

Auditor-General's Report on the Annual Financial Report of the State of Victoria, 2012–13

Victorian Auditor-General's Report
Tabled 26 November 2013

Background to the audit

2

pages
3–7

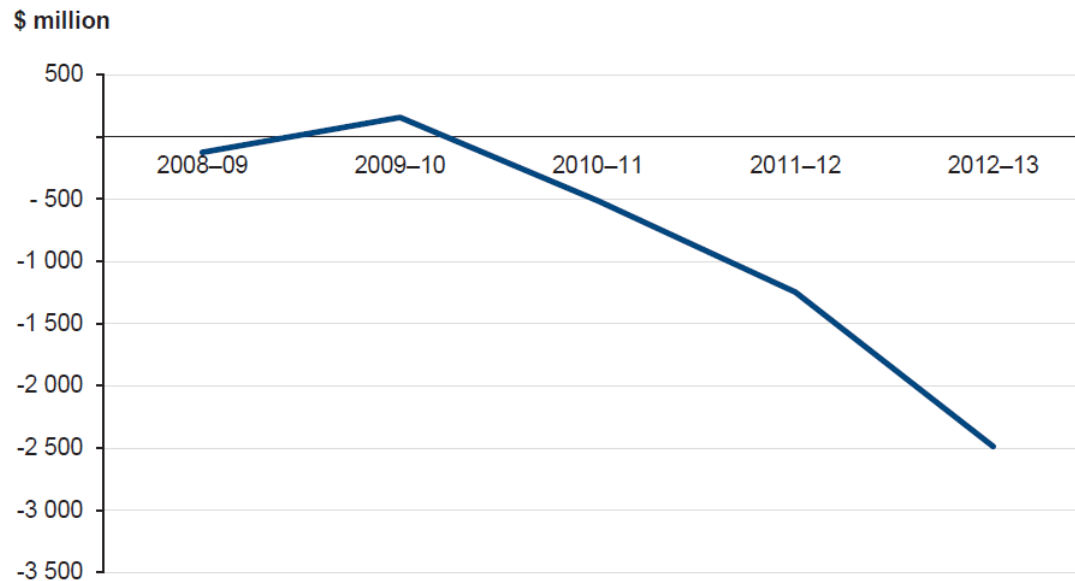
- Annual Financial Report of the State 2012–13 (AFR) consolidates the financial statements of 289 state entities.
- Clear audit opinion issued on 27 September 2013 therefore Parliament can have confidence in the financial report.
- The late finalisation of financial reports by material entities puts at risk the ability of the Department of Treasury and Finance (DTF) to produce the AFR, and have it audited within the statutory time frame.



The state's financial result

Net result from transactions

- State of Victoria—\$2.5 billion deficit in 2012–13 (\$1.2 billion deficit in 2011–12).



The state's financial result – *continued*

4

pages
vii–x

General government sector—\$316.4 million surplus.

- \$1.2 billion in dividends from government agencies outside the general government sector (75.5 increase on 2011–12).
- \$238.3 million paid or payable by four metropolitan water entities.
- dividends support fiscal objective at the expense of the whole-of-state balance sheet.

The state's financial result – *continued*

Net result

pages
11–14

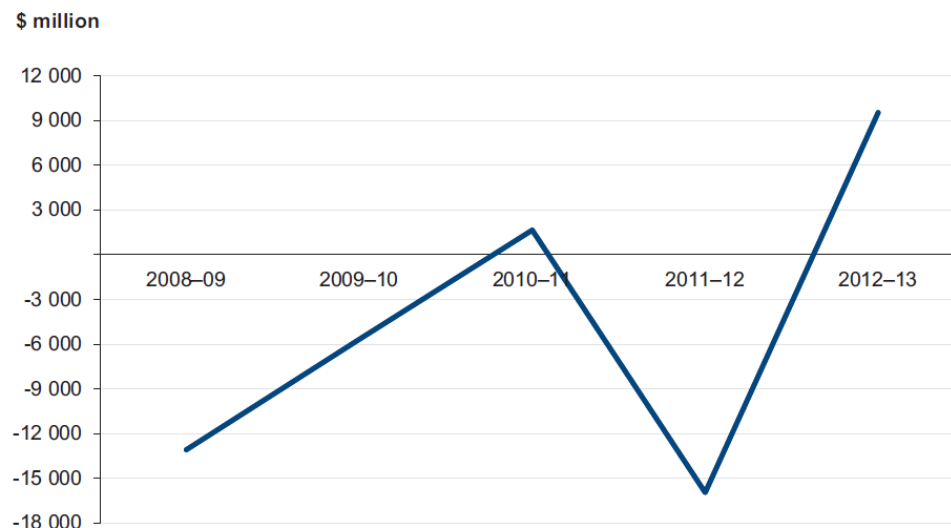
- State of Victoria — \$9.5 billion surplus in 2012–13 compared to \$16.0 billion loss in 2011–12.

Borrowings

pages
15–16

- State borrowings increased \$6.8 billion largely due to recognition of public private partnerships.

Net result, State of Victoria, 2008–09 to 2012–13



Source: Victorian Auditor-General's Office.

Capital projects

Most major asset projects commented on in the report are progressing well against budgets and time frames.

Recent developments

- In December 2012, government signalled it would cease disclosing cost budgets for major projects.
- Reduced disclosure and accountability for major projects.
- Limits ability of Parliament and the public to hold government to account.

Capital projects – *continued*

7

pages
21–22

Regional Rail Link (RRL)

- Revised budget for the RRL was approved in March 2011, project cost increased to \$5.568 billion.
- We were not informed of the revised budget and our reporting on the RRL cost budget in 2011 was inaccurate.
- It is a significant concern that budget information was not disclosed to the Auditor-General.
- A further budget amendment was approved in January 2013. The cost of the project is now \$4.807 billion.

Capital projects – *continued*

8

page
38

Wonthaggi desalination plant

- Completed on 17 December 2012 and moved into its operating phase.
- Total estimated nominal cost to the state of the desalination plant is \$18.632 billion. This is \$993 million higher in 2012–13 than we reported in 2011–12:
 - Recognition of contractual commitments for renewable energy certificates.
 - Electricity contracts signed in December 2012.
- No water has been ordered from the desalination plant.



Recommendation

		Accept
1.	The Department of Treasury and Finance should determine and inform Parliament and the public about when expected costs for each major project will be made available.	✓

Contact details

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