the Consolidated Fund	5.7	7.5	7.5	5.2	5.2
Total administered expenses	5.4	7.6	7.6	5.3	25.3
Income less expenses	1.0	..	..	..	23.9
Administered assets					
Cash assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Receivables	45.8	45.8	45.8	45.8	599.8
Total administered assets	45.7	45.7	45.7	45.7	599.7
Administered liabilities					
Payables	..	..	..	..	..
Interest bearing liabilities	..	..	..	..	531.0
Other	93.2	93.2	93.2	93.2	92.3
Total administered liabilities	93.2	93.2	93.2	93.2	623.3
Net assets	(47.5)	(47.5)	(47.5)	(47.5)	(23.6)

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Payments made on behalf of the State

Payments on behalf of the state are payments made by the department on behalf of the State Government as a whole and do not directly reflect the operations of the department. They are usually on-passed or administered by the state.

Table 3.6.6: Payments made on behalf of the State

Accounts	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Finance Lease Interest	16.0
Grants to Govt PNFCs - Within P/folio	4.0
Finance Lease Liability	7.0
Total	27.0

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the Department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.6.7: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	1 406.5	1 424.1	1 468.5	1 507.7
Unapplied previous years appropriation	16.9	20.4	50.1	9.2
Accumulated surplus - previously applied appropriation	..	..	2.5	..
Gross annual appropriation	1 423.4	1 444.5	1 521.1	1 517.0
Trust funds	319.5	319.5	24.0	18.6
Total Parliamentary authority	1 742.9	1 764.0	1 545.0	1 535.5

Source: Departments of Innovation, Industry and Regional Development and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF JUSTICE

Operating performance

The Department of Justice operating result is forecast to improve marginally in 2008-09 to \$27 million up from a revised forecast of \$20 million for 2007-08.

The revised 2007-08 operating surplus is lower than originally forecast for 2007-08 due mainly to the payment of \$50 million in grants from the Victorian Property Fund to the Office of Housing for investment in new public housing. This is partly offset by industry-based trust account revenue, which forms the dominant funding source for consumer protection services and continues to be the major influence on the underlying operating performance of the department.

Output appropriation revenue in 2008-09 will increase by \$248 million compared to the 2007-08 Revised Budget and is mainly due to either new output initiatives announced in this budget or the continuing implementation of initiatives commenced in earlier budgets. Expenses are estimated to increase by approximately the same amount as revenue. The 2008-09 Budget estimate also includes escalation funding reflecting the increasing cost of providing existing outputs, as well as \$54 million (Police \$25 million, Justice \$29 million) of output funding expected to be carried over from the 2007-08 Budget.

Major initiatives funded in the 2008-09 Budget account for most of the increase in appropriation revenue. These include:

- \$53 million for Building Confidence in Corrections;
- \$9.1 million for the Gambling Licences Review;
- \$6.0 million for Reducing Court Delays;
- \$4.2 million for Victoria Police Forensic Capability;
- \$4.2 million for Mortuary Services; and
- \$3.8 million for Maritime Security.

Estimated 2008-09 Justice operating expenses also include \$14 million in additional depreciation and capital asset charge costs which flow directly from new asset initiatives being funded in the 2008-09 Budget.

Initiatives announced in the 2007-08 Budget that will receive further incremental funding in the 2008-09 Budget include: Additional Police Resources; Increase in the Police Vehicle Fleet and Increase in State Compensation for Victims of Crime.

Investing and financing

The increase in payments for property, plant and equipment in 2008-09 reflects the new asset investment program for Justice and Police including major new initiatives such as Building Confidence in Corrections and the refurbishment of the old county court in William Street.

New asset investments for 2008-09 are financed by a net cash inflow from operating activities of \$158 million and a capital contribution from the state government of \$141 million.

The increase in net proceeds from capital contribution by state government in 2007-08 relates to the transfer of assets totalling \$122 million to the Emergency Services Telecommunications Authority (ESTA). This transfer is offset by a reduction in liabilities of \$138 million shown as a reduction in net proceeds from borrowing.

Balance sheet performance

The department's 2008-09 net asset position is estimated to improve by \$169 million compared to the 2007-08 Revised Budget. This comprises an estimated increase in total assets of \$184 million, partially offset by an estimated increase in total liabilities of \$15 million, the latter being attributable largely to movements in the value of employee entitlement provisions.

Movements in property, plant and equipment reflect continued investment in new assets across the justice portfolio in areas such as corrections, forensic services and police, offset by the transfer of assets to ESTA as noted above. Reductions in interest bearing liabilities in 2007-08 reflect the transfer of lease liabilities to ESTA associated with emergency communications assets.

Statement of administered items

Revenues administered by the Department of Justice on behalf of the state and third parties are forecast to rise by \$158 million (6.6 per cent) in 2008-09 relative to the 2007-08 Revised Budget. Total administered expenses are forecast to increase by \$188 million over the same period.

Revenue from fines is expected to rise in 2008-09 when compared with the 2007-08 Revised Budget. This increase is partly attributable to the commencement of the new EastLink tollway and the subsequent installation of road safety cameras.

The aggregate level of taxation, regulatory fee and fine revenue expected to be paid into the consolidated fund in 2008-09 will increase by \$160 million. Excluding the increase in fines described above this remains generally consistent with expectations in relation to other gaming revenue.

Expenses on behalf of the state have increased relative to the 2007-08 published target 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 3.7.1: Operating statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Income					
Output appropriations	2 790.4	2 979.6	2 979.6	3 056.0	3 303.7
Special appropriations	100.3	74.5	74.5	93.9	113.7
Resources received free of charge or for nominal consideration	..	..	..	14.7	..
Sale of goods and services	55.9	..	..	10.4	2.8
Commonwealth grants	1.1	0.3	0.3	..	..
Fines and fees	7.2	7.9	7.9	7.7	8.0
Revenue from other parties and other income	157.7	137.8	137.8	184.6	180.3
	3 112.6	3 200.2	3 200.2	3 367.2	3 608.5
Expenses					
Employee benefits	1 645.5	1 701.5	1 701.5	1 790.1	1 870.3
Depreciation and amortisation	142.8	138.0	138.0	148.3	154.5
Resources provided free of charge or for nominal consideration	0.7	..	..	..	..
Grants and other payments	177.5	174.9	174.9	258.9	234.9
Capital asset charge	114.5	122.5	122.5	122.5	138.8
Supplies and services	867.9	962.3	962.3	977.1	1 135.9
Finance costs	58.8	51.7	51.7	48.5	46.7
Other expenses	6.6	4.5	4.5	1.5	..
	3 014.3	3 155.3	3 155.3	3 346.9	3 581.1
Net result for the reporting period	98.3	44.9	44.9	20.3	27.4

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.7.2: Cash flow statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	2 843.6	3 011.4	3 011.4	3 110.7	3 371.8
Receipts from other entities	42.3	39.7	39.7	55.1	46.4
Payments for supplies, grants and employees	(2 595.7)	(2 806.2)	(2 806.2)	(2 995.3)	(3 206.5)
	290.2	244.9	244.9	170.5	211.8
Interest received	93.2	87.8	87.8	104.4	111.1
Finance costs expense	(58.8)	(51.5)	(51.5)	(48.3)	(46.4)
Capital asset charge	(114.5)	(122.5)	(122.5)	(122.5)	(138.8)
Other receipts	8.6	15.2	15.2	39.6	20.3
Net cash inflow from operating activities	218.6	174.0	174.0	143.7	158.0
Cash flows from investing activities					
Payments for property, plant and equipment	(232.3)	(177.2)	(177.2)	(169.0)	(281.9)
Proceeds from sale of property, plant and equipment	26.8	20.0	20.0	34.0	34.0
(Repayment of) loans by other entities	(60.6)	(48.8)	(48.8)	(11.0)	(17.6)
Net cash (outflow) from investing activities	(266.1)	(206.0)	(206.0)	(146.0)	(265.5)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	110.1	51.3	51.3	173.5	141.3
Net proceeds from borrowing	(44.2)	(20.2)	(20.2)	(158.6)	(20.9)
Net cash inflows/(outflow) from financing activities	65.9	31.0	31.0	14.9	120.3
Net increase/(decrease) in cash held	18.4	(0.9)	(0.9)	12.6	12.8
Cash at the beginning of the financial year	43.2	61.5	61.5	61.5	74.2
Cash at the end of the financial year	61.5	60.6	60.6	74.2	87.0

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.7.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007 Actual</i>	<i>2008 Budget</i>	<i>2008 Adjusted^(a)</i>	<i>2008 Revised</i>	<i>2009 Budget</i>
Current assets					
Cash assets	61.5	60.6	60.6	74.2	87.0
Other financial assets	381.1	429.9	429.9	392.1	409.7
Receivables	470.7	517.7	517.7	509.0	558.0
Inventories	9.8	9.8	9.8	9.8	9.8
Prepayments	9.0	9.0	9.0	9.0	9.0
	932.1	1 027.0	1 027.0	994.0	1 073.5
Non-current assets classified as held for sale	15.2	15.2	15.2	15.2	15.2
Total current assets	947.3	1 042.2	1 042.2	1 009.2	1 088.7
Non-current assets					
Property, plant and equipment	2 348.3	2 364.2	2 363.6	2 224.8	2 330.4
Intangible assets	32.6	31.5	31.5	31.1	29.7
Total non-current assets	2 380.9	2 395.7	2 395.1	2 255.9	2 360.0
Total assets	3 328.2	3 437.9	3 437.3	3 265.1	3 448.7
Current liabilities					
Payables	196.3	196.3	196.3	186.5	186.5
Interest-bearing liabilities	94.8	83.0	83.0	69.3	68.6
Employee provisions	465.6	484.1	484.1	484.1	504.6
Other	8.7	8.7	8.7	8.7	8.7
Total current liabilities	765.3	772.0	772.0	748.6	768.4
Non-current liabilities					
Interest-bearing liabilities	569.9	561.4	561.4	436.7	416.6
Employee provisions	44.2	59.3	59.3	59.3	74.3
Other	0.1	0.1	0.1	0.1	0.1
Amounts owing to other departments	7.3	7.6	7.6	7.6	7.8
Total non-current liabilities	621.5	628.4	628.4	503.7	498.9
Total liabilities	1 386.8	1 400.5	1 400.5	1 252.3	1 267.3
Net assets	1 941.3	2 037.5	2 036.9	2 012.8	2 181.4
Equity					
Contributed capital	1 016.3	1 067.6	1 067.0	1 067.5	1 208.7
Reserves	434.7	434.7	434.7	434.7	434.7
Accumulated surplus/(deficit)	490.3	535.2	535.2	510.6	538.0
Total equity	1 941.3	2 037.5	2 036.9	2 012.8	2 181.4

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.7.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Gains/(losses) on revaluation of properties	227.6	..	..	..	..
Other	3.1	..	..	..	..
Net income recognised directly in equity	230.7	..	..	..	..
Net result for the period	98.3	44.9	44.9	20.3	27.4
Total recognised income and expense for the period	329.0	44.9	44.9	20.3	27.4

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.7.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Appropriations - Payments made on behalf of the State	47.0	46.4	46.4	46.3	48.3
Special appropriations	37.3	35.2	35.2	38.9	39.9
Sale of goods and services	103.4	100.5	100.5	113.5	126.6
Commonwealth grants	52.2	53.7	53.7	54.0	55.2
Other grants	0.5	..	..	..	..
Taxes	1 508.4	1 529.8	1 529.8	1 586.3	1 651.9
Fines	381.9	464.9	464.9	398.9	467.3
Fees	114.2	112.5	112.5	128.5	138.3
Other	21.0	18.1	18.1	20.5	17.2
Total administered income	2 265.9	2 361.0	2 361.0	2 386.9	2 544.8
Administered expenses					
Expenses on behalf of the State	156.5	58.2	58.2	194.8	221.9
Grants and other payments	40.6	31.0	31.0	34.7	35.6
Payments into the Consolidated Fund	2 006.2	2 197.2	2 197.2	2 217.5	2 377.7
Total administered expenses	2 203.3	2 286.3	2 286.3	2 447.0	2 635.2
Income less expenses	62.6	74.7	74.7	(60.2)	(90.4)
Administered assets					
Cash assets	58.0	58.7	58.7	61.2	64.3
Receivables	470.2	544.1	544.1	408.6	315.1
Other financial assets	6.5	6.6	6.6	6.5	6.5
Property, plant and equipment	..	..	..	..	..
Total administered assets	534.7	609.4	609.4	476.2	385.8
Administered liabilities					
Payables	64.0	63.9	63.9	63.9	63.9
Provisions	0.2	0.2	0.2	0.2	0.2
Other	0.9	0.9	0.9	0.9	0.9
Total administered liabilities	65.1	65.1	65.1	65.1	65.1
Net assets	469.7	544.3	544.3	411.2	320.8

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Payments made on behalf of the State

Payments on behalf of the state are payments made by the department on behalf of the State Government as a whole and do not directly reflect the operations of the department. They are usually on-passed or administered by the state.

Table 3.7.6: Payments made on behalf of the State

(\$ million)				
Accounts	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Tattersalls duty payments to other jurisdictions	46.4	46.4	46.3	48.3
Total	46.4	46.4	46.3	48.3

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.7.7: Parliamentary authority for resources

(\$ million)				
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	2 949.2	2 949.2	2 956.9	3 331.5
Receipts credited to appropriations	91.0	91.0	119.4	108.5
Unapplied previous years appropriation	34.2	34.2	74.2	58.9
Accumulated surplus - previously applied appropriation	..	..	19.1	..
Gross annual appropriation	3 074.4	3 074.4	3 169.6	3 498.9
Special appropriations	114.4	114.4	137.2	153.6
Trust funds	147.6	147.6	223.7	197.2
Total Parliamentary authority	3 336.4	3 336.4	3 530.4	3 849.8

Source: Departments of Justice and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

Operating performance

The Department of Planning and Community Development (DPCD) is estimated to have an operating deficit of \$5.3 million in the 2008-09 Budget. This deficit results from the timing of payments from the Community Support Fund (CSF) for community projects in the 2008-09 year. The CSF itself is not in deficit.

The largest component of DPCD's income is output appropriation provided by the state government of Victoria. Most of this will be applied in the provision of grants to external organisations for delivery of a range of programs. The statement also includes a portion of revenue from electronic gaming machines, which is paid into the CSF and applied to CSF programs.

The estimated increase in revenue and expenses in 2008-09 compared to 2007-08 is largely due to the transfer of Planning portfolio functions to DPCD from the Department of Sustainability and Environment (DSE) as a result of the machinery of government changes. Further contributing to movements between the two budget years are new output initiatives announced in the 2008-09 Budget.

The decrease in the deficit from the 2007-08 Adjusted year to the 2007-08 Revised year relates to higher revenue and lower than estimated expenditure from the CSF.

Investing and financing

Payments for property, plant and equipment for the 2008-09 Budget year are budgeted at \$48 million. Cash outflows for investing activities relate to DPCD's existing capital investment program and new capital investment initiatives announced in the 2008-09 Budget. The net cash inflow from financing activities is mostly due to an increase in capital funding transferred to DPCD as part of the machinery of government changes along with new initiatives as part of the 2008-09 Budget.

Balance sheet performance

DPCD's net asset position is budgeted to increase due to the new capital investments initiatives announced as part of the 2008-09 Budget.

Statement of administered items

Transactions administered by DPCD on behalf of the State include:

- Commonwealth payments to local government; and
- ANZAC Day racing proceeds.

Table 3.8.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	301.3	292.6	370.6	405.1	448.3
Special appropriations	92.4	88.4	88.4	96.5	101.8
Resources received free of charge or for nominal consideration	0.6	..	..	..	..
Sale of goods and services	12.1	..	1.0	1.0	1.0
Revenue from other parties and other income	36.2	15.3	15.3	41.4	11.0
	442.6	396.3	475.3	544.0	562.1
Expenses					
Employee benefits	55.8	50.1	72.4	73.7	75.1
Depreciation and amortisation	4.9	4.6	4.9	4.9	4.9
Resources provided free of charge or for nominal consideration	4.5	..	..	..	..
Grants and other payments	325.5	310.7	339.6	389.7	373.4
Capital asset charge	5.0	3.7	4.6	4.6	5.7
Supplies and services	58.5	45.2	71.8	74.5	103.2
Finance costs	0.2	..	..	..	..
Other expenses	1.9	..	..	1.8	5.2
	456.4	414.3	493.3	549.3	567.5
Net result for the reporting period	(13.8)	(18.1)	(18.1)	(5.4)	(5.3)

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.8.2: Cash flow statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Cash flows from operating activities					
Receipts from Government	400.2	381.0	450.0	494.3	550.7
Receipts from other entities	44.8	13.5	13.8	38.1	5.1
Payments for supplies, grants and employees	(367.2)	(406.0)	(474.5)	(530.6)	(551.7)
	77.8	(11.6)	(10.7)	1.9	4.2
Interest received	4.2	1.8	1.8	3.6	1.7
Finance costs expense	(0.2)	..	..	..	..
Capital asset charge	(5.0)	(3.7)	(4.6)	(4.6)	(5.7)
Other receipts	4.9	..	(0.2)	(0.2)	..
Net cash inflow from operating activities	81.6	(13.4)	(13.7)	0.7	0.2
Cash flows from investing activities					
Payments for property, plant and equipment	93.0	(2.8)	(22.3)	(18.8)	(47.9)
Proceeds from sale of property, plant and equipment	0.1	..	..	..	..
(Repayment of) loans by other entities	8.3	18.0	18.0	5.2	5.1
Net cash (outflow) from investing activities	101.3	15.2	(4.2)	(13.5)	(42.8)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	(177.8)	(1.6)	18.1	13.8	43.2
Net proceeds from borrowing	0.6	..	..	..	..
Net cash inflows/(outflow) from financing activities	(177.2)	(1.6)	18.1	13.8	43.2
Net increase/(decrease) in cash held	5.8	0.1	0.2	1.0	0.5
Cash at the beginning of the financial year	31.0	36.8	36.8	36.8	37.7
Cash at the end of the financial year	36.8	36.9	36.9	37.7	38.3

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.8.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted^(a)</i>	<i>Revised</i>	<i>Budget</i>
Current assets					
Cash assets	36.8	36.9	36.9	37.7	38.3
Other financial assets	45.5	27.4	27.4	40.2	35.1
Receivables	46.9	46.9	56.7	55.0	54.4
Inventories	0.3	0.3	(0.1)	(0.1)	(0.1)
Prepayments	0.1	0.1	0.3	0.3	0.3
Total current assets	129.5	111.6	121.2	133.1	127.9
Non-current assets					
Property, plant and equipment	34.7	32.9	139.9	136.3	177.1
Intangible assets	6.0	6.0	6.0	6.0	8.3
Total non-current assets	40.7	38.9	145.9	142.3	185.3
Total assets	170.2	150.5	267.1	275.4	313.2
Current liabilities					
Payables	32.9	32.9	34.3	34.3	34.3
Interest-bearing liabilities	2.1	2.1	2.1	2.1	2.1
Employee provisions	13.4	13.4	15.2	15.2	15.2
Other	2.2	2.2	2.3	2.3	2.3
Total current liabilities	50.6	50.6	54.0	54.0	54.0
Non-current liabilities					
Interest-bearing liabilities	0.6	0.6	0.6	0.6	0.6
Employee provisions	1.6	1.6	7.3	7.3	7.3
Total non-current liabilities	2.2	2.2	7.8	7.8	7.8
Total liabilities	52.8	52.8	61.8	61.8	61.8
Net assets	117.4	97.7	205.3	213.6	251.4
Equity					
Contributed capital	110.9	109.3	216.9	212.5	255.7
Reserves	79.2	79.2	79.2	79.2	79.2
Accumulated surplus/(deficit)	(72.7)	(90.8)	(90.8)	(78.1)	(83.4)
Total equity	117.4	97.7	205.3	213.6	251.4

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.8.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Gains/(losses) on revaluation of properties	0.4	..	..	..	..
Other	0.1	..	..	..	..
Net income recognised directly in equity	0.5	..	..	..	..
Net result for the period	(13.8)	(18.1)	(18.1)	(5.4)	(5.3)
Total recognised income and expense for the period	(13.3)	(18.1)	(18.1)	(5.4)	(5.3)

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.8.5: Administered items statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Administered income					
Appropriations - Payments made on behalf of the State	0.4	0.4	0.4	1.3	0.5
Sale of goods and services	14.3	1.9	1.9	1.9	1.9
Commonwealth grants	395.1	408.8	408.8	415.4	430.9
Fees	3.9	..	..	..	..
Other	6.5	..	..	..	..
Total administered income	420.2	411.1	411.1	418.6	433.3
Administered expenses					
Expenses on behalf of the State	(0.4)	..	..	..	..
Grants and other payments	395.5	409.2	409.2	416.7	431.4
Payments into Consolidated Fund	21.5	1.9	1.9	1.9	1.9
Total administered expenses	416.5	411.1	411.1	418.6	433.3
Income less expenses	3.6	..	..	..	..
Administered assets					
Cash assets	0.1	0.1	0.1	0.1	0.1
Receivables	0.1	0.1	0.2	0.2	0.2
Inventories	..	..	..	..	..
Total administered assets	0.2	0.2	0.2	0.2	0.2
Administered liabilities					
Other	..	..	..	..	..
Total administered liabilities	..	..	..	..	..
Net assets	0.2	0.2	0.2	0.2	0.2

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Payments made on behalf of the State

Payments on behalf of the state are payments made by the department on behalf of the State Government as a whole and do not directly reflect the operations of the department. They are usually on-passed or administered by the state.

Table 3.8.6: Payments made on behalf of the State

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Current grants	..	..	0.9	..
Anzac Day administered trust	0.4	0.4	0.4	0.5
Total	0.4	0.4	1.3	0.5

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the DPCD to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.8.7: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	360.3	461.1	480.7	588.7
Unapplied previous years appropriation	10.0	28.3	39.8	21.4
Accumulated surplus - previously applied appropriation	..	..	1.7	..
Gross annual appropriation	370.3	489.4	522.3	610.1
Special appropriations	88.4	88.4	96.5	101.8
Trust funds	424.0	425.0	457.8	437.4
Total Parliamentary authority	882.8	1 002.8	1 076.6	1 149.3

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

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF PREMIER AND CABINET

Operating performance

The Department of Premier and Cabinet (DPC) is estimated to have an operating surplus of \$7.2 million for 2008-09, compared to a \$7.5 million deficit in 2007-08, representing a difference of \$15 million.

Overall, DPC's revenue estimates for 2008-09 reflect an \$88 million increase compared with the 2007-08 Revised Budget. This increase consists mainly of:

- an increase in operating funding provided by government (\$35 million);
- a contribution by Melbourne University towards the building of the Melbourne Theatre Company (MTC) complex (\$17 million); and
- land received free of charge for the Melbourne Recital Centre (MRC) complex (\$21 million).

The increase in operational income provided by government includes increased funding for depreciation expenses, reflecting solely a change in the accounting treatment of capital funding (\$24 million) and new output initiatives, including:

- the MRC's operations;
- ACMI: Supporting the New Gallery The Story of the Moving Image;
- Centre for Books, Writing and Ideas; and
- Late Night Thursdays at Federation Square.

The expenditure increase (\$73 million) is due primarily to the transfer (free of charge) of the MTC land and building at Southbank to Melbourne University (\$59m), with the remainder reflecting the increases in funding for activities referred to above.

Investing and financing

The Cash flow statement shows a decrease of \$63 million in capital expenditure between the 2007-08 Revised Budget and the 2008-09 Budget. This reflects that the MRC/MTC complex was largely completed during 2007-08.

Balance sheet performance

The department's net asset position in 2008-09 is estimated to increase by \$18 million compared with the 2007-08 Revised Budget, principally as a result of the following:

- liabilities are estimated to reduce, as unearned income is bought to account for the MRC/MTC complex;
- receivables are expected to increase as appropriation received for depreciation is not expected to be fully drawn down in cash; and
- property, plant and equipment will decrease, principally due to the transfer of the MTC land and buildings to Melbourne University. This will be partially offset by increases due to various existing and new initiatives, net of depreciation charged.

Table 3.9.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	452.8	469.7	469.7	438.5	473.1
Special appropriations	6.0	6.2	6.2	6.2	6.2
Resources received free of charge or for nominal consideration	0.5	0.4	0.4	0.4	21.4
Sale of goods and services	31.9	31.0	31.0	34.7	35.5
Commonwealth grants	1.1	..	..	..	..
Revenue from other parties and other income	57.5	45.0	45.0	35.2	66.5
	549.8	552.3	552.3	515.1	602.8
Expenses					
Employee benefits	164.9	176.9	176.9	171.2	179.7
Depreciation and amortisation	35.8	45.1	45.1	44.3	44.7
Resources provided free of charge or for nominal consideration	0.5	0.6	0.6	0.4	59.2
Grants and other payments	75.7	63.0	63.0	65.6	69.9
Capital asset charge	93.3	97.0	97.0	97.0	97.7
Supplies and services	147.7	161.2	161.2	144.1	144.1
Finance costs	0.4	0.2	0.2	0.2	0.2
Other expenses	0.3	0.5	0.5	..	..
	518.5	544.5	544.5	522.6	595.5
Net result for the reporting period	31.3	7.8	7.8	(7.5)	7.2

Source: Departments of Premier and Cabinet and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.9.2: Cash flow statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	466.2	472.1	472.1	434.5	464.5
Receipts from other entities	46.1	40.0	40.0	43.7	43.1
Payments for supplies, grants and employees	(393.0)	(399.7)	(399.7)	(381.3)	(392.5)
	119.3	112.4	112.4	96.9	115.1
Interest received	9.9	5.8	5.8	4.8	4.8
Finance costs expense	(0.4)	(0.2)	(0.2)	(0.2)	(0.2)
Capital asset charge	(93.3)	(97.0)	(97.0)	(97.0)	(97.7)
Other receipts ^(b)	27.0	32.8	32.8	41.6	16.1
Net cash inflow from operating activities	62.5	53.7	53.7	46.1	38.1
Cash flows from investing activities					
Payments for property, plant and equipment ^(b)	(83.9)	(96.0)	(96.0)	(102.8)	(40.2)
Proceeds from sale of property, plant and equipment	0.8	..	..	..	..
(Repayment of) loans by other entities	16.7	3.0	3.0	3.7	(5.3)
Net cash inflow/(outflow) from investing activities	(66.3)	(93.0)	(93.0)	(99.1)	(45.5)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	(6.7)	38.9	38.9	57.6	10.2
Net proceeds from borrowing	(1.3)	(1.8)	(1.8)	(1.8)	..
Net cash inflow/(outflow) from financing activities	(7.9)	37.1	37.1	55.9	10.2
Net increase/(decrease) in cash held	(11.7)	(2.1)	(2.1)	2.8	2.8
Cash at the beginning of the financial year	28.5	16.8	16.8	16.8	19.6
Cash at the end of the financial year	16.8	14.7	14.7	19.6	22.5

Source: Departments of Premier and Cabinet and Treasury and Finance

Notes:

- (a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.
- (b) 2008-09 Budget variance partly relates to accounting treatment for contributions received towards the construction of the Melbourne Recital Centre and Melbourne Theatre Company Theatre

Table 3.9.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted^(a)</i>	<i>Revised</i>	<i>Budget</i>
Current assets					
Cash assets	16.8	14.7	14.7	19.6	22.5
Other financial assets	85.3	82.6	82.6	81.6	87.1
Receivables	61.7	62.3	62.3	68.8	83.2
Inventories	6.3	6.3	6.3	6.3	6.3
Prepayments	3.4	3.3	3.3	3.3	3.2
Total current assets	173.5	169.2	169.2	179.6	202.3
Non-current assets					
Other financial assets	2.2	2.2	2.2	2.5	2.9
Property, plant and equipment	4 675.9	4 721.4	4 721.4	4 759.4	4 716.7
Intangible assets	5.9	5.9	5.9	5.9	5.9
Total non-current assets	4 683.9	4 729.4	4 729.4	4 767.8	4 725.4
Total assets	4 857.4	4 898.7	4 898.7	4 947.4	4 927.7
Current liabilities					
Payables	30.7	25.8	25.8	24.1	23.7
Interest-bearing liabilities	2.0	2.0	2.0	2.0	2.0
Employee provisions	30.4	30.8	30.8	30.7	30.9
Other	4.0	3.8	3.8	20.9	3.6
Total current liabilities	67.1	62.3	62.3	77.6	60.1
Non-current liabilities					
Interest-bearing liabilities	3.6	1.8	1.8	1.8	1.8
Employee provisions	4.1	5.0	5.0	4.9	5.8
Other	21.0	21.0	21.0	21.0	..
Total non-current liabilities	28.7	27.8	27.8	27.7	7.6
Total liabilities	95.8	90.1	90.1	105.3	67.7
Net assets	4 761.6	4 808.5	4 808.5	4 842.1	4 860.0
Equity					
Contributed capital	1 578.5	1 615.1	1 615.1	1 635.3	1 644.9
Reserves	3 067.3	3 067.3	3 067.3	3 098.4	3 099.4
Accumulated surplus/(deficit)	115.9	123.7	123.7	108.4	115.7
Total equity	4 761.6	4 806.1	4 806.1	4 842.1	4 860.0

Source: Departments of Premier and Cabinet and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.9.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Gains/(losses) on revaluation of properties	101.2	..	..	30.2	..
Available for sale financial assets	(1.7)	..	..	..	..
Other	(1.5)	..	..	1.0	1.0
Net income recognised directly in equity	98.0	..	..	31.2	1.0
Net result for the period	31.3	7.8	7.8	(7.5)	7.2
Total recognised income and expense for the period	129.3	7.8	7.8	23.7	8.2

Source: Departments of Premier and Cabinet and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.9.5: Administered items statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Administered income					
Sale of goods and services	0.3	0.9	0.9	0.9	1.0
Other grants	0.4	..	..	..	..
Other	0.4	0.3	0.3	0.3	0.3
Total administered income^(b)	1.1	1.2	1.2	1.2	1.2
Administered expenses					
Expenses on behalf of the State	..	..	..	..	..
Payments into the Consolidated Fund	0.9	1.2	1.2	1.2	1.2
Total administered expenses^(b)	0.9	1.2	1.2	1.2	1.2
Income less expenses	0.2	..	..	..	..
Administered assets					
Cash assets	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Receivables	2.0	0.3	0.3	0.3	0.3
Total administered assets	1.9	0.2	0.2	0.2	0.2
Administered liabilities					
Payables	1.7	(0.1)	(0.1)	(0.1)	(0.1)
Total administered liabilities	1.7	(0.1)	(0.1)	(0.1)	(0.1)
Net assets	0.3	0.3	0.3	0.3	0.3

Source: Departments of Premier and Cabinet and Treasury and Finance

Notes:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

(b) Relates to sale of goods and services receipts retention.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to DPC to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.9.6: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	498.0	498.0	486.4	471.6
Receipts credited to appropriations	0.9	0.9	0.9	0.9
Unapplied previous years appropriation	10.3	10.3	8.5	10.8
Accumulated surplus - previously applied appropriation	..	..	1.0	..
Gross annual appropriation	509.3	509.3	496.8	483.3
Special appropriations	6.2	6.2	6.2	6.2
Trust funds	15.6	15.6	8.7	37.6
Total Parliamentary authority	531.1	531.1	511.8	527.1

Source: Departments of Premier and Cabinet and Treasury and Finance

Note:

- (a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF PRIMARY INDUSTRIES

Operating performance

The Department of Primary Industries (DPI) is expected to break even for 2008-09, in line with the 2007-08 Revised Budget position.

Operating income for DPI is sourced from state government appropriations, Commonwealth grants and external revenue received predominantly for scientific research and extension projects. The operating income for DPI for the 2008-09 Budget is expected to be \$481 million, a \$113 million reduction from the 2007-08 Revised Budget. This decrease is primarily due to the currently scheduled end dates of Commonwealth grants for Exceptional Circumstances drought assistance, and the expected completion of other drought initiatives such as the Municipal Rate Subsidy Scheme, Water Tank Rebates and On-Farm Productivity grants. This decrease is offset by new approved initiatives related to the Future Farming Statement and future energy technology.

Operating expenses are anticipated to decrease in line with income, with a projected reduction in grant payments with the reduction in Commonwealth/State Exceptional Circumstances drought relief assistance. If further extensions of Exceptional Circumstances are declared then this may need to be revised during 2008-09 along with the matching increase in revenue.

Investing and financing

The increase in cash flows from investing activities from \$16 million in the 2007-08 Revised Budget to \$105 million in the 2008-09 Budget is due primarily to a capital injection for new scientific infrastructure, namely the Biosciences Research Centre being developed at Latrobe University's Bundoora campus. Payments for construction works on the Melbourne Wholesale Market relocation project due to commence in early 2009 have also contributed to the increase in cash flows from investing activities.

The increase in cash flows from financing activities reflects the government's commitment to the relocation of the Melbourne Wholesale Market from Footscray to Epping, and the development of the Biosciences Research Centre.

Balance sheet performance

DPI's net asset position is expected to increase by \$96 million from the 2007-08 Revised Budget to \$386 million in 2008-09. This increase is mainly due to commitments to improving Victoria's scientific infrastructure through the Biosciences Research Centre and construction works for the Melbourne Wholesale Market relocation project.

Statement of administered items

Administered income is anticipated to decrease to \$144 million in the 2008-09 Budget, mainly as a result of an expected wind down in Commonwealth grants for Exceptional Circumstances drought assistance and the completion of the Electricity Network Tariff Rebate Scheme in 2007-08.

Table 3.10.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	467.2	440.3	440.3	546.9	435.8
Sale of goods and services	39.8	34.9	34.9	34.9	32.8
Commonwealth grants	1.3	..	..	..	..
Taxes	4.7	5.3	5.3	5.3	5.3
Fines and fees	5.2	4.7	4.7	4.7	4.7
Other revenue and revenue from other parties	19.1	2.0	2.0	2.0	2.7
	537.4	487.2	487.2	593.8	481.2
Expenses					
Employee benefits	164.2	177.1	177.1	182.2	179.7
Depreciation and amortisation	19.9	20.5	20.5	20.5	20.7
Grants and other payments	165.6	94.6	94.6	193.7	85.8
Capital asset charge	15.6	15.6	15.6	15.7	15.9
Supplies and services	139.5	178.1	178.1	180.4	177.9
Finance costs	8.6	..	..	..	..
Other expenses	16.9	1.0	1.0	1.0	1.0
	530.3	487.0	487.0	593.6	481.0
Net result for the reporting period	7.1	0.1	0.1	0.1	0.2

Source: Departments of Primary Industries and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.10.2: Cash flow statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Cash flows from operating activities					
Receipts from Government ^(b)	441.9	442.3	442.3	548.9	436.5
Receipts from other entities	92.4	45.5	45.5	45.5	44.1
Payments for supplies, grants and employees	(454.1)	(460.9)	(460.9)	(564.3)	(456.1)
	80.2	26.8	26.8	30.1	24.5
Interest received	4.5	1.0	1.0	1.0	1.1
Finance costs expense	(8.6)	..	..	..	..
Capital asset charge	(15.6)	(15.6)	(15.6)	(15.7)	(15.9)
Other receipts	(44.1)	..	..	..	..
Net cash inflow from operating activities	16.4	12.2	12.2	15.3	9.6
Cash flows from investing activities					
Payments for property, plant and equipment	(63.6)	(19.5)	(19.5)	(15.9)	(63.2)
Proceeds from sale of property, plant and equipment	5.9	..	..	..	..
(Repayment of) loans by other entities	(1.7)	0.4	0.4	0.4	(41.8)
Net cash (outflow) from investing activities	(59.5)	(19.1)	(19.1)	(15.5)	(105.0)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	2.6	6.5	6.5	(0.3)	95.0
Net proceeds from borrowing	42.0	..	..	..	..
Net cash inflows/(outflow) from financing activities	44.6	6.5	6.5	(0.3)	95.0
Net increase/(decrease) in cash held	1.5	(0.5)	(0.5)	(0.5)	(0.4)
Cash at the beginning of the financial year	34.8	36.3	36.3	36.3	35.9
Cash at the end of the financial year	36.3	35.9	35.9	35.9	35.5

Source: Departments of Primary Industries and Treasury and Finance

Notes:

- (a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.
- (b) This decrease from the 2007-08 Revised Budget to the 2008-09 Budget is primarily due to the currently scheduled end dates of Commonwealth grants for Exceptional Circumstances drought assistance, and the expected completion of other one-off drought relief initiatives.

Table 3.10.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted ^(a)</i>	<i>Revised</i>	<i>Budget</i>
Current assets					
Cash assets	36.3	35.9	35.9	35.9	35.5
Other financial assets	15.5	15.1	15.1	15.1	14.7
Receivables	101.3	98.7	98.7	98.7	97.3
Inventories	0.7	0.7	0.7	0.7	0.7
Prepayments	0.7	0.7	0.7	0.7	0.7
	154.6	151.1	151.1	151.1	148.8
Non-current assets classified as held for sale	0.2	0.2	0.2	0.2	0.2
Total current assets	154.8	151.3	151.3	151.3	149.0
Non-current assets					
Receivables	45.4	45.4	45.4	45.4	45.4
Other financial assets	0.1	0.1	0.1	0.1	42.3
Property, plant and equipment	344.9	343.9	343.9	340.2	382.7
Other	2.0	2.0	2.0	2.0	2.0
Total non-current assets	392.3	391.2	391.2	387.6	472.3
Total assets	547.0	542.6	542.6	538.9	621.3
Current liabilities					
Payables	29.6	27.6	27.6	27.6	24.9
Interest-bearing liabilities	14.0	14.0	14.0	14.0	14.0
Employee provisions	58.1	56.5	56.5	56.5	55.3
Other	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Total current liabilities	99.9	96.3	96.3	96.3	92.4
Non-current liabilities					
Interest-bearing liabilities	61.4	61.4	61.4	61.4	61.4
Employee provisions	4.2	5.5	5.5	5.5	6.9
Other	92.2	82.3	82.3	85.4	74.2
Total non-current liabilities	157.8	149.2	149.2	152.3	142.5
Total liabilities	257.6	245.5	245.5	248.7	234.9
Net assets	289.4	297.0	297.0	290.3	386.4
Equity					
Contributed capital	294.5	302.0	302.0	295.2	391.2
Reserves	0.1	0.1	0.1	0.1	0.1
Accumulated surplus/(deficit)	(5.2)	(5.0)	(5.0)	(5.0)	(4.9)
Total equity	289.4	297.0	297.0	290.3	386.4

Source: Departments of Primary Industries and Treasury and Finance

Note:

(a) *The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.*

Table 3.10.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Available for sale financial assets	0.1	..	..	..	..
Other	(8.5)	..	..	..	..
Net income recognised directly in equity	(8.5)	..	..	..	..
Net result for the period	7.1	0.1	0.1	0.1	0.2
Total recognised income and expense for the period	(1.3)	0.1	0.1	0.1	0.2

Source: Departments of Primary Industries and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.10.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Appropriations - Payments made on behalf of the State	18.4	27.9	27.9	27.9	..
Sale of goods and services	61.3	48.7	48.7	50.4	49.2
Commonwealth grants	107.3	28.3	28.3	114.2	37.7
Other grants	11.0	8.7	8.7	12.0	8.7
Fines	..	..	..	..	..
Fees	6.5	5.5	5.5	9.6	5.5
Other	40.3	42.4	42.4	40.9	42.5
Total administered income	244.9	161.4	161.4	255.1	143.6
Administered expenses					
Expenses on behalf of the State	0.2	..	..	..	..
Grants and other payments	18.4	27.9	27.9	27.9	..
Payments into the Consolidated Fund	217.1	133.2	133.2	226.9	143.3
Total administered expenses	235.7	161.1	161.1	254.8	143.3
Income less expenses	9.1	0.3	0.3	0.3	0.3
Administered assets					
Cash assets	1.4	1.7	1.7	1.7	2.0
Receivables	62.8	62.8	62.8	62.8	62.8
Other financial assets	..	..	..	..	..
Total administered assets	64.2	64.5	64.5	64.5	64.8
Administered liabilities					
Payables	..	..	..	..	..
Other	15.6	15.6	15.6	15.6	15.6
Total administered liabilities	15.7	15.7	15.7	15.7	15.7
Net assets	48.5	48.8	48.8	48.8	49.1

Source: Departments of Primary Industries and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Payments made on behalf of the State

Payments on behalf of the state are payments made by the department on behalf of the State Government as a whole and do not directly reflect the operations of the department. They are usually on-passed or administered by the state.

Table 3.10.6: Payments made on behalf of the State

Accounts	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Electricity Network Tariff Rebate	27.9	27.9	27.9	..
Total	27.9	27.9	27.9	..

Source: Departments of Primary Industries and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.10.7: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	378.8	378.8	340.7	403.7
Receipts credited to appropriations	85.6	85.6	176.6	95.6
Unapplied previous years appropriation	42.8	42.8	59.2	33.5
Gross annual appropriation	507.2	507.2	576.6	532.8
Trust funds	46.2	46.2	46.2	44.7
Total Parliamentary authority	553.4	553.4	622.8	577.5

Source: Departments of Primary Industries and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Operating performance

The Department of Sustainability and Environment (DSE) forecasts a \$17 million budget surplus for the 2008-09 financial year, following a \$15 million surplus forecast for 2007-08.

Total revenue in 2008-09 is expected to decrease by \$85 million compared to the revised 2007-08 estimate. This reflects a decrease in appropriation for various non-recurring items, such as drought assistance and flood recovery, and a decrease in sales of services due to non-recurring projects being undertaken in 2007-08. Additional appropriation in 2008-09 for new initiatives, including \$49 million for Stage 1 of the Wonthaggi Desalination Project and the continuation of the *Natural Resources Investment* program (formerly the *National Action Plan for Salinity and Water Quality* and *Natural Heritage Trust* programs), will partially offset this decrease.

Expenses are expected to decrease by a similar amount in 2008-09 as a result of these same factors.

Investing and financing

DSE's net cash outflows from investing activities of \$125 million in 2008-09 reflects the approved asset investment program. New asset investments for 2008-09 are summarised in the following section.

The investment activity is financed by a net cash inflow from operations of \$56 million, and a capital contribution from the government of \$110 million.

Balance sheet performance

DSE's 2008-09 net asset position is estimated to improve by \$178 million. This comprises an estimated increase in total assets of \$100 million and an estimated decrease in total liabilities of \$78 million.

The increase in total assets is due to a re-establishment of cash reserves in trust funds combined with asset investments in property, plant and equipment. Major capital initiative spending in 2008-09 will include \$30 million towards the establishment of the Wonthaggi Desalination Project and \$15 million to upgrade bridges and stream crossings on public land to facilitate fire protection.

The forecast reduction in payables reflects the repayment of intra-government borrowings undertaken to accelerate major water infrastructure and other projects in previous years.

Statement of administered items

Transactions administered by DSE on behalf of the state relate to the Murray Darling Basin Commission contribution. These payments represent Victoria's obligations under agreed cost-sharing arrangements between the states and the Commonwealth for the management of water flows within the Murray-Darling Basin.

Administered income other than Commonwealth grants represents the collection of fees and charges for land title transactions, environmental levy contributions, Crown land leases and licences and forest royalties.

Commonwealth funding reported as administered income covers a range of Commonwealth specific purpose payments, including projects under the Natural Resources Investment program. Significant additional special purpose payments reflected in the 2007-08 Revised Estimate include \$90 million towards the Ballarat component of the *Goldfields Superpipe*, \$25 million towards the Bendigo component of the Goldfields Superpipe and \$123 million towards the *Wimmera-Mallee Pipeline*. The large reduction in Commonwealth revenue between 2007-08 and 2008-09 is explained by the cessation of these payments.

Table 3.11.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	1 094.7	995.1	927.6	1 104.6	1 055.4
Special appropriations	..	..	..	15.2	..
Sale of goods and services	41.7	15.4	14.5	55.5	28.3
Commonwealth grants	7.5	7.5	7.5	15.9	15.9
Taxes	141.6	145.3	145.3	147.4	150.7
Fines and fees	19.9	29.0	29.0	33.9	39.5
Revenue from other parties and other income	70.6	22.1	22.1	33.7	31.8
	1 376.0	1 214.4	1 145.9	1 406.2	1 321.6
Expenses					
Employee benefits	277.3	250.9	226.0	227.7	229.3
Depreciation and amortisation	34.2	39.4	39.1	39.3	41.2
Grants and other payments	524.9	474.7	460.3	543.4	581.5
Capital asset charge	69.1	68.9	68.0	68.0	68.8
Supplies and services	384.9	359.8	331.9	509.6	380.6
Finance costs	2.3	0.1	0.1	0.2	0.2
Other expenses	36.8	3.3	3.3	3.3	3.3
	1 329.4	1 197.1	1 128.6	1 391.4	1 304.9
Net result for the reporting period	46.6	17.3	17.3	14.8	16.7

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.11.2: Cash flow statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	1 064.9	1 007.7	949.2	1 155.0	1 082.3
Receipts from other entities	214.0	187.5	187.1	241.0	218.9
Payments for supplies, grants and employees	(1 170.7)	(1 081.6)	(1 023.6)	(1 286.1)	(1 187.6)
	108.2	113.6	112.7	109.8	113.5
Interest received	5.1	1.6	1.6	3.3	2.9
Finance costs expense	(2.2)	(0.1)	(0.1)	(0.2)	(0.2)
Capital asset charge	(69.1)	(68.9)	(68.0)	(68.0)	(68.8)
Other receipts	(1.4)	8.7	8.9	9.1	8.9
Net cash inflow from operating activities	40.7	54.9	55.2	54.1	56.3
Cash flows from investing activities					
Payments for property, plant and equipment	3.5	(122.1)	(102.5)	(117.9)	(130.6)
Proceeds from sale of property, plant and equipment	3.7	..	..	..	..
(Repayment of) loans by other entities	5.3	(8.8)	(8.8)	(8.0)	5.6
Net cash (outflow) from investing activities	12.5	(130.9)	(111.3)	(125.9)	(125.1)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	(25.2)	78.2	58.4	22.1	109.5
Net proceeds from borrowing	2.6	..	..	..	..
Net cash inflows/(outflow) from financing activities	(22.6)	78.2	58.4	22.1	109.5
Net increase/(decrease) in cash held	30.5	2.3	2.3	(49.8)	40.8
Cash at the beginning of the financial year	76.0	106.6	106.6	106.6	56.8
Cash at the end of the financial year	106.6	108.8	108.8	56.8	97.6

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.11.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				<i>2009 Budget</i>
	<i>2007 Actual</i>	<i>2008 Budget</i>	<i>2008 Adjusted^(a)</i>	<i>2008 Revised</i>	
Current assets					
Cash assets	106.6	108.8	108.8	56.8	97.6
Other financial assets	34.6	43.4	43.4	42.6	37.0
Receivables	182.5	192.1	182.3	177.1	182.5
Inventories	13.6	13.6	14.0	14.0	14.0
Prepayments	17.3	17.3	17.1	17.1	17.1
	354.5	375.1	365.6	307.6	348.2
Non-current assets classified as held for sale	0.5	0.5	0.5	0.5	0.5
Total current assets	355.0	375.6	366.1	308.0	348.7
Non-current assets					
Receivables	0.8	0.8	0.8	0.8	0.8
Property, plant and equipment	10 690.3	10 773.7	10 666.8	10 685.9	10 750.1
Intangible assets	53.7	48.9	48.9	48.9	44.2
Other	78.6	78.6	78.6	78.6	78.6
Total non-current assets	10 823.4	10 902.1	10 795.1	10 814.3	10 873.7
Total assets	11 178.4	11 277.7	11 161.1	11 122.3	11 222.3
Current liabilities					
Payables	229.5	235.6	234.1	251.8	169.5
Interest-bearing liabilities	14.6	14.6	14.6	14.6	14.6
Employee provisions	72.9	73.8	72.0	72.0	72.9
Other	5.9	5.9	5.9	5.9	5.9
Total current liabilities	323.0	329.9	326.6	344.3	262.9
Non-current liabilities					
Interest-bearing liabilities	16.4	16.4	16.4	16.4	16.4
Employee provisions	7.5	10.4	4.7	4.7	7.7
Other	8.6	8.6	8.6	8.6	8.6
Total non-current liabilities	32.4	35.3	29.7	29.7	32.6
Total liabilities	355.4	365.3	356.3	374.0	295.5
Net assets	10 823.0	10 912.4	10 804.9	10 748.3	10 926.8
Equity					
Contributed capital	2 305.8	2 377.9	2 270.4	2 216.4	2 378.1
Reserves	8 420.8	8 420.8	8 420.8	8 420.8	8 420.8
Accumulated surplus/(deficit)	96.3	113.6	113.6	111.1	127.8
Total equity	10 823.0	10 912.4	10 804.9	10 748.3	10 926.8

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.11.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Gains/(losses) on revaluation of properties	1 055.9	..	..	..	..
Other	(67.0)	..	..	..	..
Net income recognised directly in equity	988.9	..	..	..	..
Net result for the period	46.6	17.3	17.3	14.8	16.7
Total recognised income and expense for the period	1 035.5	17.3	17.3	14.8	16.7

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

- (a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.11.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Appropriations - Payments made on behalf of the State	25.0	25.9	25.9	26.0	27.2
Sale of goods and services	244.0	248.1	248.1	259.8	251.0
Commonwealth grants	146.8	98.8	98.8	346.8	74.2
Other grants	16.2	..	..	..	..
Taxes	60.2	61.6	61.6	61.6	73.7
Fines	0.4	0.5	0.5	0.4	0.4
Fees	16.0	22.5	22.5	21.0	21.4
Other	30.4	20.4	20.4	23.1	17.1
Total administered income	539.0	477.9	477.9	738.8	465.0
Administered expenses					
Expenses on behalf of the State	(0.8)	4.1	4.1	4.2	5.4
Grants and other payments	25.2	21.8	21.8	21.8	21.8
Payments into the Consolidated Fund	504.1	452.1	452.1	712.8	442.1
Total administered expenses	528.6	477.9	477.9	738.8	469.3
Income less expenses	10.5	..	..	..	( 4.3)
Administered assets					
Cash assets	1.9	1.9	1.9	1.9	1.9
Receivables	18.3	18.2	18.2	18.2	43.9
Other financial assets	0.1	0.1	0.1	0.1	0.1
Investments accounted for using the equity method	614.5	614.5	614.5	614.5	614.5
Property, plant and equipment	..	..	..	0.7	0.7
Total administered assets	634.7	634.7	634.6	635.3	661.0
Administered liabilities					
Payables	0.6	0.6	0.6	0.6	0.6
Other	14.6	14.6	14.6	14.6	14.6
Total administered liabilities	15.2	15.2	15.2	15.2	15.2
Net assets	619.5	619.4	619.4	620.1	645.8

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Payments made on behalf of the State

Payments on behalf of the state are payments made by the department on behalf of the State Government as a whole and do not directly reflect the operations of the department. They are usually on-passed or administered by the state.

Table 3.11.6: Payments made on behalf of the State

Accounts	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Murray-Darling Basin Contribution	25.9	25.9	26.0	27.2
Total	25.9	25.9	26.0	27.2

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.11.7 Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	1 079.1	996.1	1 247.5	1 257.8
Receipts credited to appropriations	150.7	150.7	405.2	125.5
Unapplied previous years appropriation	29.7	25.9	52.4	49.4
Accumulated surplus - previously applied appropriation	..	..	2.7	3.6
Gross annual appropriation	1 259.5	1 172.8	1 707.7	1 436.3
Special appropriations	..	..	45.2	..
Trust funds	220.0	219.1	283.1	262.9
Total Parliamentary authority	1 479.5	1 391.8	2 036.0	1 699.2

Source: Departments of Sustainability and Environment and Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

DEPARTMENT OF TREASURY AND FINANCE

Operating performance

The revenue for output delivery and corresponding budgeted expenses is expected to increase from \$232 million in 2007-08 to \$238 million in 2008-09. This increase includes additional funding to improve government productivity and efficiency by consolidating and rationalising administrative services across government including library services and property and facilities management. The program also includes development work to investigate options for standardising core information technology services.

The department traditionally runs an operating deficit for its controlled activities, as the write back of book values upon sales of crown land is recorded as an expense, whilst offsetting revenue is recorded as administered revenue.

Investing and financing

The department's 2008-09 budgeted net cash inflow from operating activities is \$17 million higher than the 2007-08 Revised Budget, largely due to the final payment associated with the previous whole-of-government motor vehicle lease arrangements occurring in 2007-08.

Net cash outflow from investing activities is expected to increase by \$42 million from the 2007-08 Revised Budget to 2008-09 Budget, reflecting higher level of capital expenditure for municipal valuations and property, plant and equipment.

Balance sheet performance

Controlled net assets of the department are budgeted to increase by \$27 million between 2007-08 Revised Budget and 2008-09 Budget, mainly due to an increase in receivables reflecting the financing arrangement provided to the department for capital expenditure (\$29 million).

Statement of administered items

A large number of transactions are managed on behalf of the State, for which the department does not exercise direct control, for example, the collection of state taxation income and administration of the state's superannuation expenses.

Total administered income is estimated to increase by \$2 354 million between the 2007-08 Revised Budget and the 2008-09 Budget. The increase in commonwealth grants mainly relates to an expected increase in GST-related grants (\$892 million), reflecting growth in the total GST pool and an increase in Victoria's share as determined by the Commonwealth Grants Commission. In addition, there is an increase of \$274 million in special appropriations, which relates to superannuation payments made to reduce the state's unfunded superannuation liability and repayment of income tax equivalent to public financial corporations.

Total administered operating expenses are estimated to decrease by \$999 million compared to the 2007-08 Revised Budget. The revised 2007-08 result includes \$2 783 million for the state's superannuation expense, resulting from lower than expected investment returns on state superannuation fund assets and an actuarial adjustment due to the decrease in the discount rate being used to measure superannuation liabilities. The year-on-year decrease this creates, is partially offset by the increase in revenue transferred to the consolidated fund resulting from the expected increase in GST-related commonwealth grants.

Table 3.12.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	214.7	228.8	228.8	232.4	237.8
Resources received free of charge or for nominal consideration	0.1	..	..	..	..
Sale of goods and services	34.5	43.2	43.2	55.0	57.1
Revenue from other parties and other income	42.8	31.1	31.1	31.1	31.6
	292.0	303.0	303.0	318.5	326.5
Expenses					
Employee benefits	106.9	108.3	108.3	114.2	107.5
Depreciation and amortisation	27.2	36.1	36.1	38.1	35.2
Resources provided free of charge or for nominal consideration	0.1	..	..	..	..
Grants and other payments	9.0	6.6	6.6	6.6	8.1
Capital asset charge	22.8	23.2	23.2	23.5	24.0
Supplies and services	90.1	110.7	110.7	121.2	131.1
Finance costs	15.1	16.1	16.1	16.1	16.6
Other expenses	8.1	6.4	6.4	6.4	6.4
	279.3	307.3	307.3	326.1	328.9
Net result for the reporting period	12.7	(4.3)	(4.3)	(7.6)	(2.3)

Source: Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.12.2: Cash flow statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Cash flows from operating activities					
Receipts from Government	211.9	195.8	195.8	220.0	209.3
Receipts from other entities	(13.6)	0.3	0.3	0.3	0.3
Payments for supplies, grants and employees	(185.2)	(229.7)	(229.7)	(246.1)	(250.8)
	13.1	(33.6)	(33.6)	(25.8)	(41.3)
Interest received	13.4	15.4	15.4	15.4	15.9
Finance costs expense	(15.8)	(16.1)	(16.1)	(31.5)	(16.6)
Capital asset charge	(22.8)	(23.2)	(23.2)	(23.5)	(24.0)
Other receipts	97.5	54.5	54.5	64.5	82.0
Net cash inflow from operating activities	85.4	(3.0)	(3.0)	(0.9)	16.1
Cash flows from investing activities					
Payments for property, plant and equipment	(48.5)	(41.0)	(41.0)	(8.7)	(50.4)
Proceeds from sale of property, plant and equipment	0.5	..	..	..	..
Net cash (outflow) from investing activities	(48.0)	(41.0)	(41.0)	(8.7)	(50.4)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	19.0	12.7	12.7	10.4	29.2
Net proceeds from borrowings	(42.1)	32.7	32.7	15.9	0.5
Net cash inflows/(outflow) from financing activities	(23.1)	45.4	45.4	26.3	29.7
Net increase/(decrease) in cash held	14.3	1.4	1.4	16.7	(4.7)
Cash at the beginning of the financial year	12.7	27.0	27.0	27.0	43.8
Cash at the end of the financial year	27.0	28.5	28.5	43.8	39.1

Source: Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.12.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				
	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted^(a)</i>	<i>Revised</i>	<i>Budget</i>
Current assets					
Cash assets	27.0	28.5	28.5	43.8	39.1
Receivables	239.8	272.7	272.7	252.2	280.8
Inventories	11.5	11.5	11.5	11.5	11.5
Prepayments	6.1	6.1	6.1	6.1	6.1
Total current assets	284.4	318.8	318.8	313.5	337.5
Non-current assets					
Receivables	99.2	115.1	115.1	115.1	115.6
Property, plant and equipment	233.0	216.9	216.9	207.2	202.9
Intangible assets	31.5	23.9	23.9	17.9	27.4
Total non-current assets	363.7	355.9	355.9	340.2	345.9
Total assets	648.1	674.7	674.7	653.7	683.3
Current liabilities					
Payables	45.7	45.7	45.7	45.7	45.7
Interest-bearing liabilities	16.7	16.7	16.7	1.2	1.2
Employee provisions	25.2	24.7	24.7	24.7	24.2
Other	27.6	27.6	27.6	27.6	27.6
Total current liabilities	115.1	114.6	114.6	99.1	98.6
Non-current liabilities					
Interest-bearing liabilities	1.3	16.3	16.3	1.3	1.3
Employee provisions	2.7	5.5	5.5	5.5	8.3
Amounts owing to other departments	215.2	216.1	216.1	231.1	231.6
Total non-current liabilities	219.2	237.9	237.9	237.9	241.2
Total liabilities	334.3	352.5	352.5	337.0	339.9
Net assets	313.8	322.2	322.2	316.6	343.5
Equity					
Contributed capital	107.5	120.2	120.2	117.9	147.1
Reserves	84.3	84.3	84.3	84.3	84.3
Accumulated surplus/(deficit)	122.0	117.6	117.6	114.4	112.0
Total equity	313.8	322.2	322.2	316.6	343.5

Source: Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.12.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	<i>Actual</i>	<i>Budget</i>	<i>Adjusted</i> ^(a)	<i>Revised</i>	<i>Budget</i>
Gains/(losses) on revaluation of properties	(31.8)	..	..	..	..
Other	7.6	..	..	..	..
Net income recognised directly in equity	(24.2)	..	..	..	..
Net result for the period	12.7	(4.3)	(4.3)	(7.6)	(2.3)
Total recognised income and expense for the period	(11.5)	(4.3)	(4.3)	(7.6)	(2.3)

Source: Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.12.5: Administered items statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Administered income					
Appropriations - Payments made on behalf of the State	1 038.6	1 465.3	1 465.3	1 283.4	1 980.1
Special appropriations	296.2	415.9	415.9	417.9	691.9
Sale of goods and services	8.2	18.8	18.8	8.8	20.9
Commonwealth grants	8 589.7	9 125.1	9 125.1	9 399.2	10 281.7
Taxes	8 656.2	8 472.5	8 472.5	9 793.3	10 051.3
Fees	11.0	10.5	10.5	10.5	10.8
Other	4 289.1	3 832.6	3 832.6	3 551.3	3 782.3
Total administered income	22 889.0	23 340.6	23 340.6	24 464.5	26 818.9
Administered expenses					
Expenses on behalf of the State ^(b)	(2 337.8)	1 405.9	1 405.9	4 001.0	1 958.0
Grants and other payments	527.6	503.3	503.3	500.1	499.1
Payments into the Consolidated Fund	21 035.1	21 570.1	21 570.1	23 306.2	24 351.0
Total administered expenses	19 224.9	23 479.3	23 479.3	27 807.3	26 808.1
Income less expenses	3 664.1	(138.7)	(138.7)	(3 342.8)	10.8
Administered assets					
Cash assets	1 900.0	1 902.9	1 902.9	860.9	867.2
Receivables	156.9	1 636.5	1 636.5	350.1	1 868.8
Other financial assets	8.3	8.3	8.3	8.3	8.3
Property, plant and equipment	2.4	4.3	4.3	1.7	77.1
Total administered assets	2 067.6	3 552.0	3 552.0	1 221.1	2 821.3
Administered liabilities					
Payables	92.8	92.8	92.8	90.8	69.6
Interest-bearing liabilities	4 878.8	6 466.1	6 466.1	5 341.1	6 757.7
Provisions	10 137.9	10 200.8	10 200.8	12 939.2	13 067.5
Amounts owing to other departments	800.6	800.6	800.6	0.6	0.6
Other	353.9	357.2	357.2	388.3	548.4
Total administered liabilities	16 264.0	17 917.4	17 917.4	18 760.0	20 443.8
Net assets	(14 196.4)	(14 365.4)	(14 365.4)	(17 538.9)	(17 622.5)

Source: Department of Treasury and Finance

Notes:

- (a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.
- (b) Includes actuarial interest income, and income on superannuation plan assets, interest expense on superannuation liabilities and actuarial adjustments to the unfunded superannuation liability.

Payments made on behalf of the State

Payments on behalf of the state are payments made by the department on behalf of the State Government as a whole and do not directly reflect the operations of the department. They are usually on-passed or administered by the state.

Table 3.12.6: Payments made on behalf of the State

<i>Accounts</i>	(\$ million)			
	<i>2007-08 Budget</i>	<i>2007-08 Adjusted^(a)</i>	<i>2007-08 Revised</i>	<i>2008-09 Budget</i>
Superannuation and pension payments	16.5	16.5	16.4	16.4
Interest	325.8	325.8	321.3	343.9
Current and capital grants	491.6	491.6	488.4	487.4
Operating supplies and consumables	492.8	492.8	234.4	424.0
Buildings	2.6	2.6	..	76.0
Other	136.2	136.2	222.9	632.5
Total	1 465.4	1 465.4	1 283.4	1 980.1

Source: Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to the department to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.12.7: Parliamentary authority for resources

	(\$ million)			
	<i>2007-08 Budget</i>	<i>2007-08 Adjusted^(a)</i>	<i>2007-08 Revised</i>	<i>2008-09 Budget</i>
Annual appropriations	1 703.6	1 703.6	1 515.7	2 238.6
Receipts credited to appropriations	3.1	3.1	5.5	5.5
Unapplied previous years appropriation	..	..	5.1	3.0
Accumulated surplus - previously applied appropriation	..	..	1.4	..
Gross annual appropriation	1 706.7	1 706.7	1 527.7	2 247.0
Special appropriations	415.9	415.9	417.9	691.9
Trust funds	88.8	88.8	100.6	103.4
Total Parliamentary authority	2 211.5	2 211.5	2 046.3	3 042.3

Source: Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

PARLIAMENT

Operating performance

Parliament, including the Victorian Auditor-General's Office (VAGO), is estimated to have a balanced operating result for 2008-09. For Parliament excluding VAGO, this is the same as the 2007-08 Revised Budget, with VAGO estimated to have a slightly improved position in comparison to the 2007-08 Revised Budget.

The operating statement shows an increase in total operating income of \$6.7 million (or 5.4 per cent) from the 2007-08 Budget to the 2008-09 Budget. The increase in annual appropriation revenue is due to additional output appropriations from the government, including funding for:

- the relocation and refurbishment of electorate offices; and
- increased operating costs of the Parliament.

VAGO will continue to access a receipts retention agreement under Section 29 of the *Financial Management Act 1994* to meet costs associated with the output 'Audit reports on Financial Statements'.

Investing and financing

Cash flows from investing and financing activities are expected to reduce slightly in 2008-09 as asset investments are completed. Payments for property, plant and equipment in the 2008-09 Budget includes funding provided for the Webcasting of Parliamentary Proceedings.

Balance sheet performance

The net asset position in 2008-09 is estimated to improve by \$5.4 million compared with the 2007-08 Revised Budget. This is a result of the additional asset funding noted above, for the Webcasting of Parliamentary Proceedings.

Statement of administered items

VAGO administers certain resources on behalf of the state. These resources predominantly comprise financial statement audit fees collected from audit agencies under the authority of the *Audit Act 1994*.

Table 3.13.1: Operating statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Income					
Output appropriations	94.4	105.3	105.3	103.0	111.1
Special appropriations	18.5	19.5	19.5	19.5	20.3
Resources received free of charge or for nominal consideration	..	..	..	0.3	..
Sale of goods and services	1.2	..	..	..	..
Revenue from other parties and other income	..	..	..	..	..
	114.2	124.7	124.7	122.7	131.4
Expenses					
Employee benefits	63.7	60.2	60.2	60.4	57.7
Depreciation and amortisation	6.2	6.8	6.8	6.0	6.9
Resources provided free of charge or for nominal consideration	..	..	..	..	..
Grants and other payments	0.1	0.5	0.5	0.5	0.5
Capital asset charge	1.6	2.2	2.2	1.7	1.7
Supplies and services	35.7	57.1	57.1	56.1	64.6
Finance costs	0.3	..	..	..	..
Other expenses	0.3	..	..	..	..
	107.8	126.9	126.9	124.6	131.4
Net result for the reporting period	6.4	(2.1)	(2.1)	(1.9)	..

Source: Parliament of Victoria and Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.13.2: Cash flow statement

	(\$ million)				
	2006-07 Actual	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Cash flows from operating activities					
Receipts from Government	102.7	128.1	128.1	118.7	127.0
Receipts from other entities	1.2	..	..	..	..
Payments for supplies, grants and employees	(97.8)	(113.5)	(113.5)	(112.6)	(122.6)
	6.1	14.6	14.6	6.1	4.4
Finance costs expense	(0.3)	..	..	..	..
Capital asset charge	(1.6)	(2.2)	(2.2)	(1.7)	(1.7)
Other receipts	0.1	..	..	0.3	..
Net cash inflow from operating activities	4.4	12.3	12.3	4.7	2.7
Cash flows from investing activities					
Payments for property, plant and equipment	(10.7)	(24.0)	(24.0)	(11.2)	(8.1)
Proceeds from sale of property, plant and equipment	1.1	..	..	..	..
Net cash (outflow) from investing activities	(9.5)	(24.0)	(24.0)	(11.2)	(8.1)
Cash flows from financing activities					
Net proceeds from capital contribution by State Government	5.6	11.2	11.2	6.2	5.4
Net proceeds from borrowing	(0.3)	0.4	0.4	0.4	..
Net cash inflows/(outflow) from financing activities	5.3	11.6	11.6	6.5	5.4
Net increase/(decrease) in cash held	0.1	..	..	..	..
Cash at the beginning of the financial year	(0.9)	(0.9)	(0.9)	(0.9)	(0.8)
Cash at the end of the financial year	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)

Source: Parliament of Victoria and Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.13.3: Balance sheet

(\$ million)

	<i>Estimated as at 30 June</i>				<i>2009 Budget</i>
	<i>2007 Actual</i>	<i>2008 Budget</i>	<i>2008 Adjusted^(a)</i>	<i>2008 Revised</i>	
Current assets					
Cash assets	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)
Receivables	44.8	41.5	41.5	48.6	52.9
Inventories	..	..	..	..	..
Prepayments	1.0	1.1	1.1	1.1	1.1
	45.0	41.8	41.8	48.9	53.3
Non-current assets classified as held for sale	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Total current assets	44.4	41.2	41.2	48.3	52.7
Non-current assets					
Property, plant and equipment	212.2	229.3	229.3	217.4	218.7
Total non-current assets	212.2	229.3	229.3	217.4	218.7
Total assets	256.6	270.6	270.6	265.8	271.4
Current liabilities					
Payables	3.9	4.8	4.8	4.8	4.8
Interest-bearing liabilities	2.4	2.5	2.5	2.5	2.5
Employee provisions	9.3	12.6	12.6	12.6	12.6
Other	0.7	0.7	0.7	0.7	0.7
Total current liabilities	16.1	20.6	20.6	20.6	20.6
Non-current liabilities					
Interest-bearing liabilities	1.8	2.0	2.0	2.0	2.0
Employee provisions	0.9	1.1	1.1	1.1	1.3
Total non-current liabilities	2.7	3.1	3.1	3.1	3.4
Total liabilities	18.8	23.7	23.7	23.7	24.0
Net assets	237.7	246.9	246.9	242.0	247.4
Equity					
Contributed capital	158.3	169.6	169.6	164.5	169.9
Reserves	55.4	55.4	55.4	55.4	55.4
Accumulated surplus/(deficit)	24.1	21.9	21.9	22.2	22.2
Total equity	237.7	246.9	246.9	242.0	247.4

Source: Parliament of Victoria and Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.13.4: Statement of changes in equity

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Gains/(losses) on revaluation of properties	7.3	..	..	..	..
Other	..	..	..	..	..
Net income recognised directly in equity	7.3	..	..	..	..
Net result for the period	6.4	(2.1)	(2.1)	(1.9)	..
Total recognised income and expense for the period	13.7	(2.1)	(2.1)	(1.9)	..

Source: Parliament of Victoria and Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Table 3.13.5: Administered items statement

	(\$ million)				
	2006-07	2007-08	2007-08	2007-08	2008-09
	Actual	Budget	Adjusted ^(a)	Revised	Budget
Administered income					
Sale of goods and services	15.7	15.5	15.5	15.5	15.5
Other	0.1	..	..	..	..
Total administered income	15.8	15.5	15.5	15.5	15.5
Administered expenses					
Expenses on behalf of the State	0.1	..	..	..	..
Payments into Consolidated Fund	14.0	15.5	15.5	15.5	15.5
Total administered expenses	14.0	15.5	15.5	15.5	15.5
Income less expenses	1.8	..	..	..	..
Administered assets					
Cash assets	..	..	..	..	..
Receivables	5.6	5.6	5.6	5.6	5.6
Total administered assets	5.6	5.6	5.6	5.6	5.6
Administered liabilities					
Total administered liabilities	..	..	..	..	..
Net assets	5.6	5.6	5.6	5.6	5.6

Source: Parliament of Victoria and Department of Treasury and Finance

Note:

(a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

Authority for resources

This section provides a summary of the sources of Parliamentary Authority available to Parliament to fund the provision of outputs, additions to the net asset base and payments made on behalf of the state.

Table 3.13.6: Parliamentary authority for resources

	(\$ million)			
	2007-08 Budget	2007-08 Adjusted ^(a)	2007-08 Revised	2008-09 Budget
Annual appropriations	92.1	92.1	84.4	93.4
Receipts credited to appropriations	15.5	15.5	15.5	15.5
Unapplied previous years appropriation	8.9	8.9	9.2	7.6
Accumulated surplus - previously applied appropriation	..	..	..	0.6
Gross annual appropriation	116.5	116.5	109.2	117.2
Special appropriations	19.5	19.5	19.5	20.3
Total Parliamentary authority	136.0	136.0	128.6	137.4

Source: Parliament of Victoria and Department of Treasury and Finance

Note:

- (a) The 2007-08 adjusted estimates include the 2007-08 Budget adjusted for machinery of government changes for the period 1 September 2007 to 30 June 2008.

