



Acquittal Report Annex A: *Portfolio Departments and Associated Entities*



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This report consists of five parts:
Acquittal Report: Results of the 2009–10 Audits
Annex A: Portfolio Departments and Associated Entities
Annex B: Local Government
Annex C: Public Hospitals
Annex D: Water Entities

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Acquittal Report Annex A:

*Portfolio Departments
and Associated Entities*

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Audit summary

This annex sets out the results of the audit of 209 state entities, comprising 11 portfolio departments and 198 associated entities with 30 June 2010 balance dates. An assessment is also made of the financial sustainability of the 46 self-funded entities that primarily generate their own revenue.

Results of audits

Independent audit opinions add credibility to financial reports by providing assurance that the information is reliable.

Parliament can have confidence in the financial reporting by portfolio departments and associated entities because all entities have finalised their 30 June 2010 financial reports with only one qualified audit opinion issued.

The financial statements of the Public Transport Ticketing Authority were qualified because significant control weaknesses identified in the myki system meant it was not possible to form an opinion on the completeness and accuracy of myki revenue collections for the 2009–10 financial year.

Clear audit opinions that warranted an emphasis of matter paragraph were provided for 23 entities drawing attention to the uncertainty around the going concern assumption recognising proposed legislative changes and other reforms that would:

- amalgamate the existing 12 regional waste management groups into seven
- amalgamate the Port Phillip and Westernport Catchment Management Authority with Melbourne Water, and establish four natural resource and catchment management authorities to replace the remaining nine catchment management authorities
- replace the Judicial College of Victoria with a new Judicial Commission of Victoria.

Quality of financial reporting

The quality of financial reporting can be measured by the accuracy and timeliness of the preparation and finalisation of the financial report.

The financial reporting processes at portfolio departments were generally adequate. However, further improvement could be achieved by preparing shell financial statements, conducting materiality assessments, adopting rigorous quality control and assurance processes, and improving supporting documentation and data security.

In regards to accuracy, the number of material adjustments made to draft financial reports was minimal, a commendable achievement by portfolio departments.

With respect to timeliness, the average time taken by portfolio departments to finalise their financial statements reduced from 8.6 weeks in 2008–09 to 7.6 weeks in 2009–10.

Given the improved time frames achieved in 2009–10, portfolio departments and associated entities should maintain this momentum of earlier reporting.

Financial sustainability

Financial sustainability analysis has been provided for the 46 self-funded entities that primarily generate their own revenue.

The eleven portfolio departments are not included in this analysis as they are fully funded by government.

To be financially sustainable, public sector entities should have the capacity to meet current and future expenditure as it falls due. They should also be able to absorb foreseeable changes and risks materialising, without significantly changing their revenue and expenditure policies.

Insight into the financial sustainability of self-funded public sector entities is obtained from analysis of four core financial sustainability indicators over a five-year period from 2005–06 to 2009–10. The four core indicators used are underlying result, liquidity, self-financing and capital replacement. These indicators reflect each entity’s funding and expenditure policies, and indicate whether these policies are sustainable.

A summary of the five-year average financial sustainability results for each portfolio is provided in Figure A.

Figure A
2009–10 financial sustainability risk assessment by portfolio
—self-funded entities

Portfolio	High	Medium	Low
Education and Early Childhood Development	–	–	1
Health	–	2	2
Innovation, Industry and Regional Development	3	2	–
Justice	1	3	3
Planning and Community Development	2	5	1
Premier and Cabinet	1	2	–
Primary Industries	–	8	2
Sustainability and Environment	–	–	3
Transport	3	–	1
Treasury and Finance	–	1	–
Total	10	23	13

Source: Victorian Auditor-General’s Office.

Our financial sustainability assessment is that 10 of the 46 self-funded entities have an overall high-risk rating at 30 June 2010.

The portfolios of Innovation, Industry and Regional Development, and Planning and Community Development have three and two entities respectively, which have an overall high-risk rating due to large underlying deficits. These entities generally operate and maintain large state assets and record large depreciation expenses year on year. The current state funding model allocates capital funding based on strategic priorities therefore entities do not receive funding for annual depreciation expenditure.

Three entities in the Transport portfolio have an overall high-risk rating due to insufficient liquidity as a result of short-term commitments for finance lease repayments and borrowings. These financial commitments are guaranteed by government.

Our financial sustainability assessment is that 23 of the 46 self-funded entities have an overall medium-risk rating at 30 June 2010.

The entities in the Planning and Community Development, Premier and Cabinet, and Primary Industries portfolios that had an overall medium-risk rating was due to high-risk self-financing assessments. The entities in these portfolios generally operate large state assets however the revenue generated from their asset holdings is insufficient to cover expenses and renew assets.

No sustainability issues were identified in the portfolios of Education and Early Childhood Development, and Sustainability and Environment.

The financial sustainability indicators used in this report highlight trends that need to be monitored. A core consideration is that the current departmental funding model does not provide depreciation funding until capital requirements are determined. This situation blurs accountability for governance and performance as capital grant funding is allocated strategically across the portfolio rather than progressively to each entity. This can impact operational performance.

Recommendation

Number	Recommendation	Page
1.	Entities should adopt the shortened annual reporting time frames achieved for the 2009–10 reporting cycle as the standard for future reporting cycles.	12

Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994* a copy of this report, or relevant extracts from the report, was provided to all 11 portfolio departments and named entities with a request for comments or submissions.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full section 16(3) comments and submissions, however, are included in Appendix C.

1 Results of audits

At a glance

Background

This annex covers the results of the audit of the 11 portfolio departments and 198 associated entities, which have a financial year end of 30 June 2010.

Findings

- Only one qualified audit opinion was issued in 2009–10. The 2009–10 financial statements of the Public Transport Ticketing Authority were qualified because significant control weaknesses identified in the myki system meant it was not possible to form an opinion on the completeness and accuracy of myki revenue collections for the 2009–10 financial year.
- The financial statements of the 12 regional waste management groups, 10 catchment management authorities and the Judicial College of Victoria, received clear audit opinions with an emphasis of matter paragraph drawing attention to uncertainty over the going concern assumption as a result of announced reforms.

1.1 Scope

This annex deals with the results of the audit of the 11 portfolio departments and 198 associated entities with 30 June 2010 balance dates as shown in Figure 1A.

Figure 1A
Portfolio departments and associated entities

Portfolio	Financial Management Act		Corporations Act		Other		Total	
	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09	2009–10	2008–09
Parliament	2	2	0	0	0	0	2	2
Education and Early Childhood Development	4	4	0	0	0	0	4	4
Health	30	31	0	0	0	0	30	31
Human Services	2	1	0	0	0	0	2	1
Innovation, Industry and Regional Development	9	9	7	7	0	0	16	16
Justice	25	25	2	1	1	1	28	27
Planning and Community Development	15	15	1	1	0	0	16	16
Premier and Cabinet	11	11	1	1	0	0	12	12
Primary Industries	10	11	2	2	0	0	12	13
Sustainability and Environment	37	38	0	0	0	0	37	38
Transport	9	10	6	6	0	0	15	16
Treasury and Finance	17	20	10	7	8	7	35	34
Total	171	177	29	25	9	8	209	210

Source: Victorian Auditor-General's Office.

Figure 1A shows a net decrease of one in the total number of entities that were subject to audit in 2009–10. This decrease is the net result of eight new entities, eight wound up entities and one entity no longer audited by the Auditor-General. In addition, a range of amalgamations arising from machinery of government changes and executive decisions occurred, but with no net effect on entity numbers. A list of all changes is provided in Figure 1B.

Figure 1B
Changes to audited entities

New audits	
Health	<p>The Department of Health was created on 12 August 2009 by an administrative arrangements order. The new department prepared financial statements for the period 1 October 2009 to 30 June 2010.</p> <p>The Victorian Assisted Reproductive Treatment Authority was created on 1 January 2010 to administer aspects of the <i>Assisted Reproductive Treatment Act 2008</i>.</p>
Human Services	<p>The Registrar of Housing Agencies was created on 1 July 2009 as a separate reporting entity. The registrar was created under the <i>Housing Act 1983</i> to register and regulate rental housing agencies in Victoria.</p>
Innovation, Industry and Regional Development	<p>The Victorian Major Events Company was identified as a public body for the first time under the <i>Audit Act 1994</i>.</p>
Justice	<p>The Responsible Gambling Advocacy Centre Limited was established in February 2010 as a company limited by guarantee. The Centre began operational work in May 2010 to promote responsible gambling and build the capacity of communities to make responsible gambling choices.</p>
Treasury and Finance	<p>Victorian Funds Management Corporation (VFMC) Private Equity 1A Trust and VFMC Private Equity 1B Trust were constituted on 27 May 2009 and prepared financial statements at 30 June 2010 for the period since constitution. The trustee of both is the Victorian Funds Management Corporation.</p> <p>VFMC UK Investment Trust was constituted on 21 December 2009 and prepared financial statements at 30 June 2010 for the period since constitution. The trustee is the Victorian Funds Management Corporation.</p>
Wound up	
Sustainability and Environment	<p>The First Mildura Irrigation Trust ceased operations on 19 August 2008 and prepared a final report which was audited and reported in 2008–09.</p>
Primary Industries	<p>The net assets of the Network Tariff Rebate Trust Fund were transferred to the state on 16 June 2009 and the fund wound up at 30 June 2009.</p> <p>The Victorian Energy Networks Corporation (trading as VENCORP) was wound up on 1 July 2009. All rights, property, assets, liabilities and obligations transferred to the Australian Energy Market Operator Ltd (AEMO), a Commonwealth entity.</p>
Transport	<p>The Southern Cross Station Authority ceased operations in July 2009 and prepared a final report for a 13 month period ending 31 July 2009. This report was audited in 2008–09.</p>
Treasury and Finance	<p>The Industry Supervision Fund is a trust account which was previously audited on request. As the fund no longer receives money nor makes payments, the Department of Treasury and Finance no longer require the fund to be audited.</p>

Figure 1B
Changes to audited entities – *continued*

Merged with another entity	
Health	<p>The Southern Metropolitan Cemetery Trust was created on 1 March 2010 by the merger of the following trusts:</p> <ul style="list-style-type: none"> • The Trustees of the Necropolis Springvale • Cheltenham and Regional Cemeteries Trust. <p>The Greater Metropolitan Cemeteries Trust was created on 1 March 2010 after the merger of the following trusts:</p> <ul style="list-style-type: none"> • Fawkner Crematorium and Memorial Park • Altona Memorial Park • Anderson's Creek Cemetery Trust • Keilor Cemetery Trust • Lilydale Cemetery Trust • Preston Cemetery Trust • Templestowe Cemetery Trust • Wyndham Cemeteries Trust. <p>The Southern Metropolitan Cemeteries Trust and Greater Metropolitan Cemeteries Trust will prepare their first financial report for the period 1 March 2010 to 30 June 2011. The merged trusts prepared their final financial reports in 2010.</p> <p>The operations and responsibilities of the Mental Health Review Board and the Psychosurgery Review Board were subsumed into the Department of Health.</p> <p>The operations and responsibilities of the Infertility Treatment Authority were transferred to the new Victorian Assisted Reproductive Treatment Authority.</p>
Transferred between portfolios	
Treasury and Finance	VicForests transferred from the Treasury and Finance portfolio to the Primary Industries portfolio.
No longer audited by the Auditor-General	
Innovation Industry and Regional Development	The Victorian Tertiary Admissions Centre is not a public body under the <i>Audit Act 1994</i> . The audit has previously been performed by invitation. The Victorian Tertiary Admissions Centre appointed a new auditor for 30 June 2010.

Source: Victorian Auditor-General's Office.

1.2 Reporting framework

A total of 171 entities prepare financial reports in accordance with the *Financial Management Act 1994* (FMA). Of the remaining associated entities, 29 prepare their financial reports under the *Corporations Act 2001* and nine prepare their financial reports in accordance with other requirements or specific legislation such as the *Supreme Court Act 1996*.

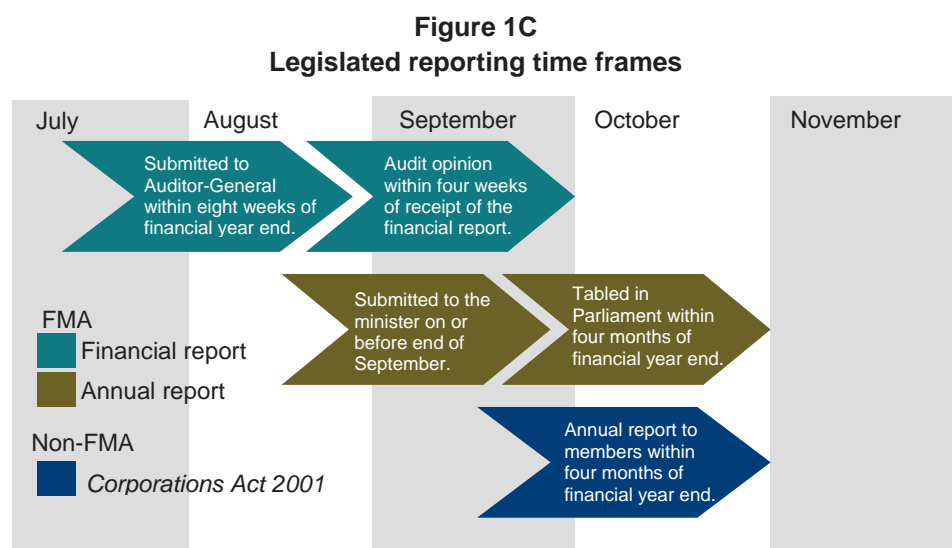
The FMA requires annual reports to be submitted to the relevant minister. These reports should be tabled in Parliament within four months of the end of the financial year, and include financial reports for the entity and any controlled entities, which are required to be prepared and audited in 12 weeks.

The 29 entities reporting under the *Corporations Act 2001* are required to report to their members within four months of the end of the financial year.

Financial statements are required to be prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations.

Under the FMA the Minister for Finance has the authority to issue directions in relation to finance administration and reporting issues.

Figure 1C outlines the legislated reporting time frames.



Source: Victorian Auditor-General's Office.

1.3 Audit opinions issued

All entities have finalised their 2009–10 financial reports. Figure 1D summarises the status of audit opinions for entities reporting for the financial year ending 30 June 2010 and shows comparative data for 2008–09.

Figure 1D
Audit opinions issued

Sector	2009–10			2008–09		
	Clear	Qualified	Total	Clear	Qualified	Total
Parliament	2	0	2	2	0	2
Education and Early Childhood Development	4	0	4	4	0	4
Health	30	0	30	31	0	31
Human Services	2	0	2	1	0	1
Innovation, Industry and Regional Development	16	0	16	15	1	16
Justice	28	0	28	27	0	27
Planning and Community Development	16	0	16	16	0	16
Premier and Cabinet	12	0	12	12	0	12
Primary Industries	12	0	12	13	0	13
Sustainability and Environment	37	0	37	38	0	38
Transport	14	1	15	16	0	16
Treasury and Finance	35	0	35	34	0	34
Total	208	1	209	209	1	210
Per cent	99.5	0.5		99.5	0.5	

Source: Victorian Auditor-General's Office.

Independent audit opinions add credibility to financial reports by providing assurance that the information is reliable.

A clear audit opinion confirms that the financial report has been prepared according to the requirements of relevant accounting standards and legislation.

If the report has not been prepared in accordance with the relevant reporting framework it is issued with a qualified audit opinion.

A qualified audit opinion means that the financial report is materially different to the requirements of the relevant reporting framework, and therefore, is less reliable and useful as an accountability document.

Definitions of qualified and clear audit opinions are included in the glossary in Appendix A of the Acquittal Report.

1.3.1 Qualifications

One qualified audit opinion was issued in the 2009–10 financial year (2008–09: one).

The qualification was issued on the financial report of the Public Transport Ticketing Authority (TTA). As a result of significant weaknesses in the myki system controls it was not possible to form an opinion on the completeness and accuracy of myki revenue collections for the 2009–10 financial year. Accordingly, a qualified audit opinion was issued as the effect of the control weaknesses was considered to be qualitatively material to the financial statements of TTA.

1.3.2 Emphasis of matter

In certain circumstances it is appropriate to draw attention to or emphasise a matter in the auditor's report that is relevant to the users of an entity's financial report but does not warrant qualification of the audit opinion. Figure 1E lists the 23 entities where the auditor's report on their financial report for 2009–10 contains an emphasis of matter paragraph.

Figure 1E
2009–10 emphasis of matter

Entity	Reason for emphasis of matter
Barwon Regional Waste Management Group	The Minister for Environment and Climate Change had signalled the intention to amalgamate the existing 12 regional waste management groups into seven by 1 July 2011.
Calder Regional Waste Management Group	
Central Murray Waste Management Group	
Desert Fringe Waste Management Group	
Gippsland Regional Waste Management Group	The financial statements of all 12 regional waste management groups disclosed these reforms.
Goulburn Valley Regional Waste Management Group	Accordingly, the 12 regional waste management groups were issued with an unqualified audit opinion with an emphasis of matter paragraph drawing attention to the uncertainty around the going concern assumption.
Grampians Regional Waste Management Group	
Highlands Regional Waste Management Group	
Mildura Regional Waste Management Group	
Mornington Peninsula Regional Waste Management Group	
North East Victorian Regional Waste Management Group	
South Western Regional Waste Management Group	

Figure 1E
2009–10 emphasis of matter – *continued*

Entity	Reason for emphasis of matter
Corangamite Catchment Management Authority East Gippsland Catchment Management Authority Glenelg Hopkins Catchment Management Authority Goulburn Broken Catchment Management Authority Mallee Catchment Management Authority North Central Catchment Management Authority North East Catchment Management Authority Port Phillip and Westernport Catchment Management Authority West Gippsland Catchment Management Authority Wimmera Catchment Management Authority	<p>In December 2009, the Victorian Government released a land and biodiversity white paper <i>Securing Our Future: A white paper for land and biodiversity at a time of climate change</i>. A key reform action in the paper was the:</p> <ul style="list-style-type: none"> • amalgamation of the Port Phillip and Westernport Catchment Management Authority with Melbourne Water • establishment of four natural resource and catchment authorities to replace the remaining nine regional catchment management authorities. <p>These reforms were expected to occur by 1 July 2011 and were disclosed in the financial statements of all catchment management authorities.</p> <p>Accordingly, the 10 catchment management authorities were issued an unqualified opinion with an emphasis of matter paragraph drawing attention to the uncertainty around the going concern assumption.</p>
Judicial College of Victoria	<p>Judicial system reforms announced by the Deputy Premier and Attorney-General on 2 June 2010 cast doubt on the Judicial College of Victoria's ability to continue as a going concern.</p> <p>Accordingly, an unqualified opinion was issued with an emphasis of matter paragraph drawing attention to the proposed establishment of a new Judicial Commission of Victoria.</p>

Source: Victorian Auditor-General's Office.

2 Quality of financial reporting

At a glance

Background

The timeliness and accuracy of the preparation and finalisation of a financial report underpins its quality. To achieve efficient and cost effective practice, reporting entities need to have well planned and managed financial report preparation processes.

Findings

- Overall, the financial reporting processes at portfolio departments were generally adequate. However, further improvement is needed in:
 - preparing shell financial statements
 - materiality assessments
 - rigorous quality control and assurance procedures
 - supporting documentation
 - data security.
- The timeliness of financial reporting by portfolio departments improved with the average time taken to finalise their financial statements reducing from 8.6 weeks in 2008–09 to 7.6 weeks in 2009–10. This momentum of earlier reporting should be maintained.
- The number of material adjustments made to draft financial reports was minimal, a commendable achievement by the portfolio departments.

Recommendation

Entities should adopt the shortened annual reporting time frames achieved for the 2009–10 reporting cycle as the standard for future reporting cycles.

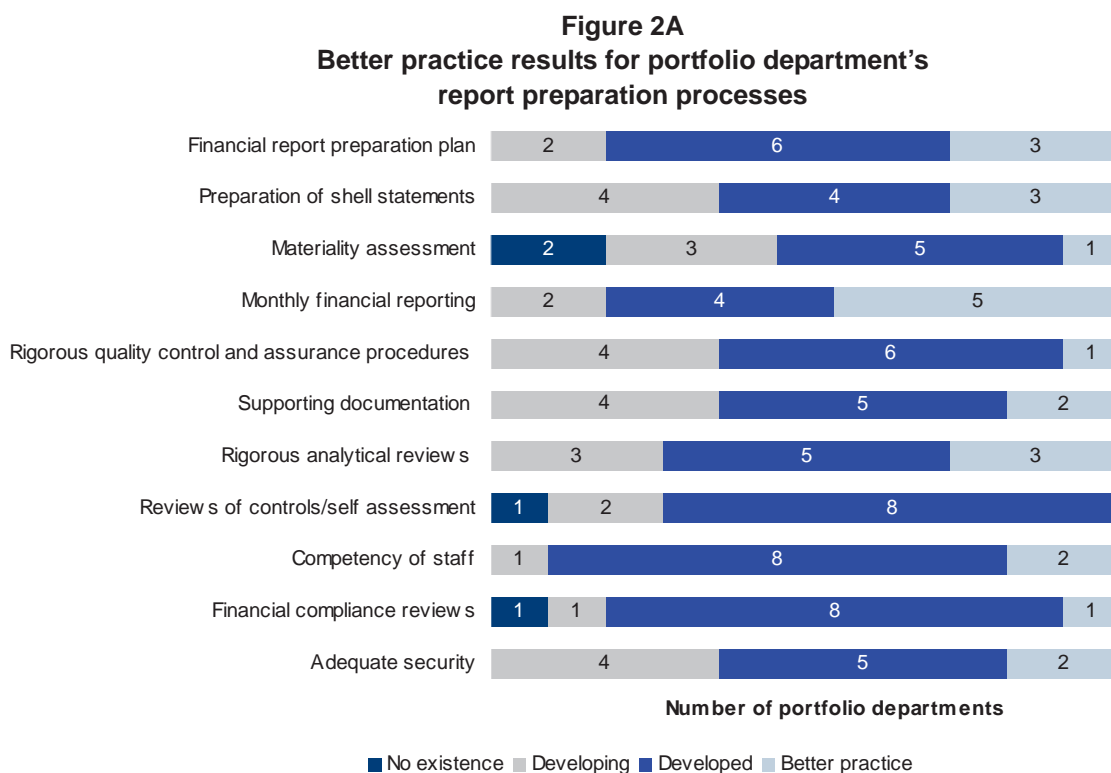
2.1 Introduction

The timeliness and accuracy of the preparation and finalisation of the financial report underpins its quality. Portfolio departments need to plan for, and allocate, sufficient and appropriate resources to financial report preparation. This will allow them to produce a complete, accurate and compliant financial report within the legislative time frame.

2.2 Preparation of a financial report

The achievement of better practice financial reporting requires portfolio departments to plan and manage the preparation of a financial report. Portfolio departments should exhibit the specific practices detailed in Appendix D of the Acquittal Report.

An assessment of portfolio departments' performance against better practice was based on criteria outlined in Appendix D of the Acquittal Report. The results of our assessment are summarised in Figure 2A.



Source: Victorian Auditor-General's Office.

The areas where better practice is commonly shared by portfolio departments include:

- financial report preparation plan
- monthly financial reporting
- competency of staff.

However, further improvement is needed in preparing:

- shell statements
- materiality assessments
- rigorous quality control and assurance procedures
- supporting documentation
- adequate security.

Improving these areas will assist in more timely preparation of quality financial reports, improved resource allocation planning and quality assurance procedures, and the earlier detection and correction of errors.

2.3 Timeliness

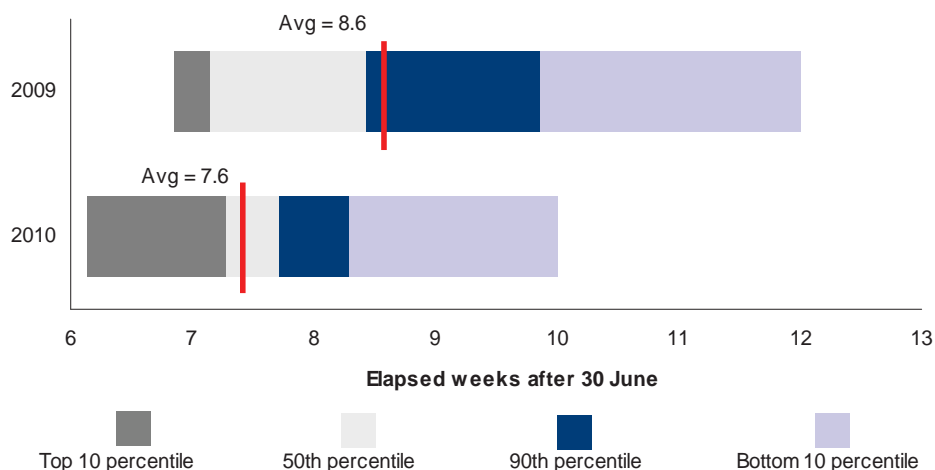
Recognising the accountability role in relation to the use of public monies that financial reports serve, entities should prepare and publish timely financial information. The later the reports are produced and published after year end, the less useful they are.

The legislated time frame for portfolio departments is to finalise their audited financial reports within 12 weeks of the end of the financial year. Consistent with 2008–09, all portfolio departments achieved the 12-week time frame.

Due to the state election in November 2010, entities reporting under the *Financial Management Act 1994* were required to table their annual reports in Parliament on or before 16 September 2010. This shortened the time frame for entities to finalise their financial statements. As a result, the average time taken by portfolio departments to finalise financial statements reduced from 8.6 weeks in 2008–09 to 7.6 weeks in 2009–10. All portfolio departments had finalised their financial statements within 10 weeks of year end, two weeks earlier than in the previous year.

Figure 2B summarises, in percentile bands, the time taken after 30 June for portfolio departments to finalise their audited financial reports.

Figure 2B
Time taken by portfolio departments to finalise financial statements



Source: Victorian Auditor-General's Office.

Given the improved time frames achieved in 2009–10, portfolio departments should maintain this momentum of earlier reporting.

Recommendation

1. Entities should adopt the shortened annual reporting time frames achieved for the 2009–10 reporting cycle as the standard for future reporting cycles.

2.4 Accuracy

The frequency and size of errors in the draft financial statements requiring adjustment are direct measures of accuracy. Ideally, there should be no errors or adjustments.

When the auditor detects errors in the draft financial statements they are raised with management. Material errors need to be corrected before a clear audit opinion can be issued. The entity itself may also change its draft financial statements after submitting them to audit if their quality assurance procedures disclose that reported information is incorrect or incomplete.

Overall, there are two types of adjustments:

- **financial balance adjustments**—changes to the balances being reported
- **disclosure adjustments**—changes to the commentary or financial note disclosure within the financial statements.

The number of material adjustments required was minimal, a commendable achievement by the portfolio departments.

Across the 11 portfolio departments, three material financial balance adjustments were made to the net asset position. One material financial balance adjustment was required at each of the departments of Sustainability and Environment, Treasury and Finance, and Innovation, Industry and Regional Development.

The total value of adjustments on the net asset position was \$224.0 million, comprising adjustments to assets of \$215.9 million and liabilities of \$8.1 million.

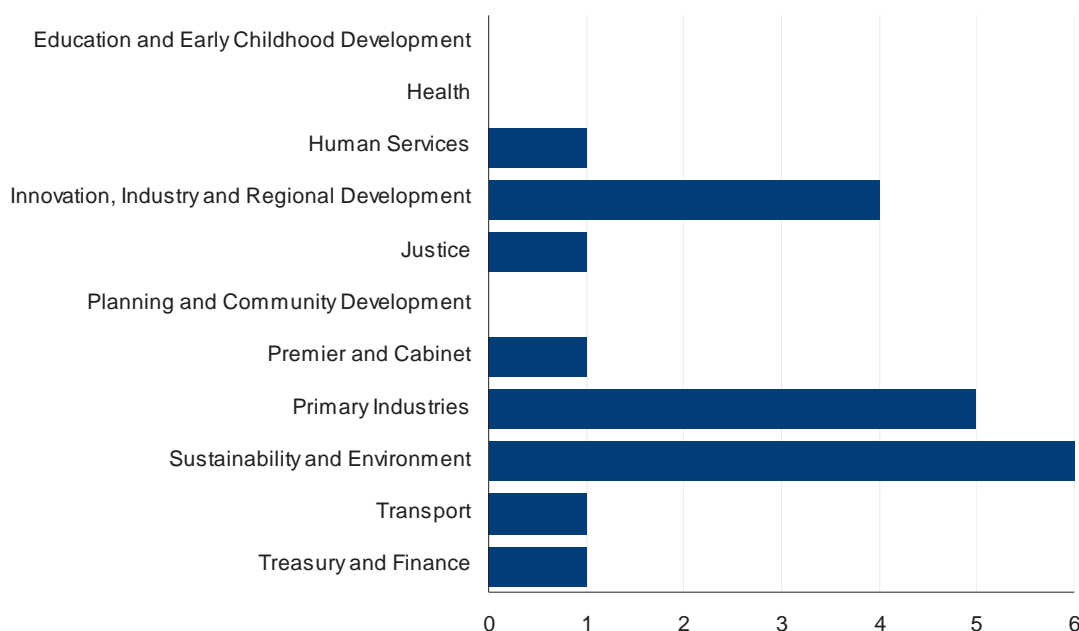
In addition to the financial balance adjustments, there were 20 significant disclosures that required adjustment in the 2009–10 draft financial statements.

Figure 2C shows the number of significant disclosure adjustments by portfolio department.

The significant disclosure adjustments were:

- **financial instruments**—adjustments made to financial instrument notes to comply with the requirements of Australian accounting standards and align disclosures to the balance sheet
- **capital commitments**—disclosure of capital commitments was incomplete, overstated in some cases and understated in others. The maturity profile of commitments required correction and GST was commonly omitted from the total commitment figure.

Figure 2C
Number of significant disclosure adjustments by portfolio department



Source: Victorian Auditor-General's Office.

3 Financial sustainability

At a glance

Background

This chapter analyses the financial sustainability of 46 self-funded entities that primarily generate their own revenue. The analysis is conducted using interrelated financial sustainability indicators which assess entity financial performance and position. The indicators analyse past results to identify trends.

To be financially sustainable, public sector entities should have the capacity to meet current and future expenditure as it falls due. They should also be able to absorb foreseeable changes and risks materialising, without significantly changing their revenue and expenditure policies.

Findings

- Our 2010 financial sustainability assessment is that 10 self-funded entities have an overall high-risk rating and 23 have an overall medium-risk rating.
- The portfolios of Innovation, Industry and Regional Development, and Planning and Community Development have three and two entities respectively, which have an overall high-risk rating due to large underlying deficits.
- The entities in the Planning and Community Development, Premier and Cabinet, and Primary Industries portfolios that had an overall medium-risk rating was due to high-risk self-financing assessments.

3.1 Introduction

Financial sustainability indicators have been assessed for 46 self-funded entities that primarily generate their own revenue, rather than relying on government funding.

Eleven portfolio departments, and 152 associated entities have been excluded from this assessment of financial sustainability as they are predominately budget funded or have developed and already separately report on sustainability indicators in relation to their objectives.

3.2 Financial performance

The objective for self-funded entities should be to generate a sufficient surplus from operations to meet financial obligations, fund asset replacement and new asset acquisitions. The ability of self-funded entities to achieve these objectives depends largely on their expenditure management and revenue maximisation practices. This is reflected in the composition and rate of change of their operating revenue and expenses.

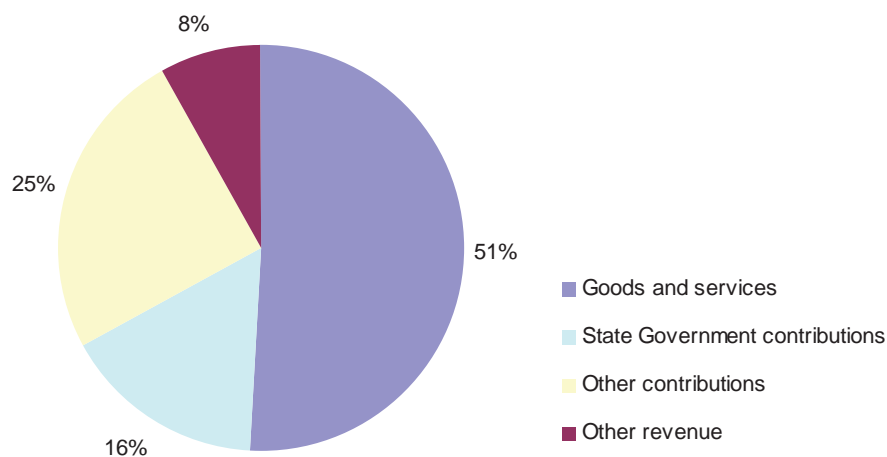
Financial performance is measured by the net result—the difference between revenue inflows and expenditure outflows.

3.2.1 Operating revenue

In 2009–10, these 46 self-funded entities collectively generated \$3 137.6 million in operating revenue. Figure 3A shows the overall composition of operating revenue for these entities which remains relatively comparable to 2008–09.

The largest source of revenue for self-funded entities is the sale of goods and services which accounted for 51 per cent of revenue in 2009–10, a decrease from 62 per cent in 2008–09. This decrease in revenue from goods and services was partially offset by an increase in other contributions received from 16 per cent in 2008–09 to 25 per cent in 2009–10.

Figure 3A
Revenue composition



Source: Victorian Auditor-General's Office.

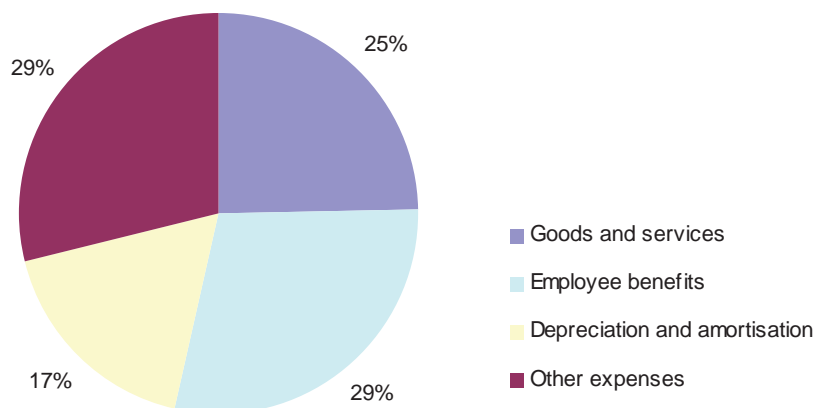
3.2.2 Operating expenditure

In 2009–10, these 46 self-funded entities collectively incurred \$2 978.0 million in operating expenditure. Figure 3B provides an overview of the composition of operating expenditure for these entities.

The largest components of operating expenditure are goods and services, employee benefits, depreciation and amortisation. Employee benefits has grown in 2009–10 to represent 29 per cent of total expenditure (20 per cent in 2008–09). The increase is primarily attributed to higher wage rates and employee numbers.

Similarly, depreciation and amortisation has grown in 2009–10 to represent 17 per cent of total expenditure (9 per cent in 2008–09), due to growth in the state's asset base from revaluations and asset investment.

Figure 3B
Expenditure composition



Source: Victorian Auditor-General's Office.

3.3 Financial sustainability

To be financially sustainable, entities should have the capacity to meet current and future expenditure as it falls due. They should also be able to absorb foreseeable changes and risks materialising, without significantly changing their revenue and expenditure policies.

Insight into the financial sustainability of self-funded public sector entities is obtained from analysis of four core financial sustainability indicators over a five-year period. The four core indicators used are underlying result, liquidity, self-financing and capital replacement. These indicators reflect each entity's funding and expenditure policies, and indicate whether these policies are sustainable.

Financial sustainability should be viewed from both a short- and long-term perspective. The shorter-term indicators involve the entity's ability to maintain a positive operating cash flow and adequate cash holdings, and to generate an operating surplus over time. These are the underlying result and liquidity indicators.

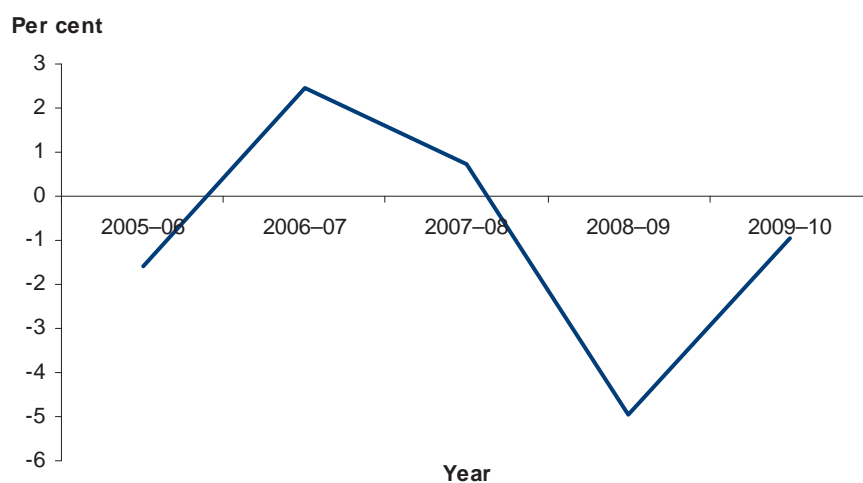
The longer-term indicators signify whether there is adequate funding available for spending on asset replacement to enable the entity to maintain the quality of service delivery and to help meet community expectations and the demand for these services. These are the self-financing and capital replacement indicators.

Appendix E of the Acquittal Report describes the sustainability indicators and risk assessment criteria we use in this annex.

3.3.1 Underlying result

Figure 3C shows the average underlying result has fluctuated since 2005–06. The significant deficit in 2008–09 is primarily the result of the loss generated by Melbourne City Central Studios in their first year of operations as a state owned entity.

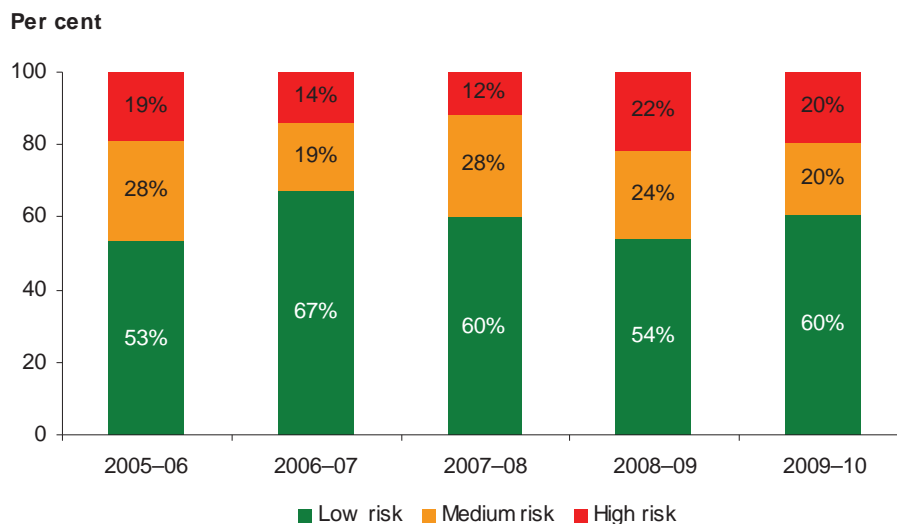
Figure 3C
Average underlying result



Source: Victorian Auditor-General's Office.

Figure 3D shows 40 per cent of self-funded entities (18 of 46) generated an underlying deficit in 2009–10. Operating deficits are of concern in that, while manageable in the short term, over the longer term persistent deficits will affect an entity's ability to sustain its operations. If operating deficits persist there is a risk that cash reserves become depleted and expenditure on capital programs may need to be curtailed. In particular, expenditure that is perceived to be discretionary, especially for maintenance, may be deferred or abandoned.

Figure 3D
Underlying result risk assessment



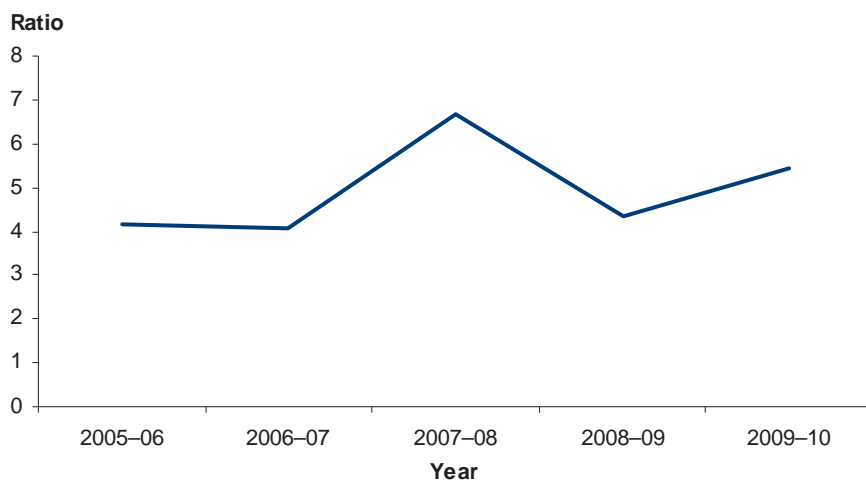
Source: Victorian Auditor-General's Office.

3.3.2 Liquidity

Figure 3E shows that overall, self-funded entities have strong liquidity positions. There has been an overall increase in liquidity from 2005-06 to 2009-10, and liquidity remains well above the 1:1 risk threshold.

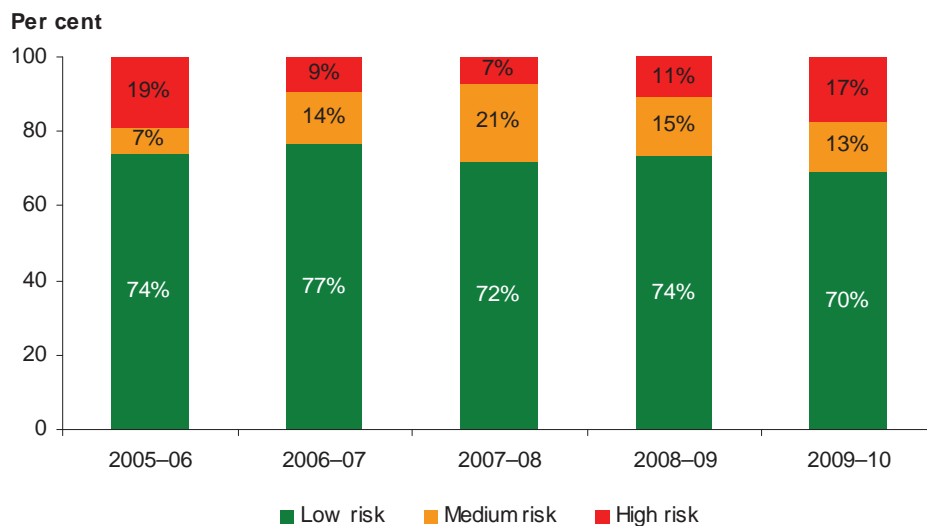
Notwithstanding the strong average liquidity position, Figure 3F shows that 17 per cent of self-funded entities (8 of 46) had higher current liabilities than current assets at 30 June 2010. These entities must rely on new funds generated in the next financial year to meet some of their existing short-term obligations.

Figure 3E
Average liquidity ratio



Source: Victorian Auditor-General's Office.

Figure 3F
Liquidity risk assessment

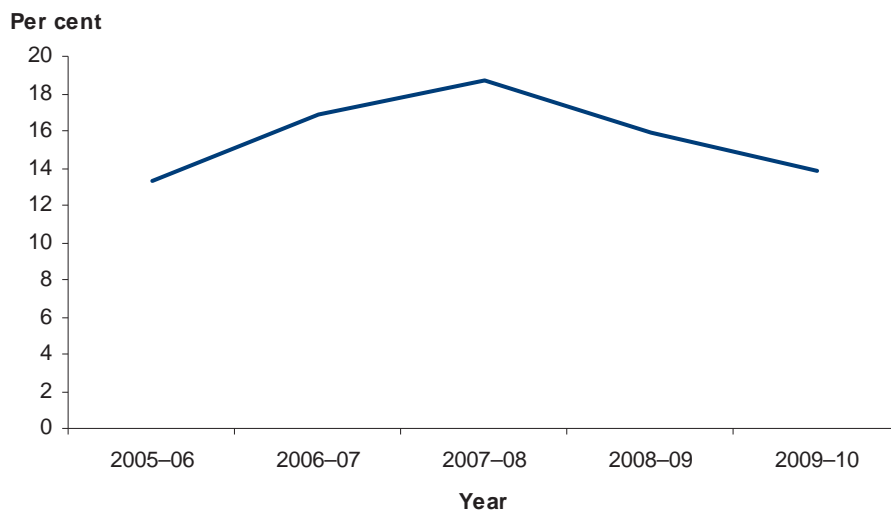


Source: Victorian Auditor-General's Office.

3.3.3 Self-financing

Figure 3G shows that over the past five years, the average self-financing ratio has been consistent across self-funded entities, ranging between 13.3 per cent and 18.7 per cent.

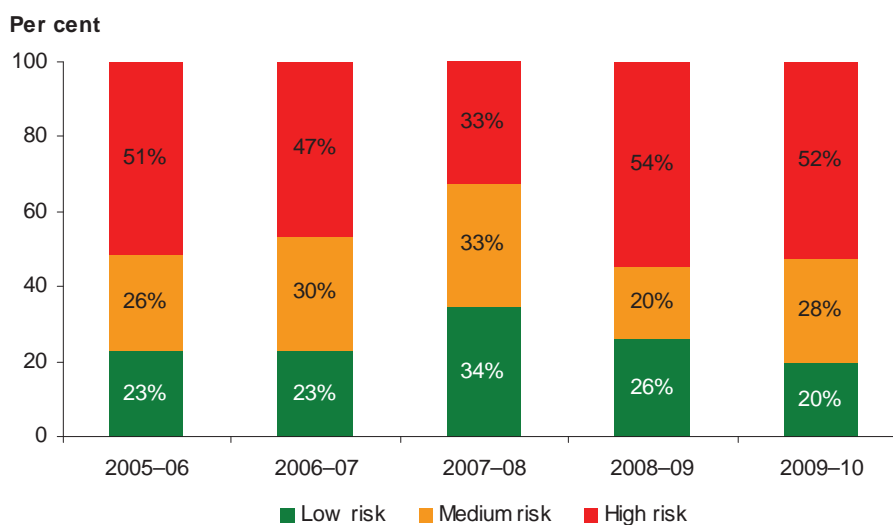
Figure 3G
Average self-financing indicator



Source: Victorian Auditor-General's Office.

Figure 3H shows that in 2009-10, 52 per cent of entities (24 of 46) had a high-risk self-financing assessment, indicating these entities cannot effectively replace their assets over the long term using income generated by their operations. These entities must rely on new funds generated in the future for asset renewal and replacement.

Figure 3H
Self-financing risk assessment



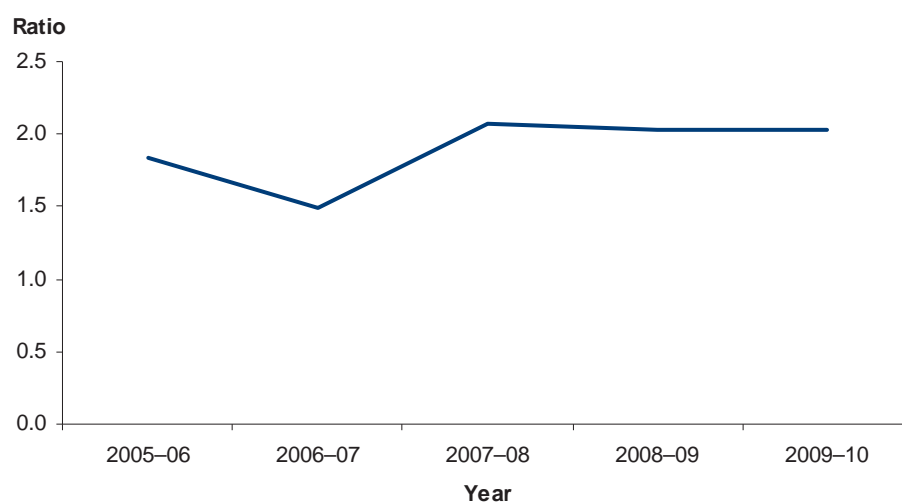
Source: Victorian Auditor-General's Office.

3.3.4 Capital replacement

Figure 3I shows the average capital replacement indicator has been relatively consistent over the five-year trend period. Aggregate capital spending on property, plant and equipment has consistently and significantly exceeded aggregate depreciation and amortisation.

Caution is required when interpreting these results as annual spending on assets includes new and expanded facilities, in addition to existing facilities. As a result, the true level of spending on asset renewal is less than indicated.

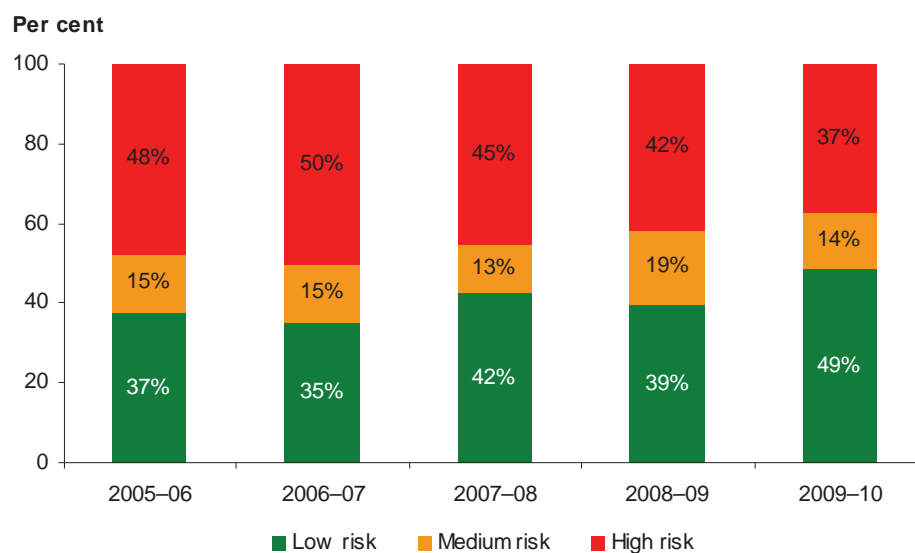
Figure 3I
Average capital replacement indicator



Source: Victorian Auditor-General's Office.

Figure 3J shows 37 per cent of self-funded entities (16 of the 43 entities that hold depreciable assets) had a high-risk capital replacement indicator of equal to, or less than, one in 2009-10. The results complement the self-financing assessment and suggest that capital spending could be deferred in the short term because there are insufficient funds available from operations.

Figure 3J
Capital replacement risk assessment



Source: Victorian Auditor-General's Office.

3.4 Financial sustainability risk assessment

A summary of the five-year average financial sustainability results for each portfolio is provided in Figure 3K.

Figure 3K
2009-10 financial sustainability risk assessment – self-funded entities

Portfolio	High	Medium	Low
Education and Early Childhood Development	–	–	1
Health	–	2	2
Innovation, Industry and Regional Development	3	2	–
Justice	1	3	3
Planning and Community Development	2	5	1
Premier and Cabinet	1	2	–
Primary Industries	–	8	2
Sustainability and Environment	–	–	3
Transport	3	–	1
Treasury and Finance	–	1	–
Total	10	23	13

Source: Victorian Auditor-General's Office.

The portfolios of Innovation, Industry and Regional Development, and Planning and Community Development have three and two entities respectively, which have an overall high-risk rating due to large underlying deficits.

Three entities in the Transport portfolio have an overall high-risk rating due to insufficient liquidity as a result of short-term commitments for finance lease repayments and borrowings.

The entities in the Planning and Community Development, Premier and Cabinet, and Primary Industries portfolios that had an overall medium-risk rating was due to high-risk self-financing assessments. The entities in these portfolios generally operate large state assets; however, the revenue generated from their asset holdings is insufficient to cover expenses and renew assets.

No sustainability issues were identified in the portfolios of Education and Early Childhood Development, and Sustainability and Environment.

3.4.1 Education and Early Childhood Development

The overall financial sustainability risk for the Education and Early Childhood Development portfolio has been assessed as low in Figure 3L.

Figure 3L
Education and Early Childhood Development portfolio—five-year average financial sustainability indicator results 2006 to 2010

Education and Early Childhood Development	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Victorian Institute of Teaching	1.97%	1.45	11.13%	1.32	●

Source: Victorian Auditor-General's Office.

The Victorian Institute of Teaching is able to meet its short-term financial obligations, and maintain some excess capacity to finance future capital and infrastructure development.

3.4.2 Health

The overall financial sustainability risk for the Health portfolio has been assessed as low in Figure 3M.

The Cemeteries and Crematoria Act 2009 (the Cemeteries Act) was passed on 27 October 2009 to restructure the 14 major metropolitan and regional cemetery trusts. The reforms primarily affected the ten reporting trusts in the metropolitan area. Under the Cemeteries Act, two new metropolitan trusts were created in March 2010 from the existing ten metropolitan cemetery trusts. As a result, only the four cemeteries unaffected by these reforms have been included in the financial sustainability assessment for the portfolio.

Figure 3M
Health portfolio—five-year average
financial sustainability indicator results 2006 to 2010

Health	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Ballarat General Cemeteries Trust	15.61%	3.92	35.61%	2.88	●
Bendigo Cemeteries Trust	4.84%	2.16	12.83%	0.99	●
Geelong Cemeteries Trust	25.37%	4.00	36.59%	2.49	●
Mildura Cemetery Trust	-2.25%	1.96	25.48%	0.83	●
Portfolio average	10.89%	3.01	27.63%	1.80	●
Portfolio risk assessment	Low	Low	Low	Low	Low

Source: Victorian Auditor-General's Office.

Two of the four regional cemetery trusts have been assessed as medium sustainability risks as their capital replacement indicator is red. This indicates a risk that the cemeteries are not spending sufficient money maintaining current assets and therefore asset condition could deteriorate over time.

3.4.3 Innovation, Industry and Regional Development

The overall financial sustainability risk for the Innovation, Industry and Regional Development portfolio has been assessed as high in Figure 3N.

Figure 3N
Innovation, Industry and Regional Development portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Innovation, Industry and Regional Development	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Emerald Tourist Railway Board	-3.96%	1.22	12.12%	0.66	●
Fed Square Pty Ltd	-29.22%	4.31	28.44%	0.16	●
Melbourne City Central Studios	-178.35%	4.72	-14.35%	0.01	●
Melbourne Convention and Exhibition Trust	-20.18%	3.49	10.71%	0.26	●
Melbourne Market Authority	11.96%	8.57	45.54%	0.18	●
Portfolio average	-43.95%	4.46	16.49%	0.26	●
Portfolio risk assessment	High	Low	Medium	High	High

Source: Victorian Auditor-General's Office.

The underlying deficits for Federation Square Pty Ltd (Fed Square) and the Melbourne Convention and Exhibition Trust (MECT) are primarily attributed to the depreciation of the significant state buildings and infrastructure operated by these entities. Operating losses are not sustainable and may impact the ability of Fed Square and MECT to maintain their assets in the long term without funding from government.

Melbourne Central City Studios Pty Ltd is assessed as having a high financial sustainability risk due to their current and prior year losses. With the Australian dollar currently strong against the United States currency, few overseas film productions are being located in Australia. As a result, the studios are targeting local productions to increase occupancy and generate revenue. In the long term, continued underlying losses may impact the studios' ability to maintain assets.

3.4.4 Justice

The overall financial sustainability risk for the Justice portfolio has been assessed as low in Figure 30.

Figure 30
Justice portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Justice	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Country Fire Authority	8.91%	2.22	16.80%	2.28	●
Emergency Services Telecommunications Authority	-2.51%	1.21	22.76%	0.31	●
Greyhound Racing Victoria	3.94%	6.09	3.31%	1.97	●
Harness Racing Victoria	-0.65%	1.39	3.74%	12.66	●
Legal Services Board	12.63%	1.22	14.45%	1.78	●
Melton Entertainment Trust	-24.78%	0.47	-3.79%	12.80	●
Metropolitan Fire and Emergency Services Board	7.51%	3.72	17.63%	2.12	●
Portfolio average	0.72%	2.33	10.70%	4.85	●
Portfolio risk assessment	Low	Low	Medium	Low	Low

Source: Victorian Auditor-General's Office.

The portfolio is able to meet their short-term financial obligations and maintain some excess capability to finance future infrastructure and capital developments.

The Melton Entertainment Trust commenced operations on 5 March 2009. The underlying deficit position and low liquidity ratio means the trust has been rated as high-risk, however these results reflect the commencement of a new organisation and are not trends. The financial sustainability risk for the trust will need to be assessed over time as the organisation matures.

Emergency Services Telecommunications Authority's (ESTA) underlying result and reducing liquidity is a direct result of increased operational costs arising from increased demand in a fixed funding environment. Additional one-off funding was received from the government in 2009–10 which partly covered these additional costs. ESTA has advised that it will need to renegotiate its funding model for future periods to sustain the current level of operations.

3.4.5 Planning and Community Development

The overall financial sustainability risk for the Planning and Community Development portfolio has been assessed as medium in Figure 3P.

Figure 3P
Planning and Community Development portfolio—five-year average financial sustainability risk assessment 2006 to 2010

Planning and Community Development	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Architects' Registration Board of Victoria	-8.56%	1.50	-2.58%	0.26	●
Building Commission	1.93%	1.45	7.77%	1.93	●
Melbourne and Olympic Parks Trust	13.25%	2.40	38.86%	4.80	●
Melbourne Cricket Ground Trust	2.75%	56.46	2.22%	N/A	●
Plumbing Industry Commission	1.87%	1.04	7.81%	3.18	●
Queen Victoria Women's Centre Trust	-29.99%	4.79	9.16%	0.84	●
State Sport Centres Trust	-41.14%	3.15	5.58%	0.83	●
Victorian Urban Development Authority	5.27%	4.00	0.24%	2.90	●
Portfolio average	-6.83%	9.35	8.63%	2.11	●
Portfolio risk assessment	Medium	Low	High	Low	Medium

Source: Victorian Auditor-General's Office.

The State Sport Centres Trust and the Queen Victoria Women's Centre Trust have a negative trend over the last five years on underlying result and self-financing indicators. These entities are rated as high risk because they both operate and maintain significant state infrastructure assets which are not generating sufficient profits or revenue from their operation to replace assets as required. These entities should continue to review strategies to control expenditure and increase revenue to achieve long-term sustainability.

3.4.6 Premier and Cabinet

The overall financial sustainability risk for the Premier and Cabinet portfolio has been assessed as medium in Figure 3Q.

The Victorian Arts Centre Trust (VACT) operates city entertainment venues which present art and cultural experiences for the public. The high-risk rating for underlying result and self-financing shows that VACT is not generating sufficient returns from hiring their facilities to maintain and renew assets. In the longer term, this may mean that without government support the asset condition of VACT facilities will deteriorate.

Figure 3Q
Premier and Cabinet portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Premier and Cabinet	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Geelong Performing Arts Centre	-9.61%	1.53	2.26%	1.86	●
Victorian Arts Centre Trust	-24.79%	2.11	6.75%	0.28	●
VITS LanguageLink	5.15%	4.02	2.57%	1.86	●
Portfolio average	-9.75%	2.55	3.86%	1.33	●
Portfolio risk assessment	Medium	Low	High	Medium	Medium

Source: Victorian Auditor-General's Office.

3.4.7 Primary Industries

The overall financial sustainability risk for the Primary Industries portfolio has been assessed as medium in Figure 3R.

Figure 3R
Primary Industries portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Primary Industries	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Agriculture Victoria Services Pty Ltd	0.64%	2.22	11.00%	8.40	●
Dairy Food Safety Victoria	7.22%	5.32	11.68%	1.42	●
Energy Safe Victoria	2.65%	1.89	4.64%	1.41	●
Murray Valley Citrus Board	8.76%	12.45	5.85%	1.63	●
Murray Valley Wine Grape Industry Development Committee	2.01%	16.43	1.80%	N/A	●
Northern Victorian Fresh Tomato Industry Development Committee	-2.06%	18.66	-0.72%	N/A	●
PrimeSafe	-4.24%	1.66	4.51%	2.06	●
Veterinary Practitioners Registration Board of Victoria	3.47%	8.37	6.97%	0.41	●
Victoria Strawberry Industry Development Committee	-0.19%	29.57	-1.61%	1.20	●
VicForests	1.93%	1.93	-0.28%	2.63	●
Portfolio average	2.02%	9.65	4.38%	2.40	●
Portfolio risk assessment	Low	Low	High	Low	Medium

Source: Victorian Auditor-General's Office.

The portfolio risk assessment shows consistently strong underlying results, liquidity and capital replacement ratios across the portfolio.

For eight of the ten entities assessed, self-financing is considered high risk. These entities are relying on other revenue sources to supplement own-source revenue. In the longer term this may be a risk if alternative revenue streams reduce. The Primary Industries portfolio agencies should continue to consider strategies and opportunities to increase own-source revenue.

3.4.8 Sustainability and Environment

The overall financial sustainability risk for the Sustainability and Environment portfolio has been assessed as low in Figure 3S.

Figure 3S
Sustainability and Environment portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Sustainability and Environment	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Environment Protection Authority	14.34%	6.51	14.23%	1.16	●
Phillip Island Nature Park Board of Management	4.39%	3.49	15.59%	2.01	●
Zoological Parks and Gardens Board	-6.79%	6.08	12.27%	2.27	●
Portfolio average	3.98%	5.36	14.03%	1.81	●
Portfolio risk assessment	Low	Low	Medium	Low	Low

Source: Victorian Auditor-General's Office.

The portfolio risk assessment shows consistently strong underlying results, liquidity and capital replacement ratios. The medium portfolio risk assessment for the self-financing ratio indicates that portfolio entities need to consider the level of revenue required to operate and maintain assets when setting revenue policies.

3.4.9 Transport

The overall financial sustainability risk for the Transport portfolio has been assessed as low in Figure 3T. However, this overall assessment based on averages for the portfolio masks the risk that three of the four portfolio entities have high-risk liquidity positions.

Figure 3T
Transport portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Transport	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
Port of Melbourne Corporation	21.25%	0.68	41.41%	4.80	●
V/Line Passenger Pty Ltd	-2.15%	0.55	5.98%	1.02	●
Victorian Rail Track	-2.51%	0.65	70.88%	1.22	●
Victorian Regional Channel Authority	16.87%	27.26	47.05%	1.09	●
Portfolio average	8.37%	7.28	41.33%	2.03	●
Portfolio risk assessment	Low	Low	Low	Low	Low

Source: Victorian Auditor-General's Office.

The Port of Melbourne Corporation's liquidity has deteriorated in 2009–10 due to an increase in borrowings of \$150.6 million to fund the channel deepening project. Of the corporation's borrowings, the Port of Melbourne expects to repay \$72.3 million in 2010–11 and to remain liquid and sustainable. While the corporation does not have sufficient liquid assets to meet this commitment, the loan is secured by government.

V/Line Passenger Pty Ltd (V/Line) is economically dependent on the government subsidies it receives. V/Line operates on a deficiency of working capital due to the timing of the receipt of government funding. The government provides letters of support which confirm future funding.

Victorian Rail Track (trading as Victrack) consistently reports operating losses and has insufficient liquidity at 30 June 2010. The operating losses are attributed to the depreciation of significant infrastructure assets and the interest costs associated with the finance leases for rolling stock. The high liquidity risk reflects both borrowings to be repaid within the next 12 months and repayments made under the state's rolling stock finance lease agreement which are funded by the government.

3.4.10 Treasury and Finance

The Treasury and Finance portfolio has one self-funded entity (CenITex) which has been assessed overall as a medium risk in Figure 3U. CenITex has reported a low self-financing result indicating a high reliance on other sources of funding. As a developing entity, CenITex needs to continue to be mindful of the need to achieve operating revenues that allow it to be self-sufficient and viable in the long term.

Figure 3U
Treasury and Finance portfolio—five-year average
financial sustainability risk assessment 2006 to 2010

Treasury and Finance	Underlying result (%)	Liquidity	Self-financing (%)	Capital replacement	Overall sustainability
CenITex	2.03%	1.77	7.44%	1.08	●

Source: Victorian Auditor-General's Office.

Appendix A.

Audit status

Parliament

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Audit report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Parliament of Victoria ^(a)	●		✓	12 Aug 2010	●	
Victorian Auditor-General's Office ^(b)	●		✓	10 Aug 2010	●	
2009–10 Total number of entities = 2	2	0		Per cent	2	0
2008–09 Total number of entities = 2	2	0		Per cent	100	0
				Per cent	100	0

Note: (a) The Parliament of Victoria is an audit by arrangement pursuant to section 16G of the *Audit Act 1994* and is not required to prepare a general purpose financial report, however do so in accordance with the *Financial Management Act 1994*.

(b) The Victorian Auditor-General's Office was audited by a private sector auditor, pursuant to section 7B *Audit Act 1994*.

Source: Victorian Auditor-General's Office.

Education and Early Childhood Development

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Education and Early Childhood Development	●		✓	12 Aug 2010	●	
Victorian Curriculum and Assessment Authority	●		✓	12 Aug 2010	●	
Victorian Institute of Teaching	●		✓	9 Sep 2010	●	
Victorian Registration and Qualifications Authority	●		✓	30 Aug 2010	●	
2009–10 Total number of entities = 4	4	0		Per cent	100	0
2008–09 Total number of entities = 4	4	0		Per cent	2	2
				Per cent	50	50

Source: Victorian Auditor-General's Office.

Health

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Health	●		✓	26 Aug 2010	●	
AMBULANCE SERVICES AND ASSOCIATED ENTITIES						
Ambulance Victoria	●		✓	27 Aug 2010	●	
MAJOR CEMETERIES						
Altona Memorial Park	●		✓	21 May 2010	●	
Anderson's Creek Cemetery Trust	●		✓	21 May 2010	●	
Ballarat General Cemeteries Trust	●		✓	7 Sep 2010	●	
Bendigo Cemeteries Trust	●		✓	18 Aug 2010	●	
Cheltenham & Regional Cemeteries Trust	●		✓	19 May 2010	●	
Fawkner Crematorium and Memorial Park	●		✓	21 May 2010	●	
Geelong Cemeteries Trust	●		✓	16 Aug 2010	●	
Keilor Cemetery Trust	●		✓	21 May 2010	●	
Lilydale Memorial Park	●		✓	21 May 2010	●	
Mildura Cemetery Trust	●		✓	25 Aug 2010	●	
Necropolis Springvale Trust	●		✓	20 May 2010	●	
Preston Cemetery Trust	●		✓	21 May 2010	●	
Templestowe Cemetery Trust	●		✓	21 May 2010	●	
Wyndham Cemeteries Trust	●		✓	21 May 2010	●	
OTHER PUBLIC BODIES						
Chinese Medicine Registration Board of Victoria	●		✓	5 Aug 2010	●	
Chiropractors Registration Board of Victoria	●		✓	17 Aug 2010	●	

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued						
Dental Practice Board of Victoria	●		✓	18 Aug 2010	●	
Health Purchasing Victoria	●		✓	20 Aug 2010	●	
Medical Radiation Practitioners Board of Victoria	●		✓	6 Sep 2010	●	
Nurses Board of Victoria	●		✓	19 Aug 2010	●	
Optometrists Registration Board of Victoria	●		✓	2 Sep 2010	●	
Osteopaths Registration Board of Victoria	●		✓	13 Aug 2010	●	
Pharmacy Board of Victoria	●		✓	20 Aug 2010	●	
Physiotherapists Registration Board of Victoria	●		✓	20 Aug 2010	●	
Podiatrists Registration Board of Victoria	●		✓	13 Aug 2010	●	
Victorian Health Promotion Foundation	●		✓	26 Aug 2010	●	
Victorian Assisted Reproductive Treatment Authority	●		✓	19 Aug 2010	●	
Victorian Institute of Forensic Mental Health	●		✓	24 Aug 2010	●	
2009–10 Total number of entities = 30	30	0	30	Per cent	30	0
					100	0

Note: The Health portfolio was created in August 2009 and assumed entities that previously reported under the Human Services portfolio. As a result, no comparative information is provided.

Source: Victorian Auditor-General's Office.

Human Services

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Human Services	●		✓	23 Aug 2010	●	
OTHER PUBLIC BODIES						
Registrar of Housing Agencies	●		✓	13 Sep 2010	●	
2009–10 Total number of entities = 2	2	0			2	0
				Per cent	100	0

Note: The Human Services portfolio was split in August 2009 when the Health portfolio was created. No comparative information is therefore provided.
 Source: Victorian Auditor-General's Office.

Innovation, Industry and Regional Development

Entity	Reporting framework		Clear opinion issued	Financial reports Auditor-General's report signed	Finalised within statutory time frame	
	FMA	Non-FMA			Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Innovation, Industry and Regional Development	●		✓	26 Aug 2010	●	
INNOVATION						
Australian Synchrotron Company Limited		C	✓	30 Aug 2010	●	
Australian Synchrotron Holding Company Proprietary Limited		C	✓	30 Aug 2010	●	
Federation Square Pty Ltd		C	✓	9 Sep 2010	●	
Film Victoria	●		✓	2 Sep 2010	●	
Melbourne Central City Studios Pty Ltd		C	✓	9 Sep 2010	●	
SKILLS AND WORKFORCE PARTICIPATION						
NMIT International Limited		C		24 Nov 2010		●
TAFE Development Centre Ltd		C	✓	21 Sep 2010	●	
VCAMM Limited		C	✓	22 Oct 2010	●	
Victorian Skills Commission	●		✓	9 Sep 2010	●	
TOURISM AND MAJOR EVENTS						
Australian Grand Prix Corporation	●		✓	26 Aug 2010	●	
Emerald Tourist Railway Board	●		✓	25 Aug 2010	●	
Melbourne Convention and Exhibition Trust	●		✓	30 Aug 2010	●	
Melbourne Market Authority	●		✓	30 Aug 2010	●	
Tourism Victoria	●		✓	17 Aug 2010	●	
Victorian Major Events Company Ltd	●		✓	28 Sep 2010		●

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued						
2009–10 Total number of entities = 16	9	7			14	2
				Per cent	88	12
2008–09 Total number of entities = 16	9	7			14	2
				Per cent	88	12

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.
 Source: Victorian Auditor-General's Office.

Justice

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Justice	●		✓	27 Aug 2010	●	
ATTORNEY-GENERAL						
Judicial College of Victoria	●		✓	2 Sep 2010	●	
Legal Practitioners Liability Committee	●		✓	3 Sep 2010	●	
Legal Services Board	●		✓	8 Sep 2010	●	
Legal Services Commissioner	●		✓	8 Sep 2010	●	
Office of Public Prosecutions	●		✓	25 Aug 2010	●	
Office of the Victorian Privacy Commissioner	●		✓	23 Aug 2010	●	
Professional Standards Council	●		✓	2 Sep 2010	●	
Senior Master of the Supreme Court		O	✓	2 Aug 2010	●	
Sentencing Advisory Council	●		✓	27 Aug 2010	●	
Victorian Electoral Commission	●		✓	23 Aug 2010	●	
Victorian Equal Opportunity and Human Rights Commission	●		✓	27 Aug 2010	●	
Victorian Institute of Forensic Medicine	●		✓	7 Sep 2010	●	
Victorian Law Reform Commission	●		✓	31 Aug 2010	●	
Victoria Legal Aid	●		✓	25 Aug 2010	●	
CONSUMER AFFAIRS						
Residential Tenancies Bond Authority	●		✓	20 Aug 2010	●	
GAMING						
Responsible Gambling Advocacy Centre Ltd		C	✓	13 Sep 2010	●	
Victorian Commission for Gambling Regulation	●		✓	18 Aug 2010	●	

Entity	Reporting framework		Clear opinion issued	Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA		Auditor-General's report signed	Met	Not met	
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued							
POLICE AND EMERGENCY SERVICES							
Country Fire Authority	●		✓	11 Aug 2010	●		
Emergency Services Telecommunications Authority	●		✓	1 Sep 2010	●		
Metropolitan Fire and Emergency Services Board	●		✓	6 Aug 2010	●		
Office of Police Integrity	●		✓	20 Aug 2010	●		
Victoria Police	●		✓	12 Aug 2010	●		
Victoria State Emergency Service Authority	●		✓	8 Sep 2010	●		
RACING							
Greyhound Racing Victoria	●		✓	3 Sep 2010	●		
Harness Racing Victoria	●		✓	7 Sep 2010	●		
HRV Management Limited		C	✓	15 Sep 2010	●		
Melton Entertainment Trust	●		✓	7 Sep 2010	●		
2009–10 Total number of entities = 28	25	3		Per cent	100	0	0
2008–09 Total number of entities = 27	25	2		Per cent	20	77	23

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.

Source: Victorian Auditor-General's Office.

Planning and Community Development

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Planning and Community Development	●		✓	12 Aug 2010	●	
PLANNING						
Architects' Registration Board of Victoria	●		✓	22 Sep 2010	●	
Building Commission	●		✓	18 Aug 2010	●	
Growth Areas Authority	●		✓	2 Sep 2010	●	
Heritage Council	●		✓	31 Aug 2010	●	
Plumbing Industry Commission	●		✓	27 Aug 2010	●	
Victorian Urban Development Authority	●		✓	16 Aug 2010	●	
SPORT, RECREATION AND YOUTH AFFAIRS						
Melbourne and Olympic Parks Trust	●		✓	19 Aug 2010	●	
State Sport Centres Trust	●		✓	1 Sep 2010	●	
Victorian Institute of Sport Limited	●	C	✓	27 Aug 2010	●	
Victorian Institute of Sport Trust	●		✓	27 Aug 2010	●	
SKILLS AND WORKFORCE PARTICIPATION						
Adult, Community and Further Education Board	●		✓	17 Aug 2010	●	
WOMEN'S AFFAIRS						
Queen Victoria Women's Centre Trust	●		✓	26 Aug 2010	●	
VETERAN'S AFFAIRS						
Shrine of Remembrance Trustees	●		✓	27 Aug 2010	●	
Victorian Veteran's Council	●		✓	2 Sep 2010	●	
Melbourne Cricket Ground Trust	●		✓	22 June 2010	●	

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 June 2010 BALANCE DATES – continued						
2009–10 Total number of entities = 16	15	1			16	0
					100	0
					Per cent	
2008–09 Total number of entities = 16	15	1			12	4
					75	25
					Per cent	

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.
 Source: Victorian Auditor-General's Office.

Premier and Cabinet

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Premier and Cabinet	●		✓	12 Aug 2010	●	
ARTS						
Australian Centre for the Moving Image	●		✓	2 Sep 2010	●	
Council of Trustees of the National Gallery of Victoria	●		✓	26 Aug 2010	●	
Geelong Performing Arts Centre Trust	●		✓	26 Aug 2010	●	
Library Board of Victoria	●		✓	25 Aug 2010	●	
Melbourne Recital Centre Ltd	●	C	✓	13 Sep 2010	●	
Museums Board of Victoria	●		✓	2 Sep 2010	●	
State Library of Victoria Foundation	●		✓	25 Aug 2010	●	
Victorian Arts Centre Trust	●		✓	2 Sep 2010	●	
OTHER						
Office of the Ombudsman	●		✓	20 Aug 2010	●	
State Services Authority	●		✓	25 Aug 2010	●	
MULTICULTURAL AFFAIRS						
VITS LanguageLink	●		✓	30 Aug 2010	●	
2009-10 Total number of entities = 12	11	1		Per cent	12	0
2008-09 Total number of entities = 12	11	1		Per cent	100	0
				Per cent	10	2
				Per cent	83	17

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.
Source: Victorian Auditor-General's Office.

Primary Industries

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Primary Industries	●		✓	20 Aug 2010	●	
AGRICULTURE						
Agriculture Victoria Services Pty Ltd		C	✓	23 Aug 2010	●	
Phytogene Pty Ltd		C	✓	23 Aug 2010	●	
Dairy Food Safety Victoria	●		✓	11 Aug 2010	●	
Murray Valley Citrus Board	●		✓	1 Sep 2010	●	
Murray Valley Wine Grape Industry Development Committee	●		✓	26 Aug 2010	●	
Northern Victorian Fresh Tomato Industry Development Committee	●		✓	25 Aug 2010	●	
Primesafe	●		✓	16 Aug 2010	●	
Veterinary Practitioners Registration Board of Victoria	●		✓	6 Aug 2010	●	
VicForests	●		✓	25 Aug 2010	●	
Victorian Strawberry Industry Development Committee	●		✓	16 Aug 2010	●	
ENERGY AND RESOURCE						
Energy Safe Victoria	●		✓	19 Aug 2010	●	
2009–10 Total number of entities = 12	10	2		Per cent	12	0
2008–09 Total number of entities = 13	11	2		Per cent	100	0
				Per cent	13	0
				Per cent	100	0

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.
Source: Victorian Auditor-General's Office.

Sustainability and Environment

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Sustainability and Environment	●		✓	23 Aug 2010	●	
ENVIRONMENT AND CLIMATE CHANGE						
Alpine Resorts Co-ordinating Council	●		✓	13 Aug 2010	●	
Barwon Regional Waste Management Group	●		✓	3 Sep 2010	●	
Calder Regional Waste Management Group	●		✓	8 Sep 2010	●	
Central Murray Regional Waste Management Group	●		✓	18 Aug 2010	●	
Commissioner for Environmental Sustainability	●		✓	30 Aug 2010	●	
Corangamite Catchment Management Authority	●		✓	24 Aug 2010	●	
Desert Fringe Regional Waste Management Group	●		✓	24 Aug 2010	●	
East Gippsland Catchment Management Authority	●		✓	26 Aug 2010	●	
Environment Protection Authority	●		✓	31 Aug 2010	●	
Gippsland Regional Waste Management Group	●		✓	30 Aug 2010	●	
Gleneig Hopkins Catchment Management Authority	●		✓	27 Aug 2010	●	
Goulburn Broken Catchment Management Authority	●		✓	24 Aug 2010	●	
Goulburn Valley Regional Waste Management Group	●		✓	13 Sep 2010	●	
Grampians Regional Waste Management Group	●		✓	23 Aug 2010	●	
Highlands Regional Waste Management Group	●		✓	26 Aug 2010	●	
Mallee Catchment Management Authority	●		✓	30 Aug 2010	●	
Metropolitan Waste Management Group	●		✓	13 Sep 2010	●	
Mildura Regional Waste Management Group	●		✓	3 Sep 2010	●	
Mornington Peninsula Regional Waste Management Group	●		✓	13 Sep 2010	●	

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued						
North Central Catchment Management Authority	●		✓	27 Aug 2010	●	
North East Catchment Management Authority	●		✓	18 Aug 2010	●	
North East Victorian Regional Waste Management Group	●		✓	27 Aug 2010	●	
Parks Victoria	●		✓	23 Aug 2010	●	
Phillip Island Nature Park Board of Management	●		✓	25 Aug 2010	●	
Port Phillip & Westport Catchment Management Authority	●		✓	23 Aug 2010	●	
Royal Botanic Gardens Board	●		✓	19 Aug 2010	●	
Smart Water Fund	●		✓	13 Sep 2010	●	
South Western Regional Waste Management Group	●		✓	18 Aug 2010	●	
State Owned Enterprise for Irrigation Modernisation in Northern Victoria	●		✓	23 Aug 2010	●	
Surveyor's Registration Board of Victoria	●		✓	27 Aug 2010	●	
Sustainability Victoria	●		✓	17 Aug 2010	●	
Trust for Nature (Victoria)	●		✓	26 Aug 2010	●	
West Gippsland Catchment Management Authority	●		✓	18 Aug 2010	●	
Wimmera Catchment Management Authority	●		✓	18 Aug 2010	●	
Yarra Bend Park Trust	●		✓	31 Aug 2010	●	
Zoological Parks and Gardens Board	●		✓	16 Aug 2010	●	
2009–10 Total number of entities = 37	37	0			37	0
				Per cent	100	0
2008–09 Total number of entities = 38	38	0			30	8
				Per cent	79	21

Source: Victorian Auditor-General's Office.

Transport

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES						
Department of Transport	●		✓	27 Aug 2010	●	
PUBLIC TRANSPORT						
Public Transport Ticketing Authority	●		X	3 Sep 2010	●	
Victorian Rail Track	●		✓	17 Aug 2010	●	
● Rolling Stock Holdings (Victoria) Pty Ltd		C	✓	23 Aug 2010	●	
● Rolling Stock Holdings (Victoria – VL) Pty Ltd		C	✓	23 Aug 2010	●	
● Rolling Stock (VL – 1) Pty Ltd		C	✓	23 Aug 2010	●	
● Rolling Stock (VL – 2) Pty Ltd		C	✓	23 Aug 2010	●	
● Rolling Stock (VL – 3) Pty Ltd		C	✓	23 Aug 2010	●	
V/Line Passenger Corporation	●		✓	18 Aug 2010	●	
V/Line Passenger Pty Ltd		C	✓	18 Aug 2010	●	
ROADS AND PORTS						
Port of Melbourne Corporation	●		✓	10 Aug 2010	●	
Port of Hastings Corporation	●		✓	12 Aug 2010	●	
Roads Corporation	●		✓	13 Aug 2010	●	
Southern and Eastern Integrated Transport Authority	●		✓	1 Sep 2010	●	
Victorian Regional Channels Authority	●		✓	13 Aug 2010	●	

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued						
2009–10 Total number of entities = 15	9	6			15	0
2008–09 Total number of entities = 16	10	6			100	0
					Per cent	
					Per cent	
					15	1
					94	6

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.
 Source: Victorian Auditor-General's Office.

Treasury and Finance

Entity	Reporting framework			Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met	
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES							
Department of Treasury and Finance	●		✓	8 Sep 2010	●		
FINANCE							
Emergency Services Superannuation Scheme	●		✓	31 Aug 2010	●		
Emergency Services Superannuation Board	●		✓	31 Aug 2010	●		
Essential Services Commission	●		✓	2 Sep 2010	●		
Housing Guarantee Claims Fund	●		✓	30 Aug 2010	●		
Parliamentary Contributory Superannuation Fund	●		✓	27 Aug 2010	●		
Vicfleet Pty Ltd		C	✓	15 Sep 2010	●		
TREASURER							
Cash Management Trust		T	✓	31 Aug 2010	N/A		
CenITex	●		✓	17 Aug 2010	●		
Domestic Building Indemnity (HIH) Fund	●		✓	30 Aug 2010	●		
Rural Finance Corporation of Victoria	●		✓	9 Aug 2010	●		
State Electricity Commission of Victoria	●		✓	8 Sep 2010	●		
State Trustees Limited Common Funds comprising:		T	✓	30 Aug 2010	N/A		
• Cash Common Fund 1							
• Cash Common Fund 2							
• Charitable Common Fund							
State Trustees Limited		C	✓	30 Aug 2010	●		
STL Financial Services Limited		C	✓	30 Aug 2010	●		
inveST Funds		C	✓	30 Aug 2010	●		

Entity	Reporting framework		Financial reports		Finalised within statutory time frame	
	FMA	Non-FMA	Clear opinion issued	Auditor-General's report signed	Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued						
Treasury Corporation of Victoria	●		✓	11 Aug 2010	●	
Victorian Funds Management Corporation	●		✓	31 Aug 2010	●	
VFM Equity Trusts comprising:		T	✓	31 Aug 2010	N/A	
• VFM Australian Equities Trust						
• VFM International Equities Trust						
• VFM Hedged International Equities Trust						
• VFM Global Small Companies Trust						
• VFM Emerging Markets Trust						
VFMC Investment Trust I		C	✓	31 Aug 2010	●	
VFMC Investment Trust II		C	✓	31 Aug 2010	●	
VFMC Australian Share Trust		C	✓	31 Aug 2010	●	
VFMC Investments Pty Ltd		C	✓	12 Aug 2010	●	
VFMC Ontario Pty Ltd		T	✓	17 Aug 2010	N/A	
VFMC Private Equity 1 A Trust ^(a)		T	✓	31 Aug 2010	N/A	
VFMC Private Equity 1 B Trust ^(b)		T	✓	31 Aug 2010	N/A	
VFMC Queensland Pipeline Pty Limited		C	✓	31 Aug 2010	●	
VFMC Finance Trust		T	✓	31 Aug 2010	N/A	
VFMC UK Investment Trust		T	✓	31 Aug 2010	N/A	
Victorian Plantations Corporation	●		✓	26 Aug 2010	●	

Entity	Reporting framework		Clear opinion issued	Financial reports Auditor-General's report signed	Finalised within statutory time frame	
	FMA	Non-FMA			Met	Not met
COMPLETED AUDITS WITH 30 JUNE 2010 BALANCE DATES – continued						
WORKCOVER & TRANSPORT ACCIDENT COMMISSION						
Accident Compensation Conciliation Service	●		✓	23 Aug 2010	●	
Transport Accident Commission	●		✓	31 Aug 2010	●	
Victorian Neurotrauma Initiative Pty Ltd		●	✓	20 Sep 2010	●	
Victorian WorkCover Authority	●		✓	27 Aug 2010	●	
Victorian Managed Insurance Authority	●		✓	30 Aug 2010	●	
2009–10 Total number of entities = 35	17	18		Per cent	30	0
2008–09 Total number of entities = 34	20	14		Per cent	100	0
				Per cent	32	1
				Per cent	97	3

Note: Non-FMA audit types: C – Corporations Act 2001, O – Common Funds' Rules and Australian Accounting Standards, T – Trust Constitution.

N/A = Prepare financial statements in accordance with Trust Constitution. No statutory time frame.

(a) VFMC Private Equity 1A Trust prepared financial statements for the period 27 May 2009 to 30 June 2010.

(b) VFMC Private Equity 1B Trust prepared financial statements for the period 27 May 2009 to 30 June 2010.

Source: Victorian Auditor-General's Office.

Appendix B.

Financial sustainability

Education and Early Childhood Development

Figure B1
Underlying result (%) 2006 to 2010

Education and Early Childhood Development	Underlying result %					Mean	Trend
	2006	2007	2008	2009	2010		
Victorian Institute of Teaching	-3.18%	9.00%	1.35%	1.49%	1.19%	1.97%	■

Source: Victorian Auditor-General's Office.

Figure B2
Liquidity 2006 to 2010

Education and Early Childhood Development	Liquidity					Mean	Trend
	2006	2007	2008	2009	2010		
Victorian Institute of Teaching	1.36	1.49	1.47	1.52	1.43	1.45	■

Source: Victorian Auditor-General's Office.

Figure B3
Self-financing (%) 2006 to 2010

Education and Early Childhood Development	Self financing ratio					Mean	Trend
	2006	2007	2008	2009	2010		
Victorian Institute of Teaching	10.55%	18.63%	8.08%	10.51%	7.87%	11.13%	▼

Source: Victorian Auditor-General's Office.

Figure B4
Capital replacement 2006 to 2010

Education and Early Childhood Development	Capital replacement					Mean	Trend
	2006	2007	2008	2009	2010		
Victorian Institute of Teaching	1.51	0.97	1.06	0.50	2.57	1.32	▲

Source: Victorian Auditor-General's Office.

Health

Figure B5
Underlying result (%) 2006 to 2010

Health	Underlying result %					Mean	Trend
	2006	2007	2008	2009	2010		
Ballarat General Cemeteries Trust	5.52%	37.68%	1.97%	17.29%	15.61%	15.61%	■
Bendigo Cemeteries Trust	-1.56%	8.56%	5.00%	9.63%	2.56%	4.84%	■
Geelong Cemeteries Trust	12.62%	31.32%	25.91%	30.47%	26.53%	25.37%	■
Mildura Cemetery Trust	-48.72%	13.30%	-8.24%	3.54%	28.85%	-2.25%	▲
Portfolio average	-8.04%	22.72%	6.16%	15.23%	18.39%	10.89%	■

Source: Victorian Auditor-General's Office.

Figure B6
Liquidity 2006 to 2010

Health	Liquidity					Mean	Trend
	2006	2007	2008	2009	2010		
Ballarat General Cemeteries Trust	3.04	4.80	4.59	4.06	3.13	3.92	▼
Bendigo Cemeteries Trust	0.84	2.39	2.11	3.45	2.00	2.16	■
Geelong Cemeteries Trust	3.42	4.05	5.72	3.14	3.69	4.00	■
Mildura Cemetery Trust	0.39	2.38	3.43	2.82	0.76	1.96	▼
Portfolio average	1.92	3.41	3.96	3.37	2.40	3.01	■

Source: Victorian Auditor-General's Office.

Figure B7
Self-financing (%) 2006 to 2010

Health	Self-financing (%)					Mean	Trend
	2006	2007	2008	2009	2010		
Ballarat General Cemeteries Trust	34.40%	21.57%	30.95%	41.19%	49.92%	35.61%	■
Bendigo Cemeteries Trust	6.72%	20.75%	19.56%	12.37%	4.77%	12.83%	■
Geelong Cemeteries Trust	27.36%	29.84%	39.19%	49.09%	37.49%	36.59%	■
Mildura Cemetery Trust	-6.84%	46.79%	21.96%	3.83%	61.66%	25.48%	▲
Portfolio average	15.41%	29.74%	27.92%	26.62%	38.46%	27.63%	■

Source: Victorian Auditor-General's Office.

Figure B8
Capital replacement 2006 to 2010

Health	Capital replacement					Mean	Trend
	2006	2007	2008	2009	2010		
Ballarat General Cemeteries Trust	1.38	1.17	2.18	2.84	6.84	2.88	▲
Bendigo Cemeteries Trust	0.30	0.15	1.61	0.37	2.53	0.99	▲
Geelong Cemeteries Trust	4.06	1.64	2.18	3.87	0.71	2.49	▼
Mildura Cemetery Trust	0.22	1.44	0.00	1.47	1.03	0.83	■
Portfolio average	1.49	1.10	1.49	2.14	2.78	1.80	▲

Source: Victorian Auditor-General's Office.

Innovation, Industry and Regional Development

Figure B9
Underlying result (%) 2006 to 2010

Innovation, Industry and Regional Development	Underlying result %						Trend
	2006	2007	2008	2009	2010	Mean	
Emerald Tourist Railway Board	-1.74%	-7.32%	-7.61%	-5.26%	2.12%	-3.96%	▲
Fed Square Pty Ltd	-18.77%	-32.36%	-36.74%	-32.18%	-26.04%	-29.22%	■
Melbourne City Central Studios	N/A	N/A	N/A	-267.25%	-89.45%	-178.35%	▲
Melbourne Convention and Exhibition Trust	-21.12%	-9.36%	-6.35%	-16.83%	-47.26%	-20.18%	▼
Melbourne Market Authority	-2.52%	-11.71%	20.65%	27.37%	26.02%	11.96%	▲
Portfolio average	-11.04%	-15.19%	-7.51%	-58.83%	-26.92%	-43.95%	■

Source: Victorian Auditor-General's Office.

Figure B10
Liquidity 2006 to 2010

Innovation, Industry and Regional Development	Liquidity						Trend
	2006	2007	2008	2009	2010	Mean	
Emerald Tourist Railway Board	1.12	1.07	1.09	1.19	1.62	1.22	▲
Fed Square Pty Ltd	4.65	4.34	4.56	4.02	3.99	4.31	■
Melbourne City Central Studios	N/A	N/A	N/A	2.91	6.53	4.72	▲
Melbourne Convention and Exhibition Trust	3.38	3.74	4.28	3.64	2.42	3.49	■
Melbourne Market Authority	3.12	5.15	7.45	11.49	15.64	8.57	▲
Portfolio average	3.07	3.58	4.34	4.65	6.04	4.46	▲

Source: Victorian Auditor-General's Office.

Figure B11
Self-financing (%) 2006 to 2010

Innovation, Industry and Regional Development	Self-financing ratio						Trend
	2006	2007	2008	2009	2010	Mean	
Emerald Tourist Railway Board	15.38%	11.23%	12.44%	8.45%	13.12%	12.12%	■
Fed Square Pty Ltd	13.93%	76.53%	16.23%	16.41%	19.10%	28.44%	■
Melbourne City Central Studios	N/A	N/A	N/A	-59.67%	30.97%	-14.35%	▲
Melbourne Convention and Exhibition Trust	7.79%	8.31%	15.36%	7.23%	14.86%	10.71%	▲
Melbourne Market Authority	36.18%	37.68%	49.52%	56.47%	47.83%	45.54%	■
Portfolio average	18.32%	33.44%	23.39%	5.78%	25.18%	16.49%	■

Source: Victorian Auditor-General's Office.

Figure B12
Capital replacement 2006 to 2010

Innovation, Industry and Regional Development	Capital replacement						Trend
	2006	2007	2008	2009	2010	Mean	
Emerald Tourist Railway Board	0.93	0.61	0.49	0.52	0.74	0.66	■
Fed Square Pty Ltd	0.31	0.10	0.26	0.06	0.09	0.16	■
Melbourne City Central Studios	N/A	N/A	N/A	0.00	0.03	0.01	■
Melbourne Convention and Exhibition Trust	0.19	0.21	0.09	0.69	0.14	0.26	■
Melbourne Market Authority	0.16	0.14	0.39	0.09	0.10	0.18	■
Portfolio average	0.40	0.27	0.31	0.27	0.22	0.26	■

Note: The Melbourne City Central Studios were purchased by the State in November 2008.

Source: Victorian Auditor-General's Office.

Justice

Figure B13
Underlying result (%) 2006 to 2010

Justice	Underlying result %						Mean	Trend
	2006	2007	2008	2009	2010			
Country Fire Authority	2.53%	10.68%	7.28%	11.39%	12.67%	8.91%	■	
Emergency Services Telecommunications Authority	-0.60%	-3.21%	-2.77%	-3.91%	-2.05%	-2.51%	■	
Greyhound Racing Victoria	10.70%	3.92%	4.40%	-1.81%	2.50%	3.94%	■	
Harness Racing Victoria	0.70%	0.68%	-0.38%	-2.65%	-1.60%	-0.65%	▼	
Legal Services Board	69.94%	25.04%	-18.00%	11.63%	-25.44%	12.63%	▼	
Melton Entertainment Trust	N/A	N/A	N/A	-42.49%	-7.06%	-24.78%	▲	
Metropolitan Fire and Emergency Services Board	9.43%	10.43%	6.79%	1.78%	9.12%	7.51%	■	
Portfolio average	15.45%	7.92%	-0.45%	-3.72%	-1.69%	0.72%	■	

Source: Victorian Auditor-General's Office.

Figure B14
Liquidity 2006 to 2010

Justice	Liquidity					Mean	Trend
	2006	2007	2008	2009	2010		
Country Fire Authority	1.46	2.07	2.16	2.37	3.06	2.22	▲
Emergency Services Telecommunications Authority	1.85	1.84	1.09	0.40	0.89	1.21	▼
Greyhound Racing Victoria	6.78	8.97	6.94	3.20	4.57	6.09	■
Harness Racing Victoria	2.93	1.74	0.84	0.61	0.85	1.39	■
Legal Services Board	0.92	1.36	1.30	1.27	1.22	1.22	■
Melton Entertainment Trust	N/A	N/A	N/A	0.48	0.46	0.47	■
Metropolitan Fire and Emergency Services Board	2.72	2.08	2.00	4.85	6.95	3.72	▲
Portfolio average	2.78	3.01	2.39	1.88	2.57	2.33	■

Source: Victorian Auditor-General's Office.

Figure B15
Self-financing (%) 2006 to 2010

Justice	Self-financing ratio					Mean	Trend
	2006	2007	2008	2009	2010		
Country Fire Authority	11.67%	18.47%	14.08%	21.38%	18.41%	16.80%	■
Emergency Services Telecommunications Authority	23.81%	13.71%	34.01%	23.55%	18.73%	22.76%	■
Greyhound Racing Victoria	4.06%	-1.03%	3.33%	18.19%	-7.97%	3.31%	■
Harness Racing Victoria	9.80%	-3.14%	23.05%	-7.59%	-3.41%	3.74%	■
Legal Services Board	63.47%	3.53%	16.54%	-4.99%	-6.32%	14.45%	▼
Melton Entertainment Trust	N/A	N/A	N/A	-1.22%	-6.36%	-3.79%	■
Metropolitan Fire and Emergency Services Board	24.53%	18.08%	17.69%	12.93%	14.95%	17.63%	■
Portfolio average	22.89%	8.27%	18.12%	8.89%	4.00%	10.70%	▲

Source: Victorian Auditor-General's Office.

Figure B16
Capital replacement 2006 to 2010

Justice	Capital replacement					Mean	Trend
	2006	2007	2008	2009	2010		
Country Fire Authority	1.58	2.07	2.27	2.52	2.94	2.28	■
Emergency Services Telecommunications Authority	0.78	0.41	0.04	0.21	0.13	0.31	■
Greyhound Racing Victoria	0.30	0.60	4.02	4.56	0.39	1.97	▲
Harness Racing Victoria	9.49	7.49	28.61	16.21	1.47	12.66	■
Legal Services Board	5.81	2.03	0.52	0.35	0.20	1.78	▼
Melton Entertainment Trust	N/A	N/A	N/A	24.00	1.61	12.80	■
Metropolitan Fire and Emergency Services Board	2.88	2.79	2.44	1.20	1.30	2.12	▼
Portfolio average	3.47	2.57	6.32	7.01	1.15	4.85	■

Note: The Legal Services Board commenced operating on 12 December 2005. The results for 2006 are therefore only part year.

The Melton Entertainment Trust commenced operating on 5 March 2009. The results for 2009 are therefore only part year.

Source: Victorian Auditor-General's Office.

Planning and Community Development

Figure B17
Underlying result (%) 2006 to 2010

Planning and Community Development	Underlying result %						Trend
	2006	2007	2008	2009	2010	Mean	
Architects' Registration Board of Victoria	-11.80%	3.59%	9.86%	-20.87%	-23.61%	-8.56%	■
Building Commission	4.47%	0.96%	1.92%	-1.88%	4.17%	1.93%	■
Melbourne and Olympic Parks Trust	14.64%	23.51%	10.55%	7.80%	9.75%	13.25%	■
Melbourne Cricket Ground Trust	2.01%	2.88%	3.99%	3.49%	1.38%	2.75%	■
Plumbing Industry Commission	7.51%	-5.01%	1.22%	3.80%	1.81%	1.87%	■
Queen Victoria Women's Centre Trust	-63.43%	-56.67%	5.47%	-22.41%	-12.92%	-29.99%	■
State Sport Centres Trust	-20.00%	-38.09%	-53.56%	-56.12%	-37.93%	-41.14%	■
Victorian Urban Development Authority	9.63%	7.94%	9.21%	-5.46%	5.03%	5.27%	■
Portfolio average	-7.12%	-7.61%	-1.42%	-11.46%	-6.54%	-6.83%	■

Source: Victorian Auditor-General's Office.

Figure B18
Liquidity 2006 to 2010

Planning and Community Development	Liquidity						Trend
	2006	2007	2008	2009	2010	Mean	
Architects' Registration Board of Victoria	1.87	1.92	1.44	1.28	0.98	1.50	▼
Building Commission	1.74	1.47	1.56	1.29	1.19	1.45	▼
Melbourne and Olympic Parks Trust	0.91	1.37	6.94	1.68	1.12	2.40	■
Melbourne Cricket Ground Trust	11.07	16.60	159.20	13.00	82.42	56.46	▲
Plumbing Industry Commission	0.80	0.82	1.08	1.12	1.39	1.04	▲
Queens Victoria Women's Centre Trust	4.40	7.20	4.94	3.55	3.86	4.79	■
State Sport Centres Trust	4.14	4.77	1.41	2.89	2.56	3.15	▼
Victorian Urban Development Authority	4.88	4.85	4.31	3.04	2.94	4.00	▼
Portfolio average	3.73	4.87	22.61	3.48	12.06	9.35	▲

Source: Victorian Auditor-General's Office.

Figure B19
Self-financing (%) 2006 to 2010

Planning and Community Development	Self-financing ratio						Trend
	2006	2007	2008	2009	2010	Mean	
Architects' Registration Board of Victoria	-3.51%	18.48%	15.50%	-31.20%	-12.16%	-2.58%	■
Building Commission	12.32%	8.06%	1.85%	5.16%	11.43%	7.77%	■
Melbourne and Olympic Parks Trust	47.11%	17.90%	22.81%	73.61%	32.84%	38.86%	■
Melbourne Cricket Ground Trust	-0.72%	5.87%	1.46%	5.09%	-0.60%	2.22%	■
Plumbing Industry Commission	12.01%	8.63%	3.66%	6.75%	8.02%	7.81%	■
Queens Victoria Women's Centre Trust	-1.43%	-25.73%	56.55%	9.10%	7.33%	9.16%	▲
State Sport Centres Trust	14.64%	9.69%	-3.72%	-1.33%	8.61%	5.58%	▼
Victorian Urban Development Authority	5.37%	22.09%	31.16%	-58.66%	1.26%	0.24%	▼
Portfolio average	10.72%	8.12%	16.16%	1.07%	7.09%	8.63%	▼

Source: Victorian Auditor-General's Office.

Figure B20
Capital replacement 2006 to 2010

Planning and Community Development	Capital replacement						Trend
	2006	2007	2008	2009	2010	Mean	
Architects' Registration Board of Victoria	0.23	0.18	0.32	0.46	0.11	0.26	■
Building Commission	0.46	1.82	1.15	2.57	3.67	1.93	▲
Melbourne and Olympic Parks Trust	2.42	1.04	6.66	7.91	5.97	4.80	■
Melbourne Cricket Ground Trust	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plumbing Industry Commission	0.82	2.22	1.40	2.59	8.85	3.18	▲
Queens Victoria Women's Centre Trust	0.23	0.37	3.42	0.02	0.17	0.84	■
State Sport Centres Trust	2.31	0.70	0.72	0.14	0.29	0.83	■
Victorian Urban Development Authority	6.58	1.83	0.38	1.17	4.55	2.90	■
Portfolio average	1.87	1.16	2.01	2.12	3.37	2.11	■

Note: The Melbourne Cricket Ground Trust does not report any depreciable assets.

Source: Victorian Auditor-General's Office.

Premier and Cabinet

Figure B21
Underlying result (%) 2006 to 2010

Premier and Cabinet	Underlying result %						Mean	Trend
	2006	2007	2008	2009	2010			
Geelong Performing Arts Centre	-6.55%	-4.05%	-13.26%	-11.84%	-12.34%	-9.61%	▼	
Victorian Arts Centre Trust	-46.30%	-36.21%	-2.45%	-21.59%	-17.38%	-24.79%	▲	
VITS Languagelink	9.12%	7.38%	7.39%	4.14%	-2.29%	5.15%	■	
Portfolio average	-14.58%	-10.96%	-2.77%	-9.76%	-10.67%	-9.75%	■	

Source: Victorian Auditor-General's Office.

Figure B22
Liquidity 2006 to 2010

Premier and Cabinet	Liquidity						Mean	Trend
	2006	2007	2008	2009	2010			
Geelong Performing Arts Centre	1.52	1.42	1.32	1.46	1.94	1.53	▲	
Victorian Arts Centre Trust	1.92	2.04	2.39	2.06	2.13	2.11	■	
VITS Languagelink	3.19	6.00	4.63	3.85	2.44	4.02	▼	
Portfolio average	2.21	3.15	2.78	2.46	2.17	2.55	■	

Source: Victorian Auditor-General's Office.

Figure B23
Self-financing (%) 2006 to 2010

Premier and Cabinet	Self-financing ratio						Mean	Trend
	2006	2007	2008	2009	2010			
Geelong Performing Arts Centre	1.78%	14.45%	-1.34%	5.46%	-9.02%	2.26%	■	
Victorian Arts Centre Trust	-0.27%	4.92%	17.07%	7.23%	4.81%	6.75%	■	
VITS Languagelink	6.44%	-0.62%	5.61%	6.48%	-5.05%	2.57%	■	
Portfolio average	2.65%	6.25%	7.12%	6.39%	-3.09%	3.86%	■	

Source: Victorian Auditor-General's Office.

Figure B24
Capital replacement 2006 to 2010

Premier and Cabinet	Capital replacement						Mean	Trend
	2006	2007	2008	2009	2010			
Geelong Performing Arts Centre	1.24	0.66	0.40	0.87	6.13	1.86	▲	
Victorian Arts Centre Trust	0.29	0.12	0.43	0.38	0.16	0.28	■	
VITS Languagelink	0.61	0.52	3.31	3.10	1.74	1.86	▲	
Portfolio average	0.72	0.44	1.38	1.45	2.68	1.33	▲	

Source: Victorian Auditor-General's Office.

Primary Industries

Figure B25
Underlying result (%) 2006 to 2010

Primary Industries	Underlying result %					Mean	Trend
	2006	2007	2008	2009	2010		
Agriculture Victoria Services Pty Ltd	3.34%	3.15%	-9.39%	2.58%	3.50%	0.64%	■
Dairy Food Safety Victoria	5.24%	8.24%	9.44%	8.36%	4.80%	7.22%	■
Energy Safe Victoria	-0.84%	1.40%	1.97%	6.49%	4.24%	2.65%	▲
Murray Valley Citrus Board	6.48%	16.55%	10.43%	-5.74%	16.07%	8.76%	■
Murray Valley Wine Grape Industry Development Committee	11.30%	-28.61%	-1.38%	37.07%	-8.33%	2.01%	■
Northern Victorian Fresh Tomato Industry Development Committee	17.24%	19.33%	-54.76%	-5.19%	13.10%	-2.06%	▼
PrimeSafe	-27.74%	9.01%	-5.11%	3.92%	-1.29%	-4.24%	■
Veterinary Practitioners Registration Board of Victoria	0.00%	4.78%	0.68%	4.45%	7.45%	3.47%	■
Victoria Strawberry Industry Development Committee	-3.62%	1.23%	1.19%	4.28%	-4.05%	-0.19%	■
VicForests	10.59%	-0.02%	0.41%	-2.35%	0.87%	1.90%	■
Portfolio average	2.20%	3.51%	-4.65%	5.39%	3.64%	2.02%	■

Source: Victorian Auditor-General's Office.

Figure B26
Liquidity 2006 to 2010

Primary Industries	Liquidity					Mean	Trend
	2006	2007	2008	2009	2010		
Agriculture Victoria Services Pty Ltd	2.29	2.52	2.33	2.01	1.97	2.22	■
Dairy Food Safety Victoria	6.22	5.39	4.61	6.38	3.99	5.32	■
Energy Safe Victoria	1.51	1.74	1.93	2.00	2.26	1.89	▲
Murray Valley Citrus Board	7.78	9.98	13.60	12.72	18.21	12.45	▲
Murray Valley Wine Grape Industry Development Committee	29.57	11.67	2.84	6.21	31.86	16.43	▲
Northern Victorian Fresh Tomato Industry Development Committee	32.00	25.64	4.67	16.71	14.28	18.66	▼
PrimeSafe	1.70	1.75	1.64	1.63	1.58	1.66	■
Veterinary Practitioners Registration Board of Victoria	8.69	8.89	7.26	9.32	7.71	8.37	■
Victoria Strawberry Industry Development Committee	50.25	34.67	19.73	23.40	19.82	29.57	▼
VicForests	2.60	1.97	1.74	1.87	1.48	1.93	▼
Portfolio average	14.26	10.42	6.03	8.22	10.32	9.85	■

Source: Victorian Auditor-General's Office.

Figure B27
Self-financing (%) 2006 to 2010

Primary Industries	Self-financing ratio						Trend
	2006	2007	2008	2009	2010	Mean	
Agriculture Victoria Services Pty Ltd	8.34%	-2.69%	30.14%	8.13%	11.10%	11.00%	▲
Dairy Food Safety Victoria	13.58%	13.98%	17.23%	5.82%	7.78%	11.68%	▼
Energy Safe Victoria	5.85%	-1.83%	6.68%	13.35%	-0.87%	4.64%	■
Murray Valley Citrus Board	-2.59%	13.55%	14.72%	1.73%	1.86%	5.85%	■
Murray Valley Wine Grape Industry Development Committee	10.87%	-29.17%	12.43%	35.85%	-20.98%	1.80%	■
Northern Victorian Fresh Tomato Industry Development Committee	-26.72%	15.97%	40.48%	-51.95%	18.62%	-0.72%	▲
PrimeSafe	-23.48%	16.03%	4.75%	14.73%	10.51%	4.51%	▲
Veterinary Practitioners Registration Board of Victoria	4.25%	6.88%	4.07%	0.13%	19.51%	6.97%	▲
Victoria Strawberry Industry Development Committee	-5.26%	-1.53%	0.30%	2.52%	-4.05%	-1.61%	■
VicForests	20.88%	-6.02%	-8.51%	3.50%	-11.26%	-0.28%	▼
Portfolio average	0.57%	2.52%	12.23%	3.38%	3.22%	4.38%	■

Source: Victorian Auditor-General's Office.

Figure B28
Capital replacement 2006 to 2010

Primary Industries	Capital replacement						Trend
	2006	2007	2008	2009	2010	Mean	
Agriculture Victoria Services Pty Ltd	10.04	13.87	14.51	1.72	1.88	8.40	■
Dairy Food Safety Victoria	1.42	1.29	1.61	1.23	1.53	1.42	▲
Energy Safe Victoria	1.17	1.11	1.11	1.72	1.93	1.41	▲
Murray Valley Citrus Board	1.63	0.62	2.95	0.23	2.74	1.63	■
Murray Valley Wine Grape Industry Development Committee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Northern Victorian Fresh Tomato Industry Development Committee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PrimeSafe	1.82	2.01	2.64	2.17	1.69	2.06	■
Veterinary Practitioners Registration Board of Victoria	0.19	0.32	0.05	1.26	0.21	0.41	■
Victoria Strawberry Industry Development Committee	1.00	0.00	1.00	0.00	4.00	1.20	■
VicForests	7.62	2.18	1.54	1.72	0.10	2.63	▼
Portfolio average	3.11	2.68	3.18	1.26	1.76	2.40	■

Note: The Murray Valley Wine Grape Industry Development Committee and the Northern Victorian Fresh Tomato Industry Development Committee do not report any depreciable assets.

Source: Victorian Auditor-General's Office.

Sustainability and Environment

Figure B29
Underlying result (%) 2006 to 2010

Sustainability and Environment	Underlying result %						Mean	Trend
	2006	2007	2008	2009	2010			
Environment Protection Authority	4.87%	14.93%	24.99%	15.76%	11.13%	14.34%	■	
Phillip Island Nature Park Board of Management	2.51%	4.31%	7.05%	2.74%	5.32%	4.39%	■	
Zoological Parks and Gardens Board	-8.54%	-6.80%	-7.48%	-10.65%	-0.50%	-6.79%	■	
Portfolio average	-0.38%	4.15%	8.19%	2.61%	5.32%	3.98%	■	

Source: Victorian Auditor-General's Office.

Figure B30
Liquidity 2006 to 2010

Sustainability and Environment	Liquidity					Mean	Trend
	2006	2007	2008	2009	2010		
Environment Protection Authority	6.38	4.11	5.12	7.27	9.67	6.51	▲
Phillip Island Nature Park Board of Management	3.34	2.76	3.43	4.12	3.81	3.49	■
Zoological Parks and Gardens Board	3.97	5.65	8.41	5.75	6.62	6.08	■
Portfolio average	4.56	4.17	5.65	5.71	6.70	5.36	■

Source: Victorian Auditor-General's Office.

Figure B31
Self-financing (%) 2006 to 2010

Sustainability and Environment	Self-financing ratio					Mean	Trend
	2006	2007	2008	2009	2010		
Environment Protection Authority	-0.14%	4.01%	30.51%	32.04%	4.74%	14.23%	▼
Phillip Island Nature Park Board of Management	15.82%	15.46%	16.72%	10.25%	19.71%	15.59%	■
Zoological Parks and Gardens Board	9.25%	9.77%	11.97%	18.66%	11.68%	12.27%	▲
Portfolio average	8.31%	9.75%	19.73%	20.32%	12.05%	14.03%	▲

Source: Victorian Auditor-General's Office.

Figure B32
Capital replacement 2006 to 2010

Sustainability and Environment	Capital replacement					Mean	Trend
	2006	2007	2008	2009	2010		
Environment Protection Authority	1.12	0.76	0.39	0.54	3.00	1.16	▲
Phillip Island Nature Park Board of Management	0.68	5.15	1.65	1.28	1.28	2.01	▼
Zoological Parks and Gardens Board	5.61	0.81	0.51	2.90	1.52	2.27	▲
Portfolio average	2.47	2.24	0.85	1.57	1.93	1.81	■

Source: Victorian Auditor-General's Office.

Transport

Figure B33
Underlying result (%) 2006 to 2010

Transport	Underlying result %					Mean	Trend
	2006	2007	2008	2009	2010		
Port of Melbourne Corporation	34.88%	13.85%	24.54%	20.41%	12.57%	21.25%	■
V/Line Passenger Pty Ltd	-1.65%	-7.33%	-3.71%	-1.38%	3.34%	-2.15%	■
Victoria Rail Track	-1.92%	7.97%	-8.95%	-7.37%	-2.27%	-2.51%	■
Victorian Regional Channel Authority	18.64%	20.25%	17.94%	13.08%	14.45%	16.87%	■
Portfolio average	12.49%	8.69%	7.46%	6.19%	7.02%	8.37%	■

Source: Victorian Auditor-General's Office.

Figure B34
Liquidity 2006 to 2010

Transport	Liquidity					Mean	Trend
	2006	2007	2008	2009	2010		
Port of Melbourne Corporation	0.33	0.19	1.15	1.16	0.56	0.68	■
V/Line Passenger Pty Ltd	0.48	0.47	0.49	0.56	0.74	0.55	▲
Victoria Rail Track	0.84	0.64	0.54	0.55	0.67	0.65	■
Victorian Regional Channel Authority	12.70	8.81	41.73	40.31	32.78	27.26	■
Portfolio average	3.59	2.53	10.98	10.64	8.69	7.28	▲

Source: Victorian Auditor-General's Office.

Figure B35
Self-financing (%) 2006 to 2010

Transport	Self-financing ratio					Mean	Trend
	2006	2007	2008	2009	2010		
Port of Melbourne Corporation	44.38%	43.81%	42.35%	38.38%	38.14%	41.41%	■
V/Line Passenger Pty Ltd	9.09%	5.19%	5.07%	4.51%	6.05%	5.98%	■
Victoria Rail Track	15.56%	42.49%	55.36%	125.00%	116.01%	70.88%	▲
Victorian Regional Channel Authority	53.43%	49.87%	40.79%	44.34%	46.82%	47.05%	■
Portfolio average	30.62%	35.34%	35.89%	53.06%	51.75%	41.33%	■

Source: Victorian Auditor-General's Office.

Figure B36
Capital replacement 2006 to 2010

Transport	Capital replacement					Mean	Trend
	2006	2007	2008	2009	2010		
Port of Melbourne Corporation	3.53	2.96	5.31	8.21	3.99	4.80	■
V/Line Passenger Pty Ltd	1.05	0.82	0.94	1.1	1.18	1.02	▲
Victoria Rail Track	0.90	1.04	0.64	1.87	1.63	1.22	▲
Victorian Regional Channel Authority	0.49	3.07	1.32	0.23	0.36	1.09	▼
Portfolio average	1.49	1.97	2.05	2.85	1.79	2.03	■

Source: Victorian Auditor-General's Office.

Treasury and Finance

Figure B37
Underlying result (%) 2006 to 2010

Treasury and Finance	Underlying result %						
	2006	2007	2008	2009	2010	Mean	Trend
CenITex	N/A	N/A	N/A	3.14%	0.92%	2.03%	■

Note: CenITex commenced operations in July 2008.

Source: Victorian Auditor-General's Office.

Figure B38
Liquidity 2006 to 2010

Treasury and Finance	Liquidity						
	2006	2007	2008	2009	2010	Mean	Trend
CenITex	N/A	N/A	N/A	1.64	1.89	1.77	■

Note: CenITex commenced operations in July 2008.

Source: Victorian Auditor-General's Office.

Figure B39
Self-financing (%) 2006 to 2010

Treasury and Finance	Self-financing ratio						
	2006	2007	2008	2009	2010	Mean	Trend
CenITex	N/A	N/A	N/A	23.33%	-8.45%	7.44%	▼

Note: CenITex commenced operations in July 2008.

Source: Victorian Auditor-General's Office.

Figure B40
Capital replacement 2006 to 2010

Treasury and Finance	Capital replacement						
	2006	2007	2008	2009	2010	Mean	Trend
CenITex	N/A	N/A	N/A	1.07	1.09	1.08	■

Note: CenITex commenced operations in July 2008.

Source: Victorian Auditor-General's Office.

Appendix C.

Audit Act 1994 section 16— submissions and comments

Introduction

In accordance with section 16(3) of the *Audit Act 1994* a copy of this report, or relevant extracts from the report, was provided to all portfolio departments and named agencies with a request for submissions or comments.

The submissions and comments provided for publication are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

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Submissions and comments received

RESPONSE provided by the Secretary of the Department of Planning and Community Development



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Ref: CSEC002377

Mr D D R Pearson
Auditor-General
Victorian Auditor-General's Office
Level 24, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Pearson

AUDIT ACT 1994, S16(3) - PROPOSED AUDIT REPORT - ACQUITTAL REPORT: RESULTS OF THE 2009-10 AUDITS

Thank you for your letter dated 14 December 2010 seeking the Department of Planning and Community Development's (DPCD) comments for inclusion in the proposed audit report, *Acquittal Report: Results of the 2009-10 Audits*.

DPCD comments on the report are enclosed.

Please contact [REDACTED] should you require any further information.

Yours sincerely

Yehudi Blacher
SECRETARY



RESPONSE provided by the Secretary of the Department of Planning and Community Development – continued

Attachment 1

DPCD comments on proposed audit report – acquittal report: results of the 2009-10 audits

<p>Financial sustainability measures</p>	<p>In relation to the financial sustainability measures, DPCD would like to reiterate its concerns from previous years about use of the measures, particularly for the States Sports Centres Trust and Queen Victoria Women's Centre Trust. The current measures do not adequately take into account the government funding model currently used by both trusts. This issue was raised with the Auditor-General in response to the 2007-08 and 2008-09 audit reports (refer Attachment 2).</p> <p>In 2009-10, the net surplus for the States Sports Centre and Queen Victoria Women's Centre Trusts were \$62,000 and \$10,000 respectively.</p>
<p>Financial sustainability calculation of averages</p>	<p>DPCD has concerns regarding the calculation of averages for the five-year financial sustainability rating. The current calculation does not take into account the relative differences in modes of operation of the Department's entities. The report should also note that some of the entities have only been with DPCD since 2008. This issue was raised with the Auditor-General in response to the 2008-09 audit (refer Attachment 2).</p>
<p>Local councils</p>	<p>The Department has no concern in regard to the accuracy and fairness of the Report as they pertain to the results of the financial audits of local government for 2009-10.</p> <p>DPCD notes the Auditor-Generals report on the overall improvement in the financial sustainability of councils.</p>

RESPONSE provided by the Secretary of the Department of Planning and Community Development – continued

Attachment 2:

DPCD comments on proposed audit report – acquittal report: results of the 2008-09 audits

RESPONSE provided by the Secretary, Department of Planning and Community Development

The report offers a valuable assessment of the Department of Planning and Community Development (DPCD) and its associated entities. While DPCD is generally in agreement with the overall proposed report, there is one specific area that we would like to bring to your attention.

As with the previous year, the Department continues to have concerns regarding the use of financial sustainability measures particularly for the State Sport Centre Trust (SSC) and the Queen Victoria Women's Centre Trust (QVWC). Any analysis about the financial performance and sustainability of the SSC and QVWC should be considered in light of their current business models which are as follows:

- Under the SSC model any large new capital projects or substantial refurbishments are funded from government appropriations. These have included the \$50 million redevelopment of the Melbourne Sports and Aquatic Centre in Albert Park. The redevelopment, which included the construction of an Olympic sized outdoor pool and hydrotherapy pool, have been used to host major international events such as the Commonwealth Games in 2006 and FINA World Championships in 2007.
- The QVWC model is underpinned by the former Queen Victoria Memorial Hospital heritage building which was gifted to the Trust in 1994.

Based on the business model of both Trusts, a more suitable measure of sustainability and financial performance is the operating result excluding depreciation. It is appropriate to exclude depreciation in this circumstance as the Trusts are generally not required to fund significant capital expenditures.

For the SSC, the average net result over the four years from 2005–06 to 2008–09 with depreciation excluded was an average surplus of \$331,000. This equates to an underlying result of 2.75 per cent (compared to -41.94 per cent cited in your report). For the QVWC, the average net result over the four years from 2005–06 to 2008–09 with depreciation excluded was an average surplus of \$75,000. This equates to an underlying result of 8.24 per cent (compared to -34.28 per cent cited in your report).

I would also like to draw your attention to the calculation used to derive the Portfolio average which is also on page 59 of the report. This calculation is based on a simple average of DPCD entities. This method of calculation does not reflect the relative differences of magnitude of the various operating positions of the entities listed. Therefore, it would be more appropriate to calculate a weighted portfolio average, which would give a better, more robust indication of the total overall financial sustainability of the Department's portfolio entities.