



# GETTING IT DONE VICTORIAN BUDGET 16/17

QUARTERLY FINANCIAL  
REPORT NO. 1

30 September 2016

Presented by Tim Pallas MP  
Treasurer of the State of Victoria



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## OVERVIEW

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This financial report presents the Victorian general government sector financial statements for the three-month period ending 30 September 2016.

Victoria's economy is expected to grow above trend in 2016-17 as the broadening of the national recovery in non-mining activity continues to benefit the diversified economy of the State. The strength of the Victorian economy is reflected in the June quarter national accounts, which show Victoria's annual state final demand growth of 4.0 per cent over the financial year, the highest of all the states and the highest since 2007-08. Strong employment and housing market growth has helped support household consumption and dwelling investment and the labour market is expected to maintain the momentum in 2016-17. Victorian employment increased by over 31 000 in the September quarter, with a total of 105 000 jobs created over the year to September 2016. The annual pace of total and full-time job creation in Victoria is currently leading the nation. The buoyant labour market resulted in Victoria's unemployment rate falling 0.5 percentage points in the year to 5.7 per cent in September 2016. Improved business conditions, consumer sentiment and strong population growth are expected to further support economic activity in the state.

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

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### Financial performance

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The general government sector net result from transactions for the three month period to 30 September 2016 was an operating surplus of \$480 million. This compares with the \$519 million operating surplus recorded in the first quarter of 2015-16 and is consistent with achieving a full year estimated operating surplus of \$2.9 billion for 2016-17, as forecast in the *2016-17 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; and
- dividends from public authorities, which are not recognised as revenue until determined generally in October and April of each 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 \$14.4 billion. This represented 23.8 per cent of the full year budget estimate, in line with expectations.

Taxation revenue for the quarter represents 24.4 per cent of the annual budget estimate. The lower than pro rata result is primarily driven by land tax revenue which is collected in the March quarter and the timing of revenue associated with upfront port licence fees, which will be received upon the completion of the Port of Melbourne lease transaction in October. The lower than pro rata outcome was partially offset by higher than pro rata revenue associated with metropolitan improvement levy and insurance taxes and Fire Services Property Levy which is fully recognised in the September Quarter.

Grants revenue for the first quarter was 24.4 per cent of the annual budget estimate. This reflects the timing of this revenue from the Commonwealth Government and is consistent with the full year budget estimate.

Dividends, income tax equivalent and rate equivalent revenue for the first quarter was 7.4 per cent of the full year budget estimate. This is consistent with expectations and the usual pattern of receipt.

Other revenue was slightly under pro rata at 19.8 per cent of the budget estimate, largely driven by the timing of the transfer of Simmonds Stadium to the State from the Geelong City Council; expected to take place later in the financial year.

At 24.2 per cent of the full year budget estimate, expenses from transactions totalled \$13.9 billion for the three months to 30 September 2016. This result primarily reflects the timing of expenditure, consistent with full year budget expectations and previous year expenditure patterns.

The comprehensive result showed an increase in net worth of \$607 million for the three month period to 30 September 2016, compared to a decrease of \$1.5 billion in the same period the previous year.

For 2016-17, the increase in net worth mainly reflects the recording of an actuarial gain 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**

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Net assets increased by \$556 million to \$152.3 billion for the three months to 30 September 2016. Total assets increased by \$760 million to \$229.0 billion in the quarter mainly driven by an increase on the value of the State's investment interest in public non-financial corporations. Total liabilities remained relatively stable at \$76.8 billion.

Net debt increased by \$1.2 billion to \$23.5 billion in the quarter, mainly reflecting the progressive delivery of the Government's infrastructure program. After allowing for the timing of finalising the Port of Melbourne lease transaction, the increase in net debt is consistent with budget expectations at this time of year.

### **Cash flows**

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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**

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The State continues to deliver its infrastructure program to support growing community needs and ongoing productivity improvement.

For the three months to 30 September 2016, net investment in infrastructure totalled \$1.6 billion, in line with full year budget expectations.



*The Government's infrastructure scorecard as at 30 September 2016*

Major projects completed during the quarter include:

- Box Hill Hospital redevelopment.

Major projects in progress include:

- Bendigo Hospital;
- Casey Hospital expansion;
- CityLink–Tulla widening;
- Chandler Highway Bridge duplication;
- Goulburn-Murray Water Connections Project (Northern Victoria Irrigation Renewal Project);
- Joan Kirner Women's and Children's Hospital;
- Level Crossing Removal Program;
- M80 Upgrade – Sunshine Avenue to Calder Freeway;
- Melbourne Convention and Exhibition Centre – Stage 2;
- Melbourne Park Redevelopment – Stage 2;
- Mernda Rail Extension Project;
- Metro Tunnel – Early Works Package;
- Metro Tunnel – Rail Systems Package;
- Metro Tunnel – Tunnel and Stations Package;
- Monash Children's Hospital;
- Murray Basin Rail Project;
- New Schools (private public partnership);
- New trains, trams and associated infrastructure for Melbourne commuters;
- Port capacity;
- Police communications upgrade;
- Princes Highway duplication project – Winchelsea to Colac;
- Princes Highway East – Traralgon to Sale duplication;
- Ravenhall – New Male Prison;
- Regional rolling stock;
- Royal Victorian Eye and Ear Hospital redevelopment;
- Western Distributor; and
- Western Highway duplication – Ballarat to Stawell.

# CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 30 September

(\$ million)

2015-16 actual 30 Sep		Notes	2016-17 actual 30 Sep	annual budget
	<b>Revenue from transactions</b>			
5 061	Taxation revenue	2.1	5 265	21 594
203	Interest revenue		168	881
59	Dividends, income tax equivalent and rate equivalent revenue	2.2	78	1 059
1 661	Sales of goods and services	2.3	1 672	6 843
6 010	Grant revenue	2.4	6 699	27 424
564	Other revenue	2.5	510	2 569
<b>13 559</b>	<b>Total revenue from transactions</b>		<b>14 391</b>	<b>60 370</b>
	<b>Expenses from transactions</b>			
4 768	Employee expenses		5 179	21 298
223	Net superannuation interest expense	3.3	199	791
554	Other superannuation	3.3	552	2 239
605	Depreciation	4.2	627	2 620
513	Interest expense		472	2 433
2 172	Grant expense		2 587	9 451
4 204	Other operating expenses		4 295	18 669
<b>13 040</b>	<b>Total expenses from transactions</b>	3.4	<b>13 911</b>	<b>57 501</b>
<b>519</b>	<b>Net result from transactions – net operating balance</b>		<b>480</b>	<b>2 869</b>
	<b>Other economic flows included in net result</b>			
(13)	Net gain/(loss) on disposal of non-financial assets		(2)	73
(29)	Net gain/(loss) on financial assets or liabilities at fair value		16	11
	Share of net profit/(loss) from associates/joint venture entities			
(124)	Other gains/(losses) from other economic flows	7.1	(124)	(318)
<b>(166)</b>	<b>Total other economic flows included in net result</b>		<b>(110)</b>	<b>(234)</b>
<b>353</b>	<b>Net result</b>		<b>370</b>	<b>2 635</b>
	<b>Other economic flows – other comprehensive income</b>			
	<b>Items that will not be reclassified to net result</b>			
32	Changes in non-financial assets revaluation surplus		(93)	109
(1 934)	Remeasurement of superannuation defined benefits plans		256	877
13	Other movements in equity <sup>(a)</sup>		68	(1)
	<b>Items that may be reclassified subsequently to net result</b>			
(3)	Net gain/(loss) on financial assets at fair value		6	1
..	Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		..	2 707
<b>(1 892)</b>	<b>Total other economic flows – other comprehensive income <sup>(a)</sup></b>		<b>236</b>	<b>3 693</b>
<b>(1 539)</b>	<b>Comprehensive result – total change in net worth <sup>(a)</sup></b>		<b>607</b>	<b>6 328</b>
	<b>KEY FISCAL AGGREGATES</b>			
<b>519</b>	<b>Net operating balance</b>		<b>480</b>	<b>2 869</b>
82	Less: Net acquisition of non-financial assets from transactions <sup>(b)</sup>	3.6	8	1 104
<b>437</b>	<b>Net lending/(borrowing) <sup>(b)</sup></b>		<b>472</b>	<b>1 765</b>

The accompanying notes form part of these financial statements.

Notes:

(a) September 2015-16 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

(b) September 2015-16 comparative figures and 2016-17 Budget figures have been restated to reflect more current information.

# CONSOLIDATED BALANCE SHEET

As at 30 September

(\$ million)

2015-16 actual 30 Sep		Notes	opening 1 Jul	2016-17 actual 30 Sep	budget 30 Jun <sup>(a)</sup>
	<b>Assets</b>				
	<b>Financial assets</b>				
4 061	Cash and deposits	7.2	4 772	4 079	5 201
4 567	Advances paid		4 582	4 586	10 118
5 897	Receivables	5.1	5 566	5 866	5 601
3 440	Investments, loans and placements		2 853	3 057	2 943
44	Investments accounted for using the equity method		46	47	46
82 548	Investments in other sector entities <sup>(b)</sup>		94 710	95 473	95 242
<b>100 558</b>	<b>Total financial assets<sup>(b)</sup></b>		<b>112 531</b>	<b>113 108</b>	<b>119 151</b>
	<b>Non-financial assets</b>				
146	Inventories		188	186	191
169	Non-financial assets held for sale		188	183	186
107 503	Land, buildings, infrastructure, plant and equipment <sup>(c)</sup>	4.1	114 254	114 009	115 572
1 215	Other non-financial assets	4.7	1 081	1 516	1 103
<b>109 033</b>	<b>Total non-financial assets<sup>(c)</sup></b>		<b>115 711</b>	<b>115 895</b>	<b>117 052</b>
<b>209 590</b>	<b>Total assets<sup>(b)(c)</sup></b>	4.8	<b>228 242</b>	<b>229 002</b>	<b>236 203</b>
	<b>Liabilities</b>				
471	Deposits held and advances received		706	717	6 288
5 355	Payables	5.2	5 773	5 481	5 663
34 597	Borrowings		33 811	34 551	30 391
5 675	Employee benefits	3.2	6 137	6 098	6 534
27 885	Superannuation		29 291	29 044	28 453
754	Other provisions		829	861	852
<b>74 738</b>	<b>Total liabilities</b>		<b>76 547</b>	<b>76 751</b>	<b>78 181</b>
<b>134 853</b>	<b>Net assets<sup>(b)(c)</sup></b>		<b>151 695</b>	<b>152 251</b>	<b>158 022</b>
44 213	Accumulated surplus/(deficit) <sup>(c)</sup>		44 454	45 183	47 963
90 590	Reserves <sup>(b)</sup>		107 191	107 069	110 009
50	Non-controlling interest		50	..	50
<b>134 853</b>	<b>Net worth<sup>(b)(c)</sup></b>		<b>151 695</b>	<b>152 251</b>	<b>158 022</b>
	<b>FISCAL AGGREGATES</b>				
25 820	Net financial worth <sup>(b)</sup>		35 984	36 357	40 970
56 728	Net financial liabilities		58 727	59 116	54 272
23 000	Net debt		22 309	23 545	18 418

The accompanying notes form part of these financial statements.

Notes:

- (a) Balances represent actual opening balances at 1 July 2016 plus 2016-17 budgeted movements.
- (b) September 2015 comparative figures have been restated to reflect an adjustment to Coliban Water's deferred tax liability balances in the PNFC sector attributable to a change in valuation policy in 2015-16.
- (c) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

# CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 September

(\$ million)

2015-16 actual 30 Sep		Notes	2016-17 actual 30 Sep      annual budget	
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
4 887	Taxes received		5 078	21 483
6 008	Grants		6 699	27 424
1 782	Sales of goods and services <sup>(a)</sup>		1 891	7 602
193	Interest received		169	881
49	Dividends, income tax equivalent and rate equivalent receipts		106	1 079
439	Other receipts		317	1 877
<b>13 359</b>	<b>Total receipts</b>		<b>14 260</b>	<b>60 345</b>
<b>Payments</b>				
(4 730)	Payments for employees		(5 227)	(20 902)
(773)	Superannuation		(743)	(2 991)
(531)	Interest paid		(493)	(2 396)
(2 185)	Grants and subsidies		(2 670)	(9 501)
(4 666)	Goods and services <sup>(a)</sup>		(4 563)	(18 729)
(194)	Other payments		(194)	(624)
<b>(13 078)</b>	<b>Total payments</b>		<b>(13 890)</b>	<b>(55 143)</b>
<b>280</b>	<b>Net cash flows from operating activities</b>	7.3	<b>370</b>	<b>5 202</b>
<b>Cash flows from investing activities</b>				
(960)	Purchases of non-financial assets <sup>(b)</sup>	3.5	(1 564)	(7 206)
22	Sales of non-financial assets		24	487
<b>(938)</b>	<b>Cash flows from investments in non-financial assets <sup>(b)</sup></b>		<b>(1 540)</b>	<b>(6 720)</b>
30	Net cash flows from investments in financial assets for policy purposes <sup>(b)</sup>		(90)	391
<b>(908)</b>	<b>Sub-total</b>		<b>(1 630)</b>	<b>(6 328)</b>
(74)	Net cash flows from investments in financial assets for liquidity management purposes		(184)	(84)
<b>(982)</b>	<b>Net cash flows from investing activities</b>		<b>(1 813)</b>	<b>(6 413)</b>
<b>Cash flows from financing activities</b>				
..	Advances received (net)		(13)	5 583
528	Net borrowings		740	(3 943)
(47)	Deposits received (net)		23	..
<b>481</b>	<b>Net cash flows from financing activities</b>		<b>750</b>	<b>1 640</b>
<b>(220)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(693)</b>	<b>429</b>
4 282	Cash and cash equivalents at beginning of reporting period		4 772	4 772
<b>4 061</b>	<b>Cash and cash equivalents at end of the reporting period</b>	7.2	<b>4 079</b>	<b>5 201</b>
<b>FISCAL AGGREGATES</b>				
280	Net cash flows from operating activities		370	5 202
(938)	Net cash flows from investments in non-financial assets <sup>(b)</sup>		(1 540)	(6 720)
<b>(658)</b>	<b>Cash surplus/(deficit) <sup>(b)</sup></b>		<b>(1 170)</b>	<b>(1 518)</b>

The accompanying notes form part of these financial statements.

Notes:

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

(b) September 2015-16 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September

(\$ million)

<i>General government sector</i>	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>	<i>Non-financial assets revaluation surplus <sup>(a)</sup></i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
<b>2016-17</b>						
Balance at 1 July 2016	44 454	50	49 613	57 027	551	151 695
Net result for the quarter	370	..	..	..	..	370
Other comprehensive income for the quarter	359	..	(93)	..	(29)	236
Transactions with owners in their capacity as owners		(50)				(50)
<b>Total equity as at 30 September 2016</b>	<b>45 183</b>	<b>..</b>	<b>49 520</b>	<b>57 027</b>	<b>522</b>	<b>152 251</b>
<b>Budget equity as at 30 June 2017 <sup>(b)</sup></b>	<b>47 963</b>	<b>50</b>	<b>49 722</b>	<b>59 733</b>	<b>554</b>	<b>158 022</b>
<b>2015-16</b>						
Balance at 1 July 2015 <sup>(c)(d)</sup>	45 764	50	43 355	46 494	728	136 391
Net result for the quarter	353	..	..	..	..	353
Other comprehensive income for the quarter <sup>(d)</sup>	(1 904)	..	32	..	(20)	(1 892)
<b>Total equity as at 30 September 2015 <sup>(c)(d)</sup></b>	<b>44 213</b>	<b>50</b>	<b>43 387</b>	<b>46 494</b>	<b>708</b>	<b>134 853</b>

The accompanying notes form part of these financial statements.

Notes:

(a) Non-financial assets revaluation surplus relates to land, buildings, infrastructure, plant and equipment.

(b) Balances represent actual opening balances at 1 July 2016 plus 2016-17 budgeted movements.

(c) September 2015 comparative figures have been restated to reflect an adjustment to Coliban Water's deferred tax liability balances in the PNFC sector attributable to a change in valuation policy in 2015-16.

(d) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

# 1. ABOUT THIS REPORT

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## **Basis of preparation**

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This September Quarterly Financial Report presents the unaudited financial report for the general government sector for the three months ended 30 September 2016.

The accounting policies applied are consistent with those applied for the financial statements published in the *2015-16 Financial Report* for the State of Victoria. 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 *2015-16 Financial Report*.

## **Statement of compliance**

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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) and 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 AAS applicable to not-for-profit entities have been applied.

## **Basis of accounting and measurement**

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

## **Reporting entity**

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The general government sector includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of entities in the 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, which 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 reporting entity. Unless otherwise noted, accounting policies applied by the State of Victoria apply equally to the general government sector.

## **Basis of consolidation**

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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 7.4. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

## 2. HOW FUNDS ARE RAISED

### Introduction

This section presents the sources and amounts of revenue raised by the general government sector.

Revenue from transactions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured at fair value.

### 2.1 Taxation revenue

(\$ million)

<i>2015-16</i>		<i>2016-17</i>	
<i>actual</i>		<i>actual</i>	<i>budget</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>30 Jun</i>
<b>1 357</b>	<b>Taxes on employers' payroll and labour force</b>	<b>1 460</b>	<b>5 671</b>
	<b>Taxes on immovable property</b>		
45	Land tax	10	2 225
653	Fire Services Property Levy	657	674
(5)	Congestion levy	5	115
110	Metropolitan improvement levy	121	157
	<b>Financial and capital transactions</b>		
1 450	Land transfer duty	1 400	5 677
..	Other property duties	..	3
3	Metropolitan planning levy	7	17
29	Financial accommodation levy	35	149
34	Growth areas infrastructure contribution	33	146
<b>2 319</b>	<b>Total taxes on property</b>	<b>2 269</b>	<b>9 162</b>
	<b>Gambling taxes</b>		
108	Public lotteries	100	446
278	Electronic gaming machines	279	1 107
51	Casino	53	251
19	Racing	18	79
6	Other	6	28
<b>23</b>	<b>Levies on statutory corporations</b>	<b>23</b>	<b>112</b>
<b>319</b>	<b>Taxes on insurance</b>	<b>343</b>	<b>1 220</b>
<b>804</b>	<b>Total taxes on the provision of goods and services</b>	<b>822</b>	<b>3 243</b>
	<b>Motor vehicle taxes</b>		
367	Vehicle registration fees	386	1 532
194	Duty on vehicle registrations and transfers	203	802
..	<b>Liquor licence fees</b>	..	<b>22</b>
<b>20</b>	<b>Other</b>	<b>125</b>	<b>1 161</b>
<b>581</b>	<b>Total taxes on the use of goods and performance of activities</b>	<b>714</b>	<b>3 518</b>
<b>5 061</b>	<b>Total taxation revenue</b>	<b>5 265</b>	<b>21 594</b>

## 2.2 Dividends, income tax equivalent and rate equivalent revenue

(\$ million)

<i>2015-16</i>		<i>2016-17</i>	
<i>actual</i>		<i>actual</i>	<i>annual</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>budget</i>
..	Dividends from PFC sector	..	526
6	Dividends from PNFC sector	10	250
11	Dividends from non-public sector	21	28
<b>17</b>	<b>Dividends</b>	<b>31</b>	<b>805</b>
2	Income tax equivalent revenue from PFC sector	2	50
40	Income tax equivalent revenue from PNFC sector	45	192
<b>42</b>	<b>Income tax equivalent revenue</b>	<b>47</b>	<b>243</b>
..	Local government rate equivalent revenue	..	11
<b>59</b>	<b>Total dividends, income tax equivalent and rate equivalent revenue</b>	<b>78</b>	<b>1 059</b>

## 2.3 Sales of goods and services

(\$ million)

<i>2015-16</i>		<i>2016-17</i>	
<i>actual</i>		<i>actual</i>	<i>annual</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>budget</i>
63	Motor vehicle regulatory fees	62	216
111	Other regulatory fees	136	499
20	Sale of goods	22	71
1 015	Provision of services	1 000	4 017
17	Rental	18	61
..	Refunds and reimbursements	1	56
435	Inter-sector capital asset charge	434	1 924
<b>1 661</b>	<b>Total sales of goods and services</b>	<b>1 672</b>	<b>6 843</b>

## 2.4 Grant revenue

(\$ million)

<i>2015-16</i>		<i>2016-17</i>	
<i>actual</i>		<i>actual</i>	<i>annual</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>budget</i>
3 183	General purpose grants	3 471	13 885
745	Specific purpose grants for on-passing	855	3 576
2 058	Other specific purpose grants	2 361	9 731
<b>5 987</b>	<b>Total</b>	<b>6 687</b>	<b>27 192</b>
24	Other contributions and grants	11	232
<b>6 010</b>	<b>Total grant revenue</b>	<b>6 699</b>	<b>27 424</b>

## 2.5 Other revenue

(\$ million)

<i>2015-16</i>		<i>2016-17</i>	
<i>actual</i>		<i>actual</i>	<i>annual</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>budget</i>
4	Fair value of assets received free of charge or for nominal consideration	..	290
167	Fines	187	776
14	Royalties	19	85
65	Donations and gifts	58	312
6	Other non-property rental	7	22
308	Other miscellaneous revenue	238	1 084
<b>564</b>	<b>Total other revenue</b>	<b>510</b>	<b>2 569</b>



### 3. HOW FUNDS ARE SPENT

#### Introduction

This section accounts for the major components of expenditure incurred by the general government sector towards the operating activities (expenses from transactions) and on capital or infrastructure projects during the year, as well as any related obligations outstanding as at 30 September 2016.

#### 3.1 Employee expenses and provision for outstanding employee benefits

##### Employee expenses (operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. The majority of employee expenses in the operating statement are wages and salaries. Increases in employee expenses are mainly attributable to increased service delivery in the health, education and police sectors as well as salary growth consistent with wages policy.

##### Employee expenses (balance sheet)

As part of annual operations, the State provides for benefits accruing to employees but payable in future periods in respect of wages and salaries, annual leave and long-service leave, and related on-costs for services rendered to the reporting date. The table below shows the key components of this provision at 30 September.

#### 3.2 Employee benefits (balance sheet)

(\$ million)

2015-16 actual 30 Sep		2016-17		
		opening 1 Jul	actual 30 Sep	budget 30 Jun
	<b>Current</b>			
304	Accrued salaries and wages	376	294	400
21	Other employee benefits	24	21	24
1 626	Annual leave	1 504	1 439	1 574
3 005	Long service leave	3 442	3 538	3 657
<b>4 956</b>	<b>Total current employee benefits and on-costs</b>	<b>5 347</b>	<b>5 291</b>	<b>5 656</b>
	<b>Non-current</b>			
719	Long service leave	791	806	878
<b>719</b>	<b>Total non-current employee benefits and on-costs</b>	<b>791</b>	<b>806</b>	<b>878</b>
<b>5 675</b>	<b>Total employee benefits and on-costs</b>	<b>6 137</b>	<b>6 098</b>	<b>6 534</b>

### 3.3 Superannuation (operating statement)

(\$ million)

2015-16 actual 30 Sep		2016-17 actual 30 Sep		annual budget
	<b>Defined benefit plans</b>			
223	Net superannuation interest expense	199		791
208	Current service cost	197		780
	Remeasurements:			
(243)	Expected return on superannuation assets excluding interest income	(221)		(877)
691	Other actuarial (gain)/loss on superannuation assets	(287)		..
1 486	Actuarial and other adjustments to unfunded superannuation liability	253		..
<b>2 366</b>	<b>Total (gain)/expenses recognised in respect of defined benefit plans</b>	<b>141</b>		<b>694</b>
	<b>Defined contribution plans</b>			
321	Employer contributions to defined contribution plans	337		1 396
25	Other (including pensions)	19		63
<b>346</b>	<b>Total expense recognised in respect of defined contribution plans</b>	<b>355</b>		<b>1 459</b>
<b>2 711</b>	<b>Total superannuation (gain)/expense recognised in operating statement</b>	<b>496</b>		<b>2 153</b>
	<b>Represented by:</b>			
223	Net superannuation interest expense	199		791
554	Other superannuation	552		2 239
<b>777</b>	<b>Superannuation expense from transactions</b>	<b>752</b>		<b>3 030</b>
<b>1 934</b>	<b>Remeasurement recognised in other comprehensive income</b>	<b>(256)</b>		<b>(877)</b>
<b>2 711</b>	<b>Total superannuation costs recognised in operating statement</b>	<b>496</b>		<b>2 153</b>

### 3.4 Total operating expenses by government purpose and by department

#### (a) Total expenses by government purpose classification

(\$ million)

2015-16 actual 30 Sep		2016-17 actual 30 Sep		budget 30 Jun
618	General public services <sup>(a)</sup>	608		2 296
1 447	Public order and safety	1 571		6 645
3 424	Education	3 489		14 801
3 609	Health <sup>(a)</sup>	3 973		16 374
1 095	Social security and welfare	1 067		4 244
631	Housing and community amenities	707		3 226
171	Recreation and culture	206		743
42	Fuel and energy	22		201
49	Agriculture, forestry, fishing, and hunting	74		388
1 537	Transport and communications	1 559		6 751
233	Other economic affairs	450		993
336	Other purposes <sup>(a)</sup>	315		1 515
(151)	Not allocated by purpose <sup>(a)</sup>	(130)		(677)
<b>13 040</b>	<b>Total expenses from transactions</b>	<b>13 911</b>		<b>57 501</b>

Note:

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

**(b) Total expenses by department**

(\$ million)

<b>2015-16</b>		<b>2016-17</b>	
<i>actual</i>		<i>actual</i>	<i>budget</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>30 Jun</i>
2 034	Economic Development, Jobs, Transport and Resources	2 254	8 726
3 802	Education and Training	3 891	16 526
634	Environment, Land, Water and Planning	733	2 892
5 129	Health and Human Services	5 541	22 235
1 380	Justice and Regulation	1 500	6 061
85	Premier and Cabinet	103	613
1 629	Treasury and Finance	1 650	7 132
43	Parliament	44	200
122	Courts	131	550
481	Regulatory bodies and other part funded agencies	506	2 103
<b>15 339</b>	<b>Total expenses by department</b>	<b>16 353</b>	<b>67 039</b>
(2 299)	<i>Less eliminations and adjustments</i>	(2 442)	(9 539)
<b>13 040</b>	<b>Total expenses from transactions</b>	<b>13 911</b>	<b>57 501</b>

**3.5 Purchases of non-financial assets by department**

(\$ million)

<b>2015-16</b>		<b>2016-17</b>	
<i>actual</i>		<i>actual</i>	<i>budget</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>30 Jun</i>
521	Economic Development, Jobs, Transport and Resources	1 063	3 488
48	Education and Training	152	850
1	Environment, Land, Water and Planning	9	116
78	Health and Human Services	192	1 367
221	Justice and Regulation	71	475
2	Premier and Cabinet	5	17
13	Treasury and Finance <sup>(b)</sup>	12	63
2	Parliament	4	29
4	Courts	5	49
27	Regulatory bodies and other part funded agencies	28	166
<b>919</b>	<b>Total purchases of non-financial assets by department</b>	<b>1 542</b>	<b>6 622</b>
41	<i>Less eliminations and adjustments</i> <sup>(a)(b)(c)</sup>	23	584
<b>960</b>	<b>Total purchases of non-financial assets</b> <sup>(a)</sup>	<b>1 564</b>	<b>7 206</b>

*Notes:*

- (a) September 2015-16 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.
- (b) 2016-17 Budget figures have been restated to reflect more current information.
- (c) Budget includes contingencies not allocated to departments and estimated departmental underspend.

**3.6 Net acquisition of non-financial assets from transactions**

(\$ million)

<b>2015-16</b>		<b>2016-17</b>	
<i>actual</i>		<i>actual</i>	<i>budget</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>30 Jun</i>
958	Purchases of non-financial assets (including change in inventories) <sup>(a)</sup>	1 564	7 247
(22)	Less: Sales of non-financial assets	(24)	(487)
(605)	Less: Depreciation	(627)	(2 620)
(249)	Plus: Other movements in non-financial assets	(905)	(3 037)
<b>82</b>	<b>Total net acquisition of non-financial assets from transactions</b> <sup>(a)</sup>	<b>8</b>	<b>1 104</b>

*Note:*

- (a) September 2015-16 comparative figures and 2016-17 Budget figures have been restated to reflect more current information.

## 4. MAJOR ASSETS AND INVESTMENTS

### Introduction

This section outlines those assets that the general government sector controls, reflecting investing activities in the current and prior years.

#### 4.1 Total land, buildings, infrastructure, plant and equipment

(\$ million)

2015-16 actual 30 Sep		2016-17		
		opening 1 Jul	actual 30 Sep	budget 30 Jun
25 932	Buildings	27 612	27 561	27 171
40 712	Land and national parks	44 724	44 737	44 646
2 465	Leased buildings	4 002	4 005	4 923
1 410	Infrastructure systems	1 320	1 333	1 354
2 197	Plant, equipment and vehicles <sup>(a)</sup>	2 326	2 205	2 423
158	Leased plant, equipment and vehicles	158	162	142
20 856	Roads and road infrastructure	20 031	20 032	20 601
584	Leased roads and road infrastructure	575	573	565
7 690	Earthworks	7 913	7 913	8 149
5 497	Cultural assets	5 592	5 488	5 596
<b>107 503</b>	<b>Total land, buildings, infrastructure, plant and equipment <sup>(a)</sup></b>	<b>114 254</b>	<b>114 009</b>	<b>115 572</b>

Note:

(a) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

#### 4.2 Depreciation

(\$ million)

2015-16 actual 30 Sep		2016-17	
		actual 30 Sep	annual budget
248	Buildings	270	1 141
28	Leased buildings	37	108
8	Infrastructure systems	8	30
..	Leased Infrastructure systems	..	..
128	Plant, equipment and vehicles	128	555
8	Leased plant, equipment and vehicles	7	16
151	Road and road networks	153	621
..	Leased roads and road infrastructure	..	9
4	Cultural assets	3	20
31	Intangible produced assets	20	121
<b>605</b>	<b>Total depreciation</b>	<b>627</b>	<b>2 620</b>

### 4.3 Land and buildings

(\$ million)

2015-16		2016-17		
actual		opening	actual	budget
30 Sep		1 Jul	30 Sep	30 Jun
28 432	Buildings	29 437	29 601	30 220
(2 500)	Accumulated depreciation	(1 825)	(2 040)	(3 049)
<b>25 932</b>	<b>Buildings (net carrying amount)</b>	<b>27 612</b>	<b>27 561</b>	<b>27 171</b>
2 991	Leased buildings	4 467	4 501	5 496
(526)	Leased buildings accumulated depreciation	(465)	(496)	(573)
<b>2 465</b>	<b>Leased buildings (net carrying amount)</b>	<b>4 002</b>	<b>4 005</b>	<b>4 923</b>
39 651	Land	43 688	43 700	43 619
1 062	National parks and other 'land only' holdings	1 036	1 036	1 027
<b>40 712</b>	<b>Land and national parks</b>	<b>44 724</b>	<b>44 737</b>	<b>44 646</b>
<b>69 109</b>	<b>Total land and buildings</b>	<b>76 339</b>	<b>76 303</b>	<b>76 741</b>

### 4.4 Plant, equipment, vehicles, and infrastructure systems

(\$ million)

2015-16		2016-17		
actual		opening	actual	budget
30 Sep		1 Jul	30 Sep	30 Jun
1 866	Infrastructure systems	1 775	1 779	1 838
(456)	Accumulated depreciation	(455)	(446)	(484)
<b>1 410</b>	<b>Infrastructure systems (net carrying amount)</b>	<b>1 320</b>	<b>1 333</b>	<b>1 354</b>
5 954	Plant, equipment and vehicles <sup>(a)</sup>	5 884	5 811	6 433
(3 757)	Accumulated depreciation	(3 558)	(3 607)	(4 010)
373	Leased plant, equipment and vehicles	396	407	396
(215)	Accumulated depreciation	(238)	(245)	(254)
<b>2 356</b>	<b>Plant, equipment and vehicles (net carrying amount) <sup>(a)</sup></b>	<b>2 484</b>	<b>2 367</b>	<b>2 565</b>
<b>3 766</b>	<b>Total plant, equipment and vehicles, and infrastructure systems <sup>(a)</sup></b>	<b>3 804</b>	<b>3 700</b>	<b>3 919</b>

Note:

(a) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

### 4.5 Roads, road infrastructure and earthworks

(\$ million)

2015-16		2016-17		
actual		opening	actual	budget
30 Sep		1 Jul	30 Sep	30 Jun
39 088	Roads and roads infrastructure	38 705	38 857	39 895
(18 232)	Accumulated depreciation	(18 673)	(18 825)	(19 294)
<b>20 856</b>	<b>Roads and roads infrastructure (net carrying amount)</b>	<b>20 031</b>	<b>20 032</b>	<b>20 601</b>
584	Leased road and road infrastructure	584	584	584
..	Accumulated depreciation	(9)	(12)	(19)
<b>584</b>	<b>Leased road and road infrastructure (net carrying amount)</b>	<b>575</b>	<b>573</b>	<b>565</b>
<b>7 690</b>	<b>Earthworks</b>	<b>7 913</b>	<b>7 913</b>	<b>8 149</b>
<b>29 130</b>	<b>Total road networks and earthworks</b>	<b>28 519</b>	<b>28 517</b>	<b>29 315</b>

### 4.6 Cultural assets

(\$ million)

2015-16		2016-17		
actual		opening	actual	budget
30 Sep		1 Jul	30 Sep	30 Jun
5 636	Cultural assets	5 814	5 697	5 838
(139)	Accumulated depreciation	(222)	(209)	(242)
<b>5 497</b>	<b>Total cultural assets</b>	<b>5 592</b>	<b>5 488</b>	<b>5 596</b>

#### 4.7 Other non-financial assets

(\$ million)

2015-16 actual 30 Sep		2016-17		
		opening 1 Jul	actual 30 Sep	budget 30 Jun
1 252	Intangible produced assets	1 421	1 435	1 467
(693)	Accumulated depreciation	(786)	(799)	(879)
143	Intangible non-produced assets	109	110	109
(62)	Accumulated amortisation	(36)	(37)	(37)
<b>640</b>	<b>Total intangibles</b>	<b>708</b>	<b>709</b>	<b>660</b>
69	Investment properties	151	151	143
4	Biological assets <sup>(a)</sup>	2	2	4
502	Other assets	220	654	296
<b>1 215</b>	<b>Total other non-financial assets</b>	<b>1 081</b>	<b>1 516</b>	<b>1 103</b>

Note:

(a) 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.

#### 4.8 Total assets by government purpose classification <sup>(a)</sup>

(\$ million)

2015-16 actual 30 Sep		2016-17	
		actual 30 Sep	budget 30 Jun
1 531	General public services	1 613	1 609
8 754	Public order and safety	9 331	9 504
19 060	Education	22 075	22 619
12 214	Health	13 998	14 399
2 039	Social security and welfare	2 075	2 066
7 140	Housing and community amenities	8 239	8 342
8 090	Recreation and culture	8 806	8 942
46	Fuel and energy	25	23
557	Agriculture, forestry, fishing, and hunting	601	622
49 269	Transport and communications	48 872	49 628
727	Other economic affairs	534	879
2	Other purposes	2	1
100 162	Not allocated by purpose	112 832	117 568
<b>209 590</b>	<b>Total assets</b>	<b>229 002</b>	<b>236 203</b>

Note:

(a) September 2015 comparative figures and 2016-17 Budget figures have been restated to reflect more current information.

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out other assets and liabilities that arise from the general government sector's operations.

### 5.1 Receivables

(\$ million)

2015-16 actual 30 Sep		2016-17		
		opening 1 Jul	actual 30 Sep	budget 30 Jun
	<b>Contractual</b>			
846	Sales of goods and services	739	843	741
23	Accrued investment income	18	16	19
1 306	Other receivables	1 021	1 101	984
(85)	Provision for doubtful contractual receivables	(90)	(96)	(90)
	<b>Statutory</b>			
2	Sales of goods and services	5	5	5
2 669	Taxes receivables	2 491	2 646	2 434
1 803	Fines and regulatory fees	1 896	1 961	2 168
196	GST input tax credits recoverable	324	253	325
(863)	Provision for doubtful statutory receivables	(839)	(864)	(984)
<b>5 897</b>	<b>Total receivables</b>	<b>5 566</b>	<b>5 866</b>	<b>5 601</b>
	<b>Represented by:</b>			
4 785	Current receivables	4 828	5 125	4 866
1 112	Non-current receivables	738	741	736

### 5.2 Payables

(\$ million)

2015-16 actual 30 Sep		2016-17		
		opening 1 Jul	actual 30 Sep	budget 30 Jun
	<b>Contractual</b>			
1 238	Accounts payable	1 290	1 019	1 297
1 673	Accrued expenses	2 187	2 076	2 130
2 405	Unearned income	2 258	2 349	2 198
	<b>Statutory</b>			
39	Accrued taxes payable	38	37	38
<b>5 355</b>	<b>Total payables</b>	<b>5 773</b>	<b>5 481</b>	<b>5 663</b>
	<b>Represented by:</b>			
3 424	Current payables	4 053	3 753	4 011
1 931	Non-current payables	1 720	1 728	1 653

## 6. PUBLIC ACCOUNT

### Introduction

This section provides disclosure of information in respect of the Public Account, in accordance with the requirements of the *Financial Management Act, No. 18 of 1994* (FMA).

### 6.1 Consolidated fund receipts and payments

(\$ million)

2015-16 actual to Sep		2016-17 actual to Sep		annual budget
<b>Receipts</b>				
4 883	Taxation	5 019		20 906
199	Fines and regulatory fees	212		878
3 986	Grants received	4 290		18 218
1 449	Sales of goods and services	1 475		6 126
123	Interest received	114		518
38	Public authority receipts	85		1 051
51	Other receipts	12		542
<b>10 729</b>	<b>Total operating activities</b>	<b>11 206</b>		<b>48 240</b>
696	Total inflows/(outflows) from investing and financing	13		12 511
<b>11 425</b>	<b>Total receipts</b>	<b>11 218</b>		<b>60 750</b>
<b>Payments to departments</b>				
2 122	Economic Development, Jobs, Transport and Resources	2 397		9 755
2 972	Education and Training	3 081		12 513
456	Environment, Land, Water and Planning	578		2 080
4 085	Health and Human Services	4 340		15 199
1 643	Justice and Regulation	1 607		6 263
80	Premier and Cabinet	101		568
953	Treasury and Finance	844		16 201
42	Parliament	48		215
131	Courts	128		554
<b>12 483</b>	<b>Total payments</b>	<b>13 124</b>		<b>63 349</b>
<b>(1 058)</b>	<b>Net receipts/(payments)</b>	<b>(1 905)</b>		<b>(2 598)</b>



## 6.2 Trust fund cash flow statement

(\$ million)

2015-16 actual to Sep		2016-17 actual to Sep		annual budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
157	Taxation	166		1 276
8	Regulatory fees and fines	14		12
3 637	Grants received <sup>(a)</sup>	3 957		14 046
22	Sales of goods and services	57		138
29	Interest received	18		182
2 452	Net transfers from consolidated fund	824		7 862
5	Dividend received <sup>(a)</sup>	16		13
23	Other receipts	25		141
<b>6 332</b>	<b>Total receipts <sup>(a)</sup></b>	<b>5 077</b>		<b>23 669</b>
<b>Payments</b>				
(36)	Payments for employees	(44)		(170)
(3)	Superannuation	(4)		(13)
(1)	Interest paid	(1)		(7)
(5 706)	Grants and subsidies <sup>(a)</sup>	(4 361)		(20 056)
(583)	Goods and services	(456)		(2 256)
<b>(6 329)</b>	<b>Total payments <sup>(a)</sup></b>	<b>(4 866)</b>		<b>(22 503)</b>
<b>3</b>	<b>Net cash flows from operating activities <sup>(a)</sup></b>	<b>211</b>		<b>1 166</b>
<b>Cash flows from investing activities</b>				
4	Purchases of non-financial assets	(21)		(1 407)
9	Sales of non-financial assets	7		34
(28)	Other investing activities	(57)		315
<b>(15)</b>	<b>Net cash flows from investing activities</b>	<b>(71)</b>		<b>(1 058)</b>
<b>Cash flows from financing activities</b>				
(457)	Net proceeds (repayments) from borrowings	(35)		(24)
<b>(457)</b>	<b>Net cash flows from financing activities</b>	<b>(35)</b>		<b>(24)</b>
<b>(469)</b>	<b>Net cash inflow/(outflow) <sup>(a)</sup></b>	<b>106</b>		<b>84</b>

Note:

(a) September 2015 comparative figures have been restated to reflect more current information.

## 6.3 Reconciliation of cash flows to balances held

(\$ million)

	Balances held at 30 Jun 2016	Sep movement YTD	Balances held at 30 Sep 2016
<b>Cash and deposits</b>			
Cash balances outside the Public Account	..	(1)	(1)
Deposits held with the Public Account – specific trusts	776	64	840
Other balances held in the Public Account	3 019	(1 866)	1 153
<b>Total cash and deposits</b>	<b>3 795</b>	<b>(1 803)</b>	<b>1 992</b>
<b>Investments</b>			
Investments held with the Public Account – specific trusts	903	55	958
<b>Total investments</b>	<b>903</b>	<b>55</b>	<b>958</b>
<b>Total fund balances</b>	<b>4 698</b>	<b>(1 748)</b>	<b>2 950</b>
<b>Less funds held outside the Public Account</b>			
Cash	..	(1)	(1)
<b>Total fund balances held outside the Public Account</b>	<b>..</b>	<b>(1)</b>	<b>(1)</b>
<b>Total funds held in the Public Account <sup>(a)</sup></b>	<b>4 698</b>	<b>(1 747)</b>	<b>2 951</b>

Note:

(a) See Note 6.4 below for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

## 6.4 Details of securities held

(\$ million)

<i>2015-16 actual to Sep</i>		<i>2016-17 opening 1 Jul      actual 30 Sep</i>	
1 626	Amounts invested on behalf of specific trust accounts <sup>(a)</sup>	1 679	1 798
1 773	General account balances	3 019	1 153
<b>3 399</b>	<b>Total Public Account</b>	<b>4 698</b>	<b>2 951</b>
	<b>Represented by:</b>		
2 124	Stock, securities, cash and investments <sup>(a)</sup>	3 351	1 126
1 275	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	1 348	1 826
<b>3 399</b>	<b>Total Public Account</b>	<b>4 698</b>	<b>2 951</b>

Note:

(a) September 2015 comparative figures have been restated to reflect more current information.

## 7. OTHER DISCLOSURES

### Introduction

This section includes several additional disclosures that assist the understanding of this financial report.

#### 7.1 Other gains/(losses) from other economic flows

(\$ million)

2015-16		2016-17	
actual		actual	annual
30 Sep		30 Sep	budget
(88)	Net (increase)/decrease in provision for doubtful receivables	(86)	(159)
(1)	Amortisation of intangible non-produced assets	(1)	(3)
(6)	Bad debts written off	(3)	(154)
(29)	Other gains/(losses)	(34)	(1)
<b>(124)</b>	<b>Total other gains/(losses) from other economic flows</b>	<b>(124)</b>	<b>(318)</b>

#### 7.2 Reconciliation of cash and cash equivalents

(\$ million)

2015-16		2016-17	
actual		actual	
30 Sep		30 Sep	
1 567	Cash	1 477	
2 494	Deposits at call	2 602	
<b>4 061</b>	<b>Cash and cash equivalents</b>	<b>4 079</b>	
..	Bank overdraft	..	
<b>4 061</b>	<b>Balances as per cash flow statement</b>	<b>4 079</b>	

### 7.3 Reconciliation of net result to net cash flows from operating activities

(\$ million)

<i>2015-16 actual to Sep</i>		<i>2016-17 actual to Sep</i>
<b>353</b>	<b>Net result</b>	<b>370</b>
	<b>Non-cash movements</b>	
606	Depreciation and amortisation	628
29	Revaluation of investments	(17)
..	Assets (received)/provided free of charge	217
3	Assets not previously/no longer recognised	..
(3)	Revaluation of assets	(2)
<b>636</b>	<b>Non-cash items total</b>	<b>826</b>
	<b>Movements included in investing and financing activities</b>	
(2)	Net gain/loss from sale of investments	1
13	Net revenues from sale of non-financial assets	2
<b>11</b>	<b>Items included in investing and financing activities total</b>	<b>3</b>
	<b>Movements in assets and liabilities</b>	
40	Increase/(decrease) in provision for doubtful debts	30
(193)	Increase/(decrease) in payables	(97)
70	Increase/(decrease) in employee benefits	(40)
5	Increase/(decrease) in superannuation	9
(54)	Increase/(decrease) in other provisions	32
(382)	(Increase)/decrease in receivables	(330)
(205)	(Increase)/decrease in other non-financial assets	(434)
<b>(719)</b>	<b>Changes in assets and liabilities total</b>	<b>(829)</b>
<b>280</b>	<b>Net cash flows from operating activities</b>	<b>370</b>

## 7.4 Controlled entities

Note 9.7 Controlled entities in the *2015-16 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 2016, of general government sector entities, which have been consolidated for the purposes of the financial report:

### General government

#### Department of Health and Human Services

West Wimmera Health Service <sup>(a)</sup>  
Dunmunkle Health Services <sup>(a)</sup>

#### Department of Economic Development, Jobs, Transport and Resources

Australian Synchrotron Holding Company <sup>(b)</sup>  
Energy Safe Victoria <sup>(c)</sup>  
Tourism Victoria <sup>(d)</sup>  
Visit Victoria <sup>(d)</sup>

*Notes:*

- (a) On 1 July 2016, by Order of the Governor-in-Council, Dunmunkle Health Service and West Wimmera Health Service were amalgamated to form a new registered funded agency named West Wimmera Health Service.
- (b) The Australian Synchrotron Holding Company was transferred from the State of Victoria to the Australian Nuclear Science and Technology Organisation (ANSTO) on 1 July 2016.
- (c) Effective from 1 July 2016, Energy Safe Victoria was transferred from the Department of Economic Development, Jobs, Transport and Resources to the Department of Environment, Land, Water and Planning.

- (d) Effective 1 July 2016, Visit Victoria commenced operations and took over the responsibilities of Tourism Victoria and the Victorian Major Events Company Limited. Tourism Victoria ceased to operate but will remain in existence until its legislation is repealed. Effective from 1 July 2016, Victorian Major Events Company ceased to exist.

## 7.5 Glossary of technical terms

The *2015-16 Financial Report* for the State of Victoria (Note 9.8) contains a summary of the major technical terms used in this report.

## 8. RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

### Introduction

This section includes the comprehensive operating statement, balance sheet and cash flow statement for the past five quarters in accordance with the requirements of the *Financial Management Act 1994*.

### Consolidated comprehensive operating statement for the past five quarters

(\$ million)

	2015-16				2016-17
	Sep	Dec	Mar	Jun	Sep
<b>Revenue from transactions</b>					
Taxation revenue	5 061	4 615	5 866	4 353	5 265
Interest revenue	203	190	186	206	168
Dividends, income tax equivalent and rate equivalent revenue	59	392	108	288	78
Sales of goods and services	1 661	1 671	1 461	1 879	1 672
Grant revenue	6 010	6 291	6 878	6 227	6 699
Other revenue	564	1 162	489	892	510
<b>Total revenue from transactions</b>	<b>13 559</b>	<b>14 321</b>	<b>14 989</b>	<b>13 847</b>	<b>14 391</b>
<b>Expenses from transactions</b>					
Employee expenses	4 768	4 997	4 870	5 367	5 179
Net superannuation interest expense	223	218	218	218	199
Other superannuation	554	606	475	488	552
Depreciation	605	595	606	698	627
Interest expense	513	521	520	522	472
Grant expense	2 172	2 143	2 672	1 577	2 587
Other operating expenses	4 204	4 253	3 899	5 549	4 295
<b>Total expenses from transactions</b>	<b>13 040</b>	<b>13 333</b>	<b>13 260</b>	<b>14 418</b>	<b>13 911</b>
<b>Net result from transactions – net operating balance</b>	<b>519</b>	<b>988</b>	<b>1 729</b>	<b>(572)</b>	<b>480</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	(13)	24	(14)	(141)	(2)
Net gain/(loss) on financial assets or liabilities at fair value	(29)	9	(11)	21	16
Share of net profit/(loss) from associates/joint venture entities	..	2	..	(6)	..
Other gains/(losses) from other economic flows	(124)	(136)	(125)	(303)	(124)
<b>Total other economic flows included in net result</b>	<b>(166)</b>	<b>(101)</b>	<b>(150)</b>	<b>(429)</b>	<b>(110)</b>
<b>Net result</b>	<b>353</b>	<b>887</b>	<b>1 579</b>	<b>(1 001)</b>	<b>370</b>
<b>Other economic flows – other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in non-financial assets revaluation surplus	32	(24)	(30)	6 258	(93)
Remeasurement of superannuation defined benefits plans	(1 934)	1 230	(1 274)	(1 243)	256
Other movements in equity	13	(38)	34	13	68
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value	(3)	(23)	(27)	(31)	6
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	..	(327)	..	10 860	..
<b>Total other economic flows – other comprehensive income</b>	<b>(1 892)</b>	<b>817</b>	<b>(1 297)</b>	<b>15 857</b>	<b>236</b>
<b>Comprehensive result – total change in net worth</b>	<b>(1 539)</b>	<b>1 704</b>	<b>282</b>	<b>14 856</b>	<b>607</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>519</b>	<b>988</b>	<b>1 729</b>	<b>(572)</b>	<b>480</b>
Less: Net acquisition of non-financial assets from transactions	82	280	189	236	8
<b>Net lending/(borrowing)</b>	<b>437</b>	<b>708</b>	<b>1 540</b>	<b>(808)</b>	<b>472</b>

Consolidated balance sheet as at the end of the quarter

(\$ million)

	2015-16				2016-17
	Sep	Dec	Mar	Jun	Sep
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	4 061	4 112	4 415	4 772	4 079
Advances paid	4 567	4 550	4 539	4 582	4 586
Receivables	5 897	5 907	6 450	5 566	5 866
Investments, loans and placements	3 440	3 389	3 745	2 853	3 057
Investments accounted for using the equity method	44	44	44	46	47
Investments in other sector entities	82 548	82 563	82 818	94 710	95 473
<b>Total financial assets</b>	<b>100 558</b>	<b>100 566</b>	<b>102 011</b>	<b>112 531</b>	<b>113 108</b>
<b>Non-financial assets</b>					
Inventories	146	154	175	188	186
Non-financial assets held for sale	169	165	165	188	183
Land, buildings, infrastructure, plant and equipment	107 503	107 750	107 948	114 254	114 009
Other non-financial assets	1 215	1 195	1 068	1 081	1 516
<b>Total non-financial assets</b>	<b>109 033</b>	<b>109 265</b>	<b>109 356</b>	<b>115 711</b>	<b>115 895</b>
<b>Total assets</b>	<b>209 590</b>	<b>209 830</b>	<b>211 368</b>	<b>228 242</b>	<b>229 002</b>
<b>Liabilities</b>					
Deposits held and advances received	471	485	529	706	717
Payables	5 355	5 188	5 413	5 773	5 481
Borrowings	34 597	34 301	34 078	33 811	34 551
Employee benefits	5 675	5 769	5 676	6 137	6 098
Superannuation	27 885	26 722	28 032	29 291	29 044
Other provisions	754	809	802	829	861
<b>Total liabilities</b>	<b>74 738</b>	<b>73 274</b>	<b>74 529</b>	<b>76 547</b>	<b>76 751</b>
<b>Net assets</b>	<b>134 853</b>	<b>136 556</b>	<b>136 838</b>	<b>151 695</b>	<b>152 251</b>
Accumulated surplus/(deficit)	44 213	46 304	46 586	44 454	45 183
Reserves	90 590	90 203	90 203	107 191	107 069
Non-controlling interest	50	50	50	50	..
<b>Net worth</b>	<b>134 853</b>	<b>136 556</b>	<b>136 838</b>	<b>151 695</b>	<b>152 251</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	25 820	27 292	27 482	35 984	36 357
Net financial liabilities	56 728	55 271	55 336	58 727	59 116
Net debt	23 000	22 735	21 908	22 309	23 545

**Consolidated cash flow statement for the past five quarters**

(\$ million)

	2015-16				2016-17
	Sep	Dec	Mar	Jun	Sep
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received	4 887	5 048	4 748	5 092	5 078
Grants	6 008	6 292	6 875	6 200	6 699
Sales of goods and services <sup>(a)</sup>	1 782	1 745	1 667	2 060	1 891
Interest received	193	179	183	231	169
Dividends, income tax equivalent and rate equivalent receipts	49	556	108	88	106
Other receipts	439	499	942	556	317
<b>Total receipts</b>	<b>13 359</b>	<b>14 319</b>	<b>14 523</b>	<b>14 227</b>	<b>14 260</b>
<b>Payments</b>					
Payments for employees	(4 730)	(4 892)	(4 972)	(5 026)	(5 227)
Superannuation	(773)	(757)	(658)	(689)	(743)
Interest paid	(531)	(500)	(519)	(491)	(493)
Grants and subsidies	(2 185)	(2 151)	(2 693)	(1 509)	(2 670)
Goods and services <sup>(a)</sup>	(4 666)	(4 301)	(3 644)	(4 646)	(4 563)
Other payments	(194)	(176)	(161)	(204)	(194)
<b>Total payments</b>	<b>(13 078)</b>	<b>(12 778)</b>	<b>(12 647)</b>	<b>(12 566)</b>	<b>(13 890)</b>
<b>Net cash flows from operating activities</b>	<b>280</b>	<b>1 541</b>	<b>1 877</b>	<b>1 661</b>	<b>370</b>
<b>Cash flows from investing activities</b>					
Purchases of non-financial assets	(960)	(1 077)	(954)	(1 429)	(1 564)
Sales of non-financial assets	22	51	30	87	24
<b>Cash flows from investments in non-financial assets</b>	<b>(938)</b>	<b>(1 026)</b>	<b>(925)</b>	<b>(1 341)</b>	<b>(1 540)</b>
Net cash flows from investments in financial assets for policy purposes	30	(220)	(77)	359	(90)
<b>Sub-total</b>	<b>(908)</b>	<b>(1 245)</b>	<b>(1 001)</b>	<b>(982)</b>	<b>(1 630)</b>
Net cash flows from investments in financial assets for liquidity management purposes	(74)	40	(392)	961	(184)
<b>Net cash flows from investing activities</b>	<b>(982)</b>	<b>(1 205)</b>	<b>(1 393)</b>	<b>(22)</b>	<b>(1 813)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	..	..	..	..	(13)
Net borrowings	528	(299)	(225)	(1 336)	740
Deposits received (net)	(47)	14	43	54	23
<b>Net cash flows from financing activities</b>	<b>481</b>	<b>(285)</b>	<b>(181)</b>	<b>(1 282)</b>	<b>750</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(220)</b>	<b>51</b>	<b>303</b>	<b>357</b>	<b>(693)</b>
Cash and cash equivalents at beginning of reporting period	4 282	4 061	4 112	4 415	4 772
<b>Cash and cash equivalents at end of the financial year</b>	<b>4 061</b>	<b>4 112</b>	<b>4 415</b>	<b>4 772</b>	<b>4 079</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	280	1 541	1 877	1 661	370
Net cash flows from investments in non-financial assets	(938)	(1 026)	(925)	(1 341)	(1 540)
<b>Cash surplus/(deficit)</b>	<b>(658)</b>	<b>515</b>	<b>952</b>	<b>320</b>	<b>(1 170)</b>

Note:

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



## STYLE CONVENTIONS

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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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