**Quarterly Financial Report No. 1**

**September 2015**



Presented by

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Treasurer of the State of Victoria



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# Overview

This financial report presents the Victorian general government sector financial statements for the three month period ending 30 September 2015.

The Victorian economy is expected to strengthen in 2015-16, following below trend growth in 2014‑15. A buoyant property market, assisted by low interest rates, has boosted residential construction. Employment growth has improved, with more than 54 000 jobs created over the year to September 2015. The unemployment rate has fallen over this period from 6.7 per cent to 6.2 per cent, equal to the Australian average. Yet despite these positive developments, subdued consumer sentiment and an uncertain national and global outlook have constrained household spending.

The outlook for growth in the global economy has softened. Economic growth is slowing in China and weakness persists in the eurozone. There are positive signs in the United States but uncertainty remains over when the US Federal Reserve will raise interest rates and what the impact will be.

The Government continues to make significant investments, particularly in the transport and health sectors, to deliver high quality services and enhance economic productivity.

# General government sector outcome

## Financial performance

The general government sector net result from transactions for the three month period to 30 September 2015 was an operating surplus of $519 million. This compares with the $417 million operating surplus recorded in the first quarter of 2014‑15 and is consistent with achieving a full year estimated operating surplus of $1.2 billion for 2015‑16, as forecast in the *2015‑16 Budget.*

Similar to previous years, the first quarter result is influenced by seasonal factors such as the timing of certain revenue items, in particular:

* the majority of land tax revenue, which is not recognised until the March quarter;
* dividends from public authorities, which are not recognised as revenue until determined generally in October and April of each year; and
* some Commonwealth capital grants, which are not received until later in the year.

The timing of these revenue items is partially offset by the revenue from the Fire Services Property Levy, which is fully recognised in the September quarter.

Revenue for the quarter totalled $13.6 billion. This represented 24.4 per cent of the full year budget estimate, in line with expectations.

Taxation revenue for the quarter represents 26.6 per cent of the budgetestimate. Land transfer duty, insurance taxes and Fire Services Property Levy were above pro rata, while other taxes and levies on statutory corporations were slightly below pro rata expectations, but broadly consistent with the comparative prior year outcomes.

Grants revenue for the first quarter was 23.5 per cent of the budget estimate. This reflects the timing of this revenue from the Commonwealth Government and is consistent with the full year budget estimate.

Dividends and income tax equivalent and rate equivalent revenue for the first quarter was 5.1 per cent of the full year budget estimate. This is consistent with expectations and the usual pattern of receipt.

Sales of goods and services and interest revenues were each 24.5 per cent of the budget estimate and in line with expectations. Other revenue was slightly above pro rata at 26.0 per cent of the budget estimate, but consistent with the full year budget expectations.

At 24.0 per cent of the full year budget estimate, expenses from transactions totalled $13.0 billion for the three months to 30 September 2015. This result primarily reflects the timing of expenditure, consistent with full year budget expectations and previous year expenditure patterns.

The comprehensive result showed a decrease in net worth of $1.6 billion for the three month period to 30 September 2015, compared to an increase of $506 million in the same period the previous year. For 2015‑16, the decrease in net worth mainly reflects the recording of an actuarial loss related to the State’s defined benefit plan superannuation liabilities in the quarter, primarily reflecting the effect of financial market movements in bond rates on the valuation of the superannuation liability.

## Financial position

Net assets decreased by $1.5 billion to $134.8 billion for the three months to 30 September 2015.
This was driven mainly by an increase in the valuation of the superannuation liability, due to the earlier mentioned movements in financial market bond rates, which are used in the valuation of the liability. Total assets remained stable at around $209.5 billion.

Net debt increased by $673 million to $23.0 billion in the quarter, mainly reflecting the progressive delivery of the Government’s infrastructure program. After allowing for timing differences, the increase in net debt is consistent with budget expectations.

## Cash flows

Cash flow movements disclosed in the cash flow statement were consistent with the combined impact of the previously mentioned drivers associated with the operating statement and balance sheet.

**Infrastructure investment**

The State continues to deliver its infrastructure program to support growing community needs and ongoing productivity improvement. For the three months to 30 September 2015, net investment in infrastructure totalled $908 million, in line with full year budget expectations.

***The Government’s infrastructure scorecard as at 30 September 2015***

Major infrastructure projects in progress:

* new Bendigo Hospital;
* Box Hill Hospital redevelopment;
* Casey Hospital expansion;
* Chandler Highway Bridge duplication;
* CityLink‑Tulla widening project – Tullamarine freeway widening;
* Dingley Bypass;
* Goulburn-Murray Water Connections Project (Northern Victoria Irrigation Renewal Project);
* Hopkins Correctional Centre Expansion (Ararat Prison);
* Joan Kirner Women’s and Children’s Hospital;
* Melbourne Convention and Exhibition Centre – Stage 2;
* Melbourne Metro Rail Project;
* Melbourne Park redevelopment;
* Melbourne Wholesale Markets redevelopment;
* Monash Children’s Hospital;
* Murray Basin Rail Project;
* M80 upgrade (Sunshine Avenue to Calder Freeway);
* new schools private public partnership (PPP);
* new trains, trams and associated infrastructure for Melbourne commuters;
* Port capacity;
* Princes Highway duplication project – Winchelsea to Colac;
* Princes Highway East – Traralgon to Sale duplication;
* Ravenhall Prison;
* regional rolling stock;
* Royal Victorian Eye and Ear Hospital;
* State Coronial Services Centre;
* Level Crossing Removal Program;
* Victorian Comprehensive Cancer Centre; and
* Western Highway duplication.

# Financial statements for the general government sector

## Comprehensive operating statement for the period ending 30 September

| ($ million) |
| --- |
| *2014-15*  |     |   | *2015-16* |
| *Actual* *to Sep(a)* | *Notes* | *Actual* *to Sep* | *Annual* *budget* |
|  | **Revenue from transactions** |  |  |  |
| 4 711 | Taxation revenue | 2 | 5 061 | 19 024 |
|  205 | Interest revenue |   |  203 |  831 |
|  51 | Dividends and income tax equivalent and rate equivalent revenue | 3 |  59 | 1 144 |
| 1 657 | Sales of goods and services | 4 | 1 661 | 6 779 |
| 5 665 | Grant revenue | 5 | 6 010 | 25 579 |
|  566 | Other revenue | 6 |  564 | 2 171 |
| **12 855** | **Total revenue from transactions** |  | **13 559** | **55 529** |
|  | **Expenses from transactions** |  |  |  |
| 4 510 | Employee expenses |   | 4 768 | 19 903 |
|  258 | Net superannuation interest expense | 7 |  223 |  886 |
|  484 | Other superannuation | 7 |  554 | 2 102 |
|  597 | Depreciation | 8 |  605 | 2 577 |
|  523 | Interest expense |   |  513 | 2 096 |
| 2 003 | Grant expense |   | 2 172 | 8 687 |
| 4 063 | Other operating expenses |   | 4 204 | 18 058 |
| **12 438** | **Total expenses from transactions** | **9** | **13 040** | **54 310** |
|  **417** | **Net result from transactions – net operating balance** |  |  **519** | **1 219** |
|  | **Other economic flows included in net result** |  |  |  |
|  5 | Net gain/(loss) on disposal of non-financial assets |   | (13) |  64 |
|  19 | Net gain/(loss) on financial assets or liabilities at fair value |   | (29) | 5 402 |
| (90) | Other gains/(losses) from other economic flows | 10 | (124) | (318) |
| **(66)** | **Total other economic flows included in net result** |  | **(166)** | **5 147** |
|  **351** | **Net result** |  |  **353** | **6 366** |
|  | **Other economic flows – other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
|  22 | Changes in non-financial assets revaluation surplus |   |  32 |  756 |
|  121 | Remeasurement of superannuation defined benefits plans |   |  (1 934) |  962 |
| .. | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |   | .. |  1 |
|  14 | Other movements in equity |   |  2 |  6 |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| (2) | Net gain/(loss) on financial assets at fair value |   | (3) |  1 |
|  **155** | **Total other economic flows – other comprehensive income** |  |  **(1 903)** | **1 727** |
|  **506** | **Comprehensive result – total change in net worth** |  |  **(1 550)** | **8 093** |
|   |   |   |   |   |

Comprehensive operating statement for the period ending 30 September *(continued)*

| ($ million) |
| --- |
| *2014-15*  |   |   | *2015-16* |
| *Actual* *to Sep(a)* |    |  *Notes* | *Actual* *to Sep* | *Annual* *budget* |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
|  **417** | **Net operating balance** |  |  **519** | **1 219** |
|  72 | Less: Net acquisition of non-financial assets from transactions(b) | 11 |  72 | 1 366 |
|  **345** | **Net lending/(borrowing)(b)** |  |  **447** | **(147)** |
| The accompanying notes form part of these financial statements.Notes: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information.(b) 2015-16 Budget figures have been restated to reflect more current information. |

## Consolidated balance sheet as at 30 September

| ($ million) |
| --- |
| *2014-15* |   |   |   | *2015-16* |   |
| *Actual**30 Sep(a)* |    |  *Notes* | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun(b)* |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 4 177 | Cash and deposits |   | 4 282 | 4 061 | 4 479 |
| 4 576 | Advances paid |   | 4 572 | 4 567 | 4 525 |
| 5 169 | Receivables | 12 | 5 555 | 5 897 | 5 404 |
| 3 077 | Investments, loans and placements |   | 3 406 | 3 440 | 3 513 |
|  44 | Investments accounted for using the equity method |   |  45 |  44 |  45 |
| 75 875 | Investments in other sector entities |   | 82 181 | 82 467 | 82 432 |
| **92 918** | **Total financial assets** |  | **100 040** | **100 477** | **100 397** |
|  | **Non-financial assets** |  |  |  |  |
|  154 | Inventories |   |  144 |  146 |  148 |
|  147 | Non-financial assets held for sale |   |  175 |  169 |  175 |
| 105 037 | Land, buildings, infrastructure, plant and equipment | 13 | 107 586 | 107 527 | 109 733 |
| 1 384 | Other non-financial assets | 14 | 1 038 | 1 215 |  977 |
| **106 721** | **Total non-financial assets** |  | **108 944** | **109 057** | **111 034** |
| **199 638** | **Total assets** | **15** | **208 985** | **209 534** | **211 431** |
|  | **Liabilities** |  |  |  |  |
|  454 | Deposits held and advances received  |   |  518 |  471 |  518 |
| 5 112 | Payables | 16 | 5 704 | 5 355 | 5 434 |
| 32 847 | Borrowings |   | 34 069 | 34 597 | 29 986 |
| 5 463 | Employee benefits | 17 | 5 605 | 5 675 | 5 852 |
| 26 181 | Superannuation |   | 25 947 | 27 885 | 25 003 |
|  598 | Other provisions |   |  807 |  754 |  211 |
| **70 655** | **Total liabilities** |  | **72 650** | **74 738** | **67 003** |
| **128 983** | **Net assets** |  | **136 335** | **134 796** | **144 427** |
| 44 505 | Accumulated surplus/(deficit) |   | 45 788 | 44 237 | 53 112 |
| 84 428 | Reserves |   | 90 496 | 90 509 | 91 265 |
|  50 | Non-controlling interest |   |  50 |  50 |  50 |
| **128 983** | **Net worth** |  | **136 335** | **134 796** | **144 427** |
|   |   |   |   |   |   |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| 22 263 | Net financial worth |   | 27 390 | 25 739 | 33 394 |
| 53 613 | Net financial liabilities |   | 54 791 | 56 728 | 49 038 |
| 21 471 | Net debt |   | 22 327 | 23 000 | 17 986 |
| The accompanying notes form part of these financial statements.Notes: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information. |
| (b) Balances represent actual opening balances at 1 July 2015 plus 2015-16 budgeted movements. |

## Consolidated cash flow statement for the period ended 30 September

| ($ million) |
| --- |
| *2014-15*  |   |   | *2015-16* |
| *Actual* *to Sep* |    |  *Notes* | *Actual* *to Sep* | *Annual* *budget* |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts**  |  |  |  |
| 4 586 | Taxes received |   | 4 887 | 19 007 |
| 5 664 | Grants |   | 6 008 | 25 668 |
| 1 805 | Sales of goods and services(a) |   | 1 782 | 7 531 |
|  194 | Interest received  |   |  193 |  812 |
|  57 | Dividends and income tax equivalent and rate equivalent receipts |   |  49 | 1 143 |
|  412 | Other receipts |   |  439 | 1 741 |
| **12 718** | **Total receipts** |  | **13 359** | **55 904** |
|  | **Payments** |  |  |  |
|  (4 313) | Payments for employees |   |  (4 730) |  (19 657) |
| (692) | Superannuation |   | (773) |  (2 969) |
| (510) | Interest paid |   | (531) |  (2 059) |
|  (2 180) | Grants and subsidies |   |  (2 185) |  (8 748) |
|  (4 515) | Goods and services(a) |   |  (4 666) |  (18 056) |
| (176) | Other payments |   | (194) | (661) |
|  **(12 386)** | **Total payments** |  |  **(13 078)** |  **(52 149)** |
|  **332** | **Net cash flows from operating activities** | **18b** |  **280** | **3 755** |
|  | **Cash flows from investing activities** |  |  |  |
| (887) | Purchases of non-financial assets | 15 | (948) |  (4 552) |
|  36 | Sales of non-financial assets |   |  22 |  322 |
| **(851)** | **Cash flows from investments in non-financial assets** |  | **(926)** |  **(4 230)** |
|  208 | Net cash flows from investments in financial assets for policy purposes |   |  18 | 6 511 |
| **(643)** | **Sub-total** |  | **(908)** |  **2 281** |
| (14) | Net cash flows from investments in financial assets for liquidity management purposes |   | (74) | (83) |
| **(657)** | **Net cash flows from investing activities** |  | **(982)** | **2 199** |
|  | **Cash flows from financing activities** |  |  |  |
| .. | Advances received (net) |   | .. | .. |
| (108) | Net borrowings |   |  528 |  (5 756) |
|  28 | Deposits received (net) |   | (47) | .. |
| **(81)** | **Net cash flows from financing activities** |  |  **481** |  **(5 756)** |
| **(405)** | **Net increase/(decrease) in cash and cash equivalents**  |  | **(220)** |  **198** |
| 4 582 | Cash and cash equivalents at beginning of reporting period(b) |   | 4 282 | 4 282 |
| **4 177** | **Cash and cash equivalents at end of the reporting period(b)** | **18a** | **4 061** | **4 479** |
|   |   |   |   |   |
|  | **FISCAL AGGREGATES** |  |  |  |
|  332 | Net cash flows from operating activities |   |  280 | 3 755 |
| (851) | Net cash flows from investments in non-financial assets |   | (926) |  (4 230) |
| **(519)** | **Cash surplus/(deficit)** |  | **(646)** |  **(475)** |
| The accompanying notes form part of these financial statements.Notes: |
| (a) These items are inclusive of goods and services tax. |
| (b) September 2014-15 comparative figures have been restated to reflect more current information. |

## Consolidated statement of changes in equity for the period ending 30 September

| ($ million) |
| --- |
|  | *Accumulated surplus/(deficit)* | *Non-controlling interest* | *Non-financial assets* *revaluation surplus(a)* | *Investment in other* *sector entities* *revaluation surplus* | *Other* *reserves* | *Total* |
| **2015-16** |  |  |  |  |  |  |
| Balance at 1 July 2015 | 45 788 |  50 | 43 355 | 46 413 |  728 | 136 335 |
| Net result for the quarter |  353 | .. | .. | .. | .. |  353 |
| Other comprehensive income for the year | (1 916) | .. |  32 | .. | (20) | (1 903) |
| Transfer to accumulated surplus |  11 |  .. |  1 |  .. |  .. |  12 |
| **Total equity as at 30 September 2015** | **44 237** |  **50** | **43 387** | **46 413** |  **708** | **134 796** |
| **Budget equity as at 30 June 2016(b)** | **53 112** |  **50** | **44 111** | **46 414** |  **740** | **144 427** |
| **2014-15(c)** |  |  |  |  |  |  |
| Balance at 1 July 2014 | 43 635 |  50 | 41 965 | 42 187 |  640 | 128 477 |
| Net result for the quarter |  351 | .. | .. | .. | .. |  351 |
| Other comprehensive income for the year |  128 | .. |  22 | .. |  5 |  155 |
| Transfer to accumulated surplus |  392 |  .. | (392) |  .. |  .. | .. |
| **Total equity as at 30 September 2014** | **44 505** |  **50** | **41 595** | **42 187** |  **646** | **128 983** |
| The accompanying notes form part of these financial statements.Notes: |
| (a) Non-financial assets revaluation surplus relates to revaluation of land, buildings, infrastructure, plant and equipment.(b) Balances represent actual opening balances at 1 July 2015 plus 2015-16 budgeted movements.(c) September 2014-15 comparative figures have been restated to reflect more current information. |

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Note 1: Summary of significant accounting policies

This September Quarterly Financial Report presents the unaudited consolidated financial report for the general government sector for the three months ended 30 September 2015.

The accounting policies applied are consistent with those applied for the financial statements published in the *2014‑15 Financial Report* for the State of Victoria. Because this quarterly financial report does not include all the notes normally included with the annual financial report, this report should be read in conjunction with the *2014-15 Financial Report*.

1. Statement of compliance

These financial statements have been prepared in accordance with section 26 of the *Financial Management Act 1994*, having regard to the recognition and measurement principles of the applicable Australian Accounting Standards (AAS) which include Interpretations issued by the Australian Accounting Standards Board (AASB). The financial statements are also presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where applicable, those paragraphs of AASs applicable to not-for-profit entities have been applied.

1. Basis of accounting and measurement

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

1. Reporting entity

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

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

1. Basis of consolidation

The September Quarterly Financial Report includes all reporting entities in the general government sector that are controlled by the State. Information on entities consolidated for the general government sector is included in Note 21. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

Note 2: Taxation revenue

| ($ million) |   |   |   |
| --- | --- | --- | --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
| **1 326** | **Taxes on employers’ payroll and labour force** | **1 357** | **5 408** |
|  | **Taxes on property** |  |  |
|  | **Taxes on immovable property** |  |  |
|  12 | Land tax |  45 | 1 770 |
|  606 | Fire Services Property Levy |  653 |  628 |
|  3 | Congestion levy | (5) |  120 |
|  110 | Metropolitan improvement levy |  110 |  151 |
|  **732** | **Total taxes on immovable property** |  **803** | **2 669** |
|  | **Financial and capital transactions** |  |  |
| 1 192 | Land transfer duty | 1 450 | 5 028 |
|  4 | Other property duties | .. |  2 |
| .. | Metropolitan Planning levy |  3 |  17 |
|  33 | Financial accommodation levy |  29 |  151 |
|  22 | Growth Areas Infrastructure Contribution |  34 |  108 |
| **1 252** | **Total financial and capital transactions** | **1 516** | **5 307** |
| **1 985** | **Total taxes on property** | **2 319** | **7 975** |
|  | **Taxes on provision of goods and services** |  |  |
|  | **Gambling taxes** |  |  |
|  108 | Public lotteries |  108 |  421 |
|  275 | Electronic gaming machines |  278 | 1 088 |
|  49 | Casino |  51 |  240 |
|  20 | Racing |  19 |  83 |
|  6 | Other |  6 |  30 |
|  **458** | **Total gambling taxes** |  **462** | **1 861** |
|  **23** | **Levies on statutory corporations** |  **23** |  **112** |
|  **318** | **Taxes on insurance** |  **319** | **1 156** |
|  **799** | **Total taxes on the provision of goods and services** |  **804** | **3 130** |
|  | **Taxes on the use of goods and performance of activities** |  |  |
|  | **Motor vehicle taxes** |  |  |
|  351 | Vehicle registration fees |  367 | 1 459 |
|  181 | Duty on vehicle registrations and transfers |  194 |  743 |
|  **532** | **Total motor vehicle taxes** |  **561** | **2 202** |
| **..** | **Liquor licence fees** | **..** |  **22** |
|  **69** | **Other** |  **20** |  **288** |
|  **601** | **Total taxes on the use of goods and performance of activities** |  **581** | **2 512** |
| **4 711** | **Total taxation revenue** | **5 061** | **19 024** |

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

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
| .. | Dividends from PFC sector | .. |  620 |
|  1 | Dividends from PNFC sector |  6 |  216 |
|  7 | Dividends from non-public sector |  11 |  14 |
|  **8** | **Dividends** |  **17** |  **850** |
|  29 | Income tax equivalent revenue from PFC sector |  2 |  124 |
|  15 | Income tax equivalent revenue from PNFC sector |  40 |  163 |
|  **43** | **Income tax equivalent revenue** |  **42** |  **287** |
| .. | Local government rate equivalent revenue | .. |  8 |
|  **51** | **Total dividends and income tax equivalent and rate equivalent revenue** |  **59** | **1 144** |

Note 4: Sales of goods and services

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
|  62 | Motor vehicle regulatory fees |  63 |  229 |
|  116 | Other regulatory fees |  111 |  501 |
|  20 | Sale of goods |  20 |  69 |
| 1 025 | Provision of services | 1 015 | 4 114 |
|  15 | Rental |  17 |  59 |
|  9 | Refunds and reimbursements | .. |  56 |
|  408 | Inter-sector capital asset charge |  435 | 1 752 |
| **1 657** | **Total sales of goods and services** | **1 661** | **6 779** |

Note 5: Grant revenue

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
| 2 957 | General purpose grants | 3 183 | 12 770 |
|  751 | Specific purpose grants for on-passing |  745 | 3 389 |
| 1 924 | Other specific purpose grants | 2 058 | 9 270 |
| **5 632** | **Total** | **5 987** | **25 428** |
|  33 | Other contributions and grants |  24 |  151 |
| **5 665** | **Total grant revenue** | **6 010** | **25 579** |

Note 6: Other revenue

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
|  4 | Fair value of assets received free of charge or for nominal consideration |  4 |  62 |
|  188 | Fines |  167 |  777 |
|  9 | Royalties |  14 |  51 |
|  72 | Donations and gifts |  65 |  304 |
|  7 | Other non-property rental |  6 |  20 |
|  286 | Other miscellaneous revenue |  308 |  956 |
|  **566** | **Total other revenue** |  **564** | **2 171** |

Note 7: Superannuation

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
|  | **Defined benefit plans**  |  |  |
|  258 | Net superannuation interest expense |  223 |  886 |
|  171 | Current service cost  |  208 |  826 |
|   | Remeasurements: |   |   |
| (126) |  Expected return on superannuation assets excluding interest income | (243) | (962) |
|  56 |  Other actuarial (gain)/loss on superannuation assets |  691 | .. |
| (51) |  Actuarial and other adjustments to unfunded superannuation liability | 1 486 | .. |
|  **308** | **Total (gain)/expense recognised in respect of defined benefit plans** | **2 366** |  **750** |
|  | **Defined contribution plans** |  |  |
|  292 | Employer contributions to defined contribution plans  |  321 | 1 214 |
|  20 | Other (including pensions) |  25 |  62 |
|  **312** | **Total expense recognised in respect of defined contribution plans** |  **346** | **1 276** |
|  **621** | **Total superannuation (gain)/expense recognised in operating statement** | **2 711** | **2 026** |
|  | **Represented by:** |  |  |
|  258 | Superannuation interest expense |  223 |  886 |
|  484 | Other superannuation |  554 | 2 102 |
|  **742** | **Superannuation expense from transactions** |  **777** | **2 988** |
| **(121)** | **Remeasurement recognised in other comprehensive income** | **1 934** | **(962)** |
|  **621** | **Total superannuation costs recognised in operating statement** | **2 711** | **2 026** |

Note 8: Depreciation

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
|  245 | Buildings(a) |  248 | 1 028 |
|  23 | Leasehold buildings |  28 |  98 |
|  10 | Infrastructure systems |  8 |  28 |
|  139 | Plant, equipment and vehicles |  136 |  657 |
|  144 | Road and road networks |  151 |  646 |
|  5 | Cultural assets |  4 |  25 |
|  32 | Intangible produced assets |  31 |  94 |
|  **597** | **Total depreciation(a)** |  **605** | **2 577** |
| Note: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information. |

Note 9: Expenses by government purpose and by department

(a) Total expenses by government purpose classification

| ($ million) |
| --- |
| *2014-15* |  | *2015-16* |
| *Actual* *to Sep(a)* |  | *Actual* *to Sep* | *Annual* *budget* |
|  218 | General public services(b) |  423 | 1 920 |
| 1 362 | Public order and safety | 1 447 | 6 128 |
| 3 180 | Education | 3 424 | 14 042 |
| 3 510 | Health  | 3 611 | 15 264 |
|  976 | Social security and welfare | 1 095 | 4 345 |
|  616 | Housing and community amenities |  631 | 3 170 |
|  198 | Recreation and culture |  171 |  647 |
|  17 | Fuel and energy |  42 |  185 |
|  72 | Agriculture, forestry, fishing, and hunting |  49 |  376 |
| 1 412 | Transport and communications | 1 537 | 6 313 |
|  377 | Other economic affairs |  233 |  820 |
|  498 | Other purposes(b) |  377 | 1 100 |
| **12 438** | **Total expenses from transactions**  | **13 040** | **54 310** |
| Notes: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information.(b) 2015-16 Budget figures have been reclassified. |

Note 9: Expenses by government purpose and by department *(continued)*

(b) Total expenses by department(a)

| ($ million) |
| --- |
| *2014-15* |  | *2015-16* |
| *Actual* *to Sep(b)* |  | *Actual* *to Sep* | *Annual* *budget*  |
|   | **Expenses from transactions** |   |   |
|  341 | Economic Development, Jobs, Transport and Resources | 2 034 | 8 088 |
| 3 564 | Education and Training | 3 802 | 15 550 |
|  486 | Environment, Land, Water and Planning  |  634 | 2 946 |
| 3 924 | Health and Human Services | 5 129 | 21 362 |
|  929 | Human Services | .. | .. |
| 1 337 | Justice and Regulation | 1 380 | 5 596 |
|  179 | Premier and Cabinet |  85 |  433 |
| 1 673 | Transport, Planning and Local Infrastructure | .. | .. |
| 1 530 | Treasury and Finance  | 1 629 | 6 654 |
|  43 | Parliament |  43 |  187 |
|  117 | Courts |  122 |  528 |
|  464 | Regulatory bodies and other part funded agencies  |  481 | 1 928 |
| **14 586** | **Total expenses by department**  | **15 339** | **63 272** |
| (2 148) | *Less eliminations and adjustments(c)* | (2 299) | (8 962) |
| **12 438** | **Total expenses from transactions** | **13 040** | **54 310** |
| Notes: |
| (a) Effective 1 January 2015 several departments were renamed due to machinery of government changes:* the Department of Education and Early Childhood Development was renamed the Department of Education and Training;
* the Department of Environment and Primary Industries was renamed the Department of Environment, Land, Water and Planning;
* the Department of Health was renamed the Department of Health and Human Services;
* the Department of Justice was renamed the Department of Justice and Regulation;
* the Department of State Development, Business and Innovation was renamed the Department of Economic Development, Jobs, Transport and Resources;
* the Department of Human Services was abolished; and
* the Department of Transport, Planning and Local Infrastructure was abolished.

 The two abolished departments had their functions and operations transferred to other Victorian government departments. Functions and operations of the Department of Human Services were transferred to the Department of Health and Human Services and to the Department of Premier and Cabinet. Functions and operations of the Department of Transport, Planning and Local Infrastructure were transferred to the Department of Environment, Land, Water and Planning, the Department of Health and Humans Services and to the Department of Economic Development, Jobs, Transport and Resources. Certain functions and operations of continuing Victorian government departments were also transferred amongst departments as part of the machinery of government changes. Controlled entities which have been transferred as part of the machinery of government changes are listed under their new portfolio departments. |
| (b) September 2014-15 comparative figures have been restated to reflect more current information |
| (c) The annual budget includes contingencies not allocated to departments. |

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

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
| (82) | Net (increase)/decrease in provision for doubtful receivables | (88) | (181) |
| .. | Amortisation of intangible non-produced assets | (1) | .. |
| (6) | Bad debts written off | (6) | (153) |
| (2) | Other gains/(losses) | (29) |  16 |
| **(90)** | **Total other gains/(losses) from other economic flows** | **(124)** | **(318)** |

Note 11: Net acquisition of non-financial assets from transactions

| ($ million) |
| --- |
| *2014-15*  |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* | *Annual* *budget* |
|  887 | Purchases of non-financial assets (including change in inventories) |  948 | 4 552 |
| (36) | Less: Sales of non-financial assets | (22) | (322) |
| (597) | Less: Depreciation(a) | (605) |  (2 577) |
| (182) | Plus: Other movements in non-financial assets(a) | (249) | (287) |
|  **72** | **Total net acquisition of non-financial assets from transactions** |  **72** | **1 366** |
| Note: |
| (a) September 2014-15 actual comparative figures and 2015-16 Budget figures have been restated to reflect more current information.  |

Note 12: Receivables

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
|  | **Contractual** |  |  |  |
|  694 | Sales of goods and services |  675 |  846 |  674 |
|  28 | Accrued investment income |  17 |  23 |  17 |
| 1 147 | Other receivables | 1 262 | 1 306 | 1 124 |
| (71) | Provision for doubtful contractual receivables | (69) | (85) | (67) |
|  | **Statutory** |  |  |  |
|  5 | Sales of goods and services |  2 |  2 |  3 |
| 2 257 | Taxes receivables | 2 492 | 2 669 | 2 361 |
| 1 728 | Fines and regulatory fees | 1 761 | 1 803 | 2 040 |
|  243 | GST input tax credits recoverable |  255 |  196 |  255 |
| (864) | Provision for doubtful statutory receivables | (838) | (863) |  (1 004) |
| **5 169** | **Total receivables** | **5 555** | **5 897** | **5 404** |
|  | **Represented by:** |  |  |  |
| 4 235 | Current receivables | 4 447 | 4 785 | 4 329 |
|  934 | Non-current receivables | 1 109 | 1 112 | 1 076 |

Note 13: Land, buildings, infrastructure, plant and equipment

(a) Total land, buildings, infrastructure, plant and equipment (net carrying amount)(a)

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep(b)* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
| 26 005 | Buildings  | 25 976 | 25 932 | 26 225 |
| 2 400 | Buildings leasehold | 2 476 | 2 465 | 3 463 |
| 37 575 | Land and national parks | 40 699 | 40 712 | 41 072 |
| 1 268 | Infrastructure systems | 1 299 | 1 410 | 1 314 |
| 2 544 | Plant, equipment and vehicles | 2 465 | 2 380 | 2 382 |
| 22 071 | Roads and road networks | 21 485 | 21 441 | 21 941 |
| 7 685 | Earthworks | 7 690 | 7 690 | 7 831 |
| 5 488 | Cultural assets | 5 496 | 5 497 | 5 506 |
| **105 037** | **Total land, buildings, infrastructure, plant and equipment** | **107 586** | **107 527** | **109 733** |
| Notes: |
| (a) Net carrying amount shown for all line items except land and earthworks. |
| (b) September 2014-15 comparative figures have been restated to reflect more current information. |

(b) Land and buildings

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep(a)* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
| 27 743 | Buildings | 28 236 | 28 432 | 29 543 |
|  (1 738) | Accumulated depreciation |  (2 260) |  (2 500) |  (3 318) |
| **26 005** | **Buildings (net carrying amount)**  | **25 976** | **25 932** | **26 225** |
| 2 820 | Buildings leasehold | 2 967 | 2 991 | 4 050 |
| (420) | Buildings leasehold accumulated depreciation | (491) | (526) | (588) |
| **2 400** | **Buildings leasehold (net carrying amount)**  | **2 476** | **2 465** | **3 463** |
| 35 891 | Land | 39 637 | 39 651 | 39 919 |
| 1 684 | National parks and other ’land only’ holdings | 1 062 | 1 062 | 1 153 |
| **37 575** | **Land and national parks** | **40 699** | **40 712** | **41 072** |
| **65 981** | **Total land and buildings** | **69 151** | **69 109** | **70 760** |
| Note: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information. |

Note 13: Land, buildings, infrastructure, plant and equipment *(continued)*

(c) Plant, equipment, vehicles and infrastructure systems

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep(a)* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
| 1 743 | Infrastructure systems | 1 747 | 1 866 | 1 790 |
| (475) | Accumulated depreciation | (448) | (456) | (476) |
| **1 268** | **Infrastructure systems (net carrying amount)** | **1 299** | **1 410** | **1 314** |
| 5 901 | Plant, equipment and vehicles | 5 973 | 5 978 | 6 442 |
|  (3 557) | Accumulated depreciation |  (3 674) |  (3 757) |  (4 207) |
| **2 344** | **Plant, equipment and vehicles (net carrying amount)** | **2 299** | **2 222** | **2 235** |
|  413 | Leased plant, equipment and vehicles |  373 |  373 |  373 |
| (213) | Accumulated depreciation | (207) | (215) | (226) |
|  **200** | **Leased plant, equipment and vehicles (net carrying amount)** |  **166** |  **158** |  **147** |
| **3 812** | **Total plant, equipment, vehicles and infrastructure systems** | **3 764** | **3 790** | **3 696** |
| *Note:* |
| *(a) September 2014-15 comparative figures have been restated to reflect more current information* |

(d) Roads, road infrastructure and earthworks

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep* |   | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
|   |
| 38 005 | Roads and road infrastructure | 39 568 | 39 672 | 40 670 |
|  (15 934) | Accumulated depreciation |  (18 084) |  (18 232) |  (18 730) |
| **22 071** | **Roads and road infrastructure (net carrying amount)** | **21 485** | **21 441** | **21 941** |
| **7 685** | **Earthworks** | **7 690** | **7 690** | **7 831** |
| **29 756** | **Total roads, road infrastructure and earthworks** | **29 175** | **29 130** | **29 772** |

(e) Cultural assets

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep* |   | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
|   |
| 5 614 | Cultural assets | 5 633 | 5 636 | 5 652 |
| (126) | Accumulated depreciation | (137) | (139) | (146) |
| **5 488** | **Total cultural assets** | **5 496** | **5 497** | **5 506** |

Note 14: Other non-financial assets

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep(a)* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
| 1 250 | Intangible produced assets  | 1 287 | 1 252 | 1 337 |
| (554) | Accumulated depreciation | (701) | (693) | (796) |
|  102 | Intangible non-produced assets  |  154 |  143 |  154 |
| (49) | Accumulated amortisation | (69) | (62) | (69) |
|  **749** | **Total intangibles**  |  **670** |  **640** |  **625** |
|  137 | Investment properties |  69 |  69 |  62 |
|  5 | Biological assets(b) |  4 |  4 |  5 |
|  493 | Other assets |  295 |  502 |  285 |
| **1 384** | **Total other non-financial assets** | **1 038** | **1 215** |  **977** |
| Notes: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information.(b) The majority of biological assets comprises of commercial forests and also includes any living animal, plant or agricultural produce, which is the harvested product of biological assets. |

Note 15: Assets by government purpose and by department

(a) Purchases of non-financial assets by department(a)

| ($ million) |
| --- |
| *2014-15* |  | *2015-16* |
| *Actual* *to Sep* |  | *Actual* *to Sep* | *Annual**budget*  |
|  1 | Economic Development, Jobs, Transport and Resources |  521 | 2 194 |
|  107 | Education and Training |  48 |  488 |
|  24 | Environment, Land, Water and Planning |  1 |  61 |
|  170 | Health and Human Services |  78 |  873 |
|  7 | Human Services | .. | .. |
|  151 | Justice and Regulation |  221 |  567 |
|  8 | Premier and Cabinet |  2 |  16 |
|  353 | Transport, Planning and Local Infrastructure | .. | .. |
|  6 | Treasury and Finance |  13 |  38 |
|  2 | Parliament |  2 |  5 |
|  1 | Courts |  4 |  53 |
|  22 | Regulatory bodies and other part funded agencies |  27 |  168 |
| 36 | Adjustments(b) |  29 |  89 |
|  **887** | **Total purchases of non-financial assets** |  **948** | **4 552** |
| Notes: |
| (a) Effective 1 January 2015 several departments were renamed due to machinery of government changes:* the Department of Education and Early Childhood Development was renamed the Department of Education and Training;
* the Department of Environment and Primary Industries was renamed the Department of Environment, Land, Water and Planning;
* the Department of Health was renamed the Department of Health and Human Services;
* the Department of Justice was renamed the Department of Justice and Regulation;
* the Department of State Development, Business and Innovation was renamed the Department of Economic Development, Jobs, Transport and Resources;
* the Department of Human Services was abolished; and
* the Department of Transport, Planning and Local Infrastructure was abolished.

 The two abolished departments had their functions and operations transferred to other Victorian government departments. Functions and operations of the Department of Human Services were transferred to the Department of Health and Human Services and to the Department of Premier and Cabinet. Functions and operations of the Department of Transport, Planning and Local Infrastructure were transferred to the Department of Environment, Land, Water and Planning, the Department of Health and Humans Services and to the Department of Economic Development, Jobs, Transport and Resources. Certain functions and operations of continuing Victorian government departments were also transferred amongst departments as part of the machinery of government changes. Controlled entities which have been transferred as part of the machinery of government changes are listed under their new portfolio departments. |
| (b) Annual budget includes contingencies not allocated to departments and estimated departmental underspend. |

Note 15: Assets by government purpose and by department *(continued)*

(b) Total assets classified by government purpose

|  |
| --- |
| ($ million) |
| *2014-15* |  | *2015-16* |
| *Actual* *to Sep(a)* |  | *Actual* *to Sep* | *Budget* *30 Jun(a)* |
| 1 013 | General public services | 1 160 | 1 114 |
| 8 699 | Public order and safety | 8 754 | 8 999 |
| 18 405 | Education | 19 060 | 19 114 |
| 12 848 | Health | 12 214 | 13 382 |
| 1 089 | Social security and welfare  | 2 039 | 1 899 |
| 7 253 | Housing and community amenities | 7 140 | 7 153 |
| 8 276 | Recreation and culture | 8 090 | 8 448 |
|  28 | Fuel and energy |  46 |  11 |
|  625 | Agriculture, forestry, fishing, and hunting |  557 |  686 |
| 47 529 | Transport and communications | 49 269 | 49 534 |
|  956 | Other economic affairs |  727 |  690 |
|  2 | Other purposes  |  2 |  2 |
| 92 918 | Not allocated by purpose | 100 477 | 100 397 |
| **199 638** | **Total assets** | **209 534** | **211 431** |
| Note: |
| (a) September 2014-15 actual comparative figures and 2015-16 Budget figures have been restated to reflect more current information |

Note 16: Payables

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep(a)* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
|  | **Contractual** |  |  |  |
| 1 060 | Accounts payable | 1 158 | 1 238 | 1 146 |
| 1 932 | Accrued expenses | 2 172 | 1 673 | 1 972 |
| 2 080 | Unearned income | 2 332 | 2 405 | 2 273 |
|  | **Statutory** |  |  |  |
|  39 | Accrued taxes payable |  43 |  39 |  44 |
| **5 112** | **Total payables** | **5 704** | **5 355** | **5 434** |
|  | **Represented by:** |  |  |  |
| 3 425 | Current payables | 3 776 | 3 424 | 3 605 |
| 1 687 | Non-current payables | 1 928 | 1 931 | 1 829 |
| Note: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information. |

Note 17: Employee benefits

| ($ million) |
| --- |
| *2014-15* |   |   | *2015-16* |   |
| *Actual**30 Sep(a)* |    | *Opening**1 Jul* | *Actual**30 Sep* | *Budget**30 Jun* |
|  | **Current** |  |  |  |
| 1 756 | Accrued salaries and wages | 2 035 | 1 951 | 2 089 |
| 3 030 | Long service leave | 2 858 | 3 005 | 2 991 |
| **4 786** | **Total current employee benefits and on-costs** | **4 893** | **4 956** | **5 080** |
|  | **Non-current** |  |  |  |
|  677 | Long service leave |  712 |  719 |  773 |
|  **677** | **Total non-current employee benefits and on-costs** |  **712** |  **719** |  **773** |
| **5 463** | **Total employee benefits and on-costs** | **5 605** | **5 675** | **5 852** |

Note:

(a) September 2014-15 comparative figures have been restated to reflect more current information.

Note 18: Cash flow information

(a) Reconciliation of cash and cash equivalents

|  |
| --- |
| ($ million) |
| *2014-15* |   | *2015-16* |
| *Actual* *to Sep* |    | *Actual* *to Sep* |
| 1 928 | Cash | 1 567 |
| 2 249 | Deposits at call(a) | 2 494 |
| **4 177** | **Cash and cash equivalents(a)** | **4 061** |
| .. | Bank overdraft | .. |
| **4 177** | **Balances as per cash flow statement(a)** | **4 061** |
| *Note:* |
| *(a) September 2014-15 comparative figures have been restated to reflect more current information.* |

(b) Reconciliation of net result to net cash flows from operating activities

| ($ million) |
| --- |
| *2014-15* |   | *2015-16* |
| *Actual**to Sep(a)* |   | *Actual* *to Sep* |
|  **351** | **Net result** |  **353** |
|   | **Non-cash movements** |   |
|  597 | Depreciation and amortisation |  606 |
|  3 | Revaluation of investments |  29 |
| .. | Assets (received)/provided free of charge | .. |
| (1) | Assets not previously recognised |  3 |
| .. | Revaluation of assets | (3) |
|  1 | Discount/premium on other financial assets/borrowings | .. |
|  **600** | **Non-cash items total** |  **635** |
|   | **Movements included in investing and financing activities** |   |
| (23) | Net gain/loss from sale of investments | (2) |
| (5) | Net revenues from sale of non-financial assets |  13 |
| **(28)** | **Items Included in investing and financing activities total** |  **11** |
|   | **Movements in assets and liabilities** |   |
|  19 | Increase/(decrease) in provision for doubtful debts |  40 |
| (376) | Increase/(decrease) in payables | (193) |
|  197 | Increase/(decrease) in employee benefits |  70 |
|  50 | Increase/(decrease) in superannuation |  5 |
| (31) | Increase/(decrease) in other provisions | (54) |
| (247) | (Increase)/decrease in receivables | (382) |
| (203) | (Increase)/decrease in other non-financial assets | (205) |
| **(592)** | **Changes in assets and liabilities total** | **(719)** |
|  **332** | **Net cash flows from operating activities** |  **280** |
| Note: |
| (a) September 2014-15 comparative figures have been restated to reflect more current information. |

Note 19: Public Account

(a) Consolidated fund receipts and payments

| ($ million) |
| --- |
| *2014-15* |   | *2015-16* |
|  *Actual* *to Sep* |  |  *Actual* *to Sep* | *Annual**budget* |
|  | **Receipts** |  |  |
| 4 571 | Taxation | 4 883 | 19 324 |
|  207 | Fines and regulatory fees |  199 |  887 |
| 3 788 | Grants received | 3 986 | 17 128 |
| 1 414 | Sales of goods and services | 1 449 | 5 721 |
|  123 | Interest received |  123 |  536 |
|  50 | Public authority receipts |  38 | 1 129 |
|  56 | Other receipts |  51 |  306 |
| **10 208** | **Total operating activities** | **10 729** | **45 031** |
|  314 | Total inflows from investing and financing |  696 | 3 166 |
| **10 522** | **Total receipts** | **11 425** | **48 198** |
|   | **Payments to departments** |   |   |
|  277 | Economic Development, Jobs, Transport and Resources | 2 122 | 8 996 |
| 2 701 | Education and Training | 2 972 | 11 412 |
|  540 | Environment, Land, Water and Planning |  456 | 1 891 |
| 2 890 | Health and Human Services | 4 085 | 14 186 |
| 1 472 | Justice and Regulation | 1 643 | 5 908 |
|  156 | Premier and Cabinet |  80 |  399 |
|  864 | Treasury and Finance |  953 | 5 377 |
|  40 | Parliament |  42 |  174 |
|  67 | Courts |  131 |  538 |
|  974 | Human Services(a) | .. | .. |
| 1 753 | Transport, Planning and Local Infrastructure(a) | .. | .. |
| **11 734** | **Total payments(b)** | **12 483** | **48 883** |
| **(1 212)** | **Net receipts/(payments)(b)** | **(1 058)** | **(686)** |
| Notes: |

(a) Effective 1 January 2015 several departments were renamed due to machinery of government changes:

* the Department of Education and Early Childhood Development was renamed the Department of Education and Training;
* the Department of Environment and Primary Industries was renamed the Department of Environment, Land, Water and Planning;
* the Department of Health was renamed the Department of Health and Human Services;
* the Department of Justice was renamed the Department of Justice and Regulation;
* the Department of State Development, Business and Innovation was renamed the Department of Economic Development, Jobs, Transport and Resources;
* the Department of Human Services was abolished; and
* the Department of Transport, Planning and Local Infrastructure was abolished.

 The two abolished departments had their functions and operations transferred to other Victorian government departments. Functions and operations of the Department of Human Services were transferred to the Department of Health and Human Services and to the Department of Premier and Cabinet. Functions and operations of the Department of Transport, Planning and Local Infrastructure were transferred to the Department of Environment, Land, Water and Planning, the Department of Health and Humans Services and to the Department of Economic Development, Jobs, Transport and Resources. Certain functions and operations of continuing Victorian government departments were also transferred amongst departments as part of the machinery of government changes. Controlled entities which have been transferred as part of the machinery of government changes are listed under their new portfolio departments.

(b) 2015-16 Budget figures have been restated to reflect more current information.

Note 19: Public Account *(continued)*

(b) Trust fund cash flow statement

| ($ million) |
| --- |
| *2014-15* |   | *2015-16* |
|  *Actual* *to Sep* |  |  *Actual* *to Sep* | *Annual**budget* |
|   | **Cash flows from operating activities** |   |   |
|   | **Receipts** |   |   |
|  156 | Taxation |  157 |  325 |
|  12 | Regulatory fees and fines |  8 |  30 |
| 4 109 | Grants received(a) | 4 315 | 15 643 |
|  122 | Sale of goods and services |  22 |  165 |
|  25 | Interest received |  29 |  106 |
| 3 104 | Net transfers from consolidated fund | 2 452 | 7 672 |
|  18 | Other receipts |  23 |  141 |
| **7 545** | **Total receipts** | **7 005** | **24 082** |
|   | **Payments** |   |   |
| (35) | Employee benefits | (36) | (192) |
| (3) | Superannuation | (3) | (14) |
| (6 828) | Grants paid(a) | (6 384) | (21 194) |
| (576) | Supplies and consumables | (583) | (2 265) |
| (2) | Interest paid | (1) | (8) |
| **(7 444)** | **Total payments** | **(7 007)** | **(23 673)** |
|  **102** | **Net cash flows from operating activities** | **(2)** |  **409** |
|   | **Cash flows from investing activities** |   |   |
|  11 | Proceeds from sale of property, plant and equipment |  9 |  36 |
| (9) | Purchases of property, plant and equipment |  4 | (35) |
| (38) | Other investing activities | (28) | (83) |
| **(36)** | **Net cash flows from investing activities** | **(15)** | **(81)** |
|   | **Cash flows from financing activities** |   |   |
|  8 | Net proceeds (repayments) from borrowings | (457) | (29) |
|  **8** | **Net cash flows from financing activities**  | **(457)** | **(29)** |
|  **75** | **Net cash inflow/(outflow)** | **(474)** |  **299** |
| Note: |

(a) 2015-16 Budget figures have been restated to reflect more current information.

Note 19: Public Account *(continued)*

(c) Reconciliation of cash flows to balances held

| ($ million) |
| --- |
|   | *Balances* *held at**30 Jun 2015* | *Sep**movement**YTD* | *Balances* *held at**30 Sep 2015* |
| **Cash and deposits** |   |   |   |
| Cash balances outside the Public Account |  1 | (1) | .. |
| Deposits held with the Public Account – specific trusts |  806 |  97 |  903 |
| Other balances held in the Public Account | 3 397 | (1 624) | 1 773 |
| **Total cash and deposits** | **4 204** | **(1 527)** | **2 677** |
| **Investments** |   |   |   |
| Investments held with the Public Account – specific trusts  |  681 | (206) |  476 |
| **Total investments** |  **681** | (206) |  **476** |
| **Total fund balances** | **4 884** | **(1 732)** | **3 152** |
| **Less funds held outside the Public Account** |   |   |   |
| Cash  |  1 | (1) | .. |
| **Total fund balances held outside the Public Account** |  **1** | **(1)** | **..** |
| **Total funds held in the Public Account(a)** | **4 884** | **(1 731)** | **3 152** |
| Note: |
| (a) See Note 19(d) below for details of securities and investments including amounts held in the Public Account on behalf of trust accounts. |

(d) Details of securities held

| ($ million) |
| --- |
| *2014-15* |  | *2015-16* |
|  *Actual* *to Sep* |  | *Opening**1 Jul* |  *Actual* *30 Sep* |
| 1 304 | Amounts invested on behalf of specific trust accounts  | 1 487 | 1 379 |
| 1 300 | General account balances | 3 397 | 1 773 |
| **2 604** | **Total Public Account** | **4 884** | **3 152** |
|   | **Represented by:** |   |   |
| 1 304 | Stocks and securities | 1 487 | 1 379 |
| 1 052 | Cash and investments | 2 087 |  498 |
| **2 356** | **Total stock, securities, cash and investments** | **3 574** | **1 877** |
|   | Add cash advanced for:  |   |   |
|  248 | Advances pursuant to sections 36 and 37 of the *Financial Management Act 1994* | 1 310 | 1 275 |
| **2 604** | **Total Public Account** | **4 884** | **3 152** |
|  |

Note 20: Glossary of technical terms

The *2014-15 Financial Report* for the State of Victoria (Note 40) contains a comprehensive summary of the major technical terms used in this report.

Note 21: Controlled entities

Note 42 Controlled Entities in the *2014-15 Financial Report* for the State of Victoria contains a list of significant controlled entities which have been consolidated for the purposes of the financial report.

The following are changes from 1 July 2015, of general government sector entities which have been consolidated for the purposes of the financial report:

* in the 2015‑16 financial year, the Domestic (HIH) Indemnity Fund and Housing Guarantee Claims and Linking Melbourne Authority ceased to exist; and
* effective from 22 September 2015, the Victorian Competition and Efficiency Commission ceased to exist.

# Results quarter by quarter – Victorian general government sector

## Consolidated comprehensive operating statement for the past five quarters

| ($ million) |
| --- |
|   | *2014-15* | *2015-16* |
|   | *Sep* | *Dec* | *Mar* | *Jun*  | *Sep* |
| **Revenue from transactions** |  |  |  |  |  |
| Taxation revenue | 4 711 | 4 054 | 5 476 | 4 098 | 5 061 |
| Interest revenue |  205 |  200 |  203 |  219 |  203 |
| Dividends and income tax equivalent and rate equivalent revenue |  51 |  616 |  63 |  383 |  59 |
| Sales of goods and services | 1 657 | 1 676 | 1 711 | 1 439 | 1 661 |
| Grant revenue | 5 665 | 6 057 | 6 742 | 6 039 | 6 010 |
| Other revenue |  566 |  588 |  496 |  857 |  564 |
| **Total revenue from transactions** | **12 855** | **13 190** | **14 692** | **13 035** | **13 559** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 4 510 | 4 809 | 4 628 | 4 887 | 4 768 |
| Net superannuation interest expense |  258 |  254 |  250 |  276 |  223 |
| Other superannuation |  484 |  551 |  483 |  461 |  554 |
| Depreciation |  597 |  601 |  612 |  616 |  605 |
| Interest expense |  523 |  525 |  511 |  543 |  513 |
| Grant expense | 2 003 | 2 128 | 2 646 | 1 753 | 2 172 |
| Other operating expenses | 4 063 | 4 277 | 4 154 | 5 157 | 4 204 |
| **Total expenses from transactions** | **12 438** | **13 144** | **13 283** | **13 693** | **13 040** |
| **Net result from transactions – net operating balance** |  **417** |  **47** | **1 409** | **(658)** |  **519** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non-financial assets |  5 |  21 |  21 | (15) | (13) |
| Net gain/(loss) on financial assets or liabilities at fair value |  19 |  15 |  46 | (28) | (29) |
| Share of net profit/(loss) from associates/joint venture entities | .. | .. | .. | (3) | .. |
| Other gains/(losses) from other economic flows | (90) | (243) | (162) | (53) | (124) |
| **Total other economic flows included in net result**  | **(66)** | **(207)** | **(94)** | **(99)** | **(166)** |
| **Net result** |  **351** | **(160)** | **1 315** | **(757)** |  **353** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non-financial assets revaluation surplus |  22 |  37 | (135) | 2 601 |  32 |
| Remeasurement of superannuation defined benefits plans |  121 |  (2 586) |  (1 971) | 4 987 |  (1 934) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. |  3 | .. | 4 223 | .. |
| Other movements in equity |  14 | (21) | (622) |  481 |  2 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | (2) | (32) | (12) |  2 | (3) |
| **Total other economic flows – other comprehensive income** |  **155** |  **(2 599)** |  **(2 740)** | **12 293** |  **(1 903)** |
| **Comprehensive result – total change in net worth** |  **506** |  **(2 759)** |  **(1 426)** | **11 536** |  **(1 550)** |
|   |   |   |   |   |   |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** |  **417** |  **47** | **1 409** | **(658)** |  **519** |
| Less: Net acquisition of non-financial assets from transactions |  72 |  373 |  87 | (240) |  72 |
| **Net lending/(borrowing)** |  **345** | **(327)** | **1 322** | **(418)** |  **447** |
|  |
|  |

## Consolidated balance sheet as at the end of the past five quarters

| ($ million) |
| --- |
|   | *2014-15* | *2015-16* |
|   | *Sep* | *Dec* | *Mar* | *Jun* | *Sep* |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 4 177 | 4 171 | 4 609 | 4 282 | 4 061 |
| Advances paid | 4 576 | 4 578 | 4 573 | 4 572 | 4 567 |
| Receivables | 5 169 | 5 001 | 6 727 | 5 555 | 5 897 |
| Investments, loans and placements | 3 077 | 3 351 | 3 397 | 3 406 | 3 440 |
| Investments accounted for using the equity method |  44 |  47 |  47 |  45 |  44 |
| Investments in other sector entities | 75 875 | 76 170 | 76 357 | 82 181 | 82 467 |
| **Total financial assets** | **92 918** | **93 317** | **95 711** | **100 040** | **100 477** |
| **Non-financial assets** |  |  |  |  |  |
| Inventories |  154 |  148 |  147 |  144 |  146 |
| Non-financial assets held for sale |  147 |  145 |  130 |  175 |  169 |
| Land, buildings, infrastructure, plant and equipment | 105 037 | 105 317 | 104 682 | 107 586 | 107 527 |
| Other non-financial assets | 1 384 | 1 480 | 1 325 | 1 038 | 1 215 |
| **Total non-financial assets** | **106 721** | **107 091** | **106 284** | **108 944** | **109 057** |
| **Total assets** | **199 638** | **200 408** | **201 994** | **208 985** | **209 534** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received  |  454 |  424 |  529 |  518 |  471 |
| Payables | 5 112 | 5 813 | 6 182 | 5 704 | 5 355 |
| Borrowings  | 32 847 | 33 018 | 33 286 | 34 069 | 34 597 |
| Employee benefits | 5 463 | 5 399 | 5 601 | 5 605 | 5 675 |
| Superannuation | 26 181 | 28 844 | 30 881 | 25 947 | 27 885 |
| Other provisions |  598 |  687 |  717 |  807 |  754 |
| **Total liabilities** | **70 655** | **74 184** | **77 196** | **72 650** | **74 738** |
| **Net assets** | **128 983** | **126 224** | **124 798** | **136 335** | **134 796** |
| Accumulated surplus/(deficit) | 44 505 | 41 722 | 41 078 | 45 788 | 44 237 |
| Reserves | 84 428 | 84 452 | 83 670 | 90 496 | 90 509 |
| Non-controlling interest |  50 |  50 |  50 |  50 |  50 |
| **Net worth** | **128 983** | **126 224** | **124 798** | **136 335** | **134 796** |
|   |   |   |   |   |   |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | 22 263 | 19 133 | 18 514 | 27 390 | 25 739 |
| Net financial liabilities | 53 613 | 57 037 | 57 843 | 54 791 | 56 728 |
| Net debt | 21 471 | 21 343 | 21 236 | 22 327 | 23 000 |

## Consolidated cash flow statement for the past five quarters

| ($ million) |
| --- |
|   | *2014-15* | *2015-16* |
|   | *Sep* | *Dec* | *Mar* | *Jun*  | *Sep* |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts**  |  |  |  |  |  |
| Taxes received | 4 586 | 4 781 | 4 277 | 4 773 | 4 887 |
| Grants | 5 664 | 6 056 | 6 698 | 6 082 | 6 008 |
| Sales of goods and services(a) | 1 805 | 2 105 | 1 501 | 1 591 | 1 782 |
| Interest received  |  194 |  191 |  193 |  235 |  193 |
| Dividends and income tax equivalent and rate equivalent receipts |  57 |  619 |  71 |  268 |  49 |
| Other receipts |  412 |  592 |  164 |  816 |  439 |
| **Total receipts** | **12 718** | **14 343** | **12 902** | **13 764** | **13 359** |
| **Payments**  |  |  |  |  |  |
| Payments for employees |  (4 313) |  (4 917) |  (4 482) |  (4 908) |  (4 730) |
| Superannuation | (692) | (728) | (667) | (684) | (773) |
| Interest paid | (510) | (510) | (513) | (529) | (531) |
| Grants and subsidies |  (2 180) |  (2 136) |  (2 634) |  (1 614) |  (2 185) |
| Goods and services(a) |  (4 515) |  (4 425) |  (3 526) |  (4 370) |  (4 666) |
| Other payments | (176) | (163) | (138) | (581) | (194) |
| **Total payments** | **(12 386)** |  **(12 879)** |  **(11 958)** |  **(12 686)** |  **(13 078)** |
| **Net cash flows from operating activities** |  **332** | **1 465** |  **944** | **1 078** |  **280** |
| **Cash flows from investing activities** |  |  |  |  |  |
| Purchases of non-financial assets | (887) |  (1 231) | (869) |  (1 407) | (948) |
| Sales of non-financial assets |  36 |  86 |  63 |  213 |  22 |
| **Cash flows from investments in non-financial assets** | **(851)** |  **(1 145)** | **(806)** |  **(1 194)** | **(926)** |
| Net cash flows from investments in financial assets for policy purposes |  208 | (164) | (58) | (845) |  18 |
| **Sub-total** | **(643)** |  **(1 309)** | **(864)** |  **(2 039)** | **(908)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (14) | (302) | (15) | (39) | (74) |
| **Net cash flows from investment activities** | **(657)** |  **(1 611)** | **(879)** |  **(2 078)** | **(982)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | .. |  1 | .. | (1) | .. |
| Net borrowings | (108) |  171 |  267 |  684 |  528 |
| Deposits received (net) |  28 | (31) |  105 | (10) | (47) |
| **Net cash flows from financing activities** | **(81)** |  **140** |  **372** |  **673** |  **481** |
| **Net increase/(decrease) in cash and cash equivalents**  | **(405)** | **(6)** |  **438** | **(327)** | **(220)** |
| Cash and cash equivalents at beginning of reporting period | 4 582 | 4 177 | 4 171 | 4 609 | 4 282 |
| **Cash and cash equivalents at end of the reporting period** | **4 177** | **4 171** | **4 609** | **4 282** | **4 061** |
|   |   |   |   |   |   |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities |  332 | 1 465 |  944 | 1 078 |  280 |
| Net cash flows from investments in non-financial assets | (851) |  (1 145) | (806) |  (1 194) | (926) |
| **Cash surplus/(deficit)** | **(519)** |  **320** |  **138** | **(116)** | **(646)** |
| Note: |
| (a) These items are inclusive of goods and services tax. |

# Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage changes in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

n.a. or na not available or not applicable

1 billion 1 000 million

1 basis point 0.01 per cent

.. zero, or rounded to zero

(xxx.x) negative numbers

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