**Quarterly Financial Report No. 1**

**September 2017**



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 ended 30 September 2017.

Victoria’s economy grew strongly and continues to outpace all other states. Economic activity is underpinned by high population growth and the positive impact of low interest rates. The strength of the Victorian economy is reflected in the June quarter national accounts, which show Victoria’s state final demand expanded by 3.9 per cent in 2016‑17, well above the national average.

Victoria’s employment increased by 114 400 persons over the year to September 2017, the largest increase in absolute terms of all the states. Victoria’s labour force participation rate reached its highest level on record.

Strong employment growth is supporting household consumption and dwelling investment. Improving business conditions are expected to assist business investment growth.

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

# General government sector outcome

### Financial performance

The general government sector recorded a net result from transactions of $555 million for the three months to 30 September 2017, compared with $480 million for the first quarter of 2016-17.

Similar to previous years, the uneven recognition pattern of various major revenue items such as land tax, the Fire Services Property Levy, Commonwealth grants and dividends from public corporations has a significant impact on quarterly operating results. Accordingly, care needs to be taken in their interpretation and projecting potential annual outcomes.

Revenue for the quarter totalled $15.2 billion, or 24.0 per cent of the full year budget. Although revenue levels are tracking slightly below budget, this is consistent with previous years and expectations for the current year to date, due to the timing of certain revenue items, in particular:

* land tax recognition is $526 million below the pro‑rata budget, as the majority of land tax is billed and recognised in the March quarter, offset by the Fire Services Property Levy tracking $489 million above the pro-rata budget due to its billing in the September quarter;
* grant revenue is $556 million below the pro-rata budget, primarily impacted by the timing of Commonwealth Government grants; and
* dividends from public non-financial and financial corporations are lower than the pro-rata budget for the quarter as they are typically declared during the second and fourth quarters of the relevant financial years.

In addition, land transfer duty revenue was above the pro-rata budget for the September quarter due to the strength of the Victorian property market.

Expenses from transactions totalled $14.6 billion for the September 2017 quarter, or 23.5 per cent of the annual budget for the year.

Grant expenditure was 22.6 per cent of the published budget for the quarter. Grants were lower than the pro-rata budget due to lower grants on‑passed to local government as a result of the Commonwealth bringing forward the first two quarters of 2017-18 grants into the 2016-17 financial year and the timing of activity for certain grant payments across the major departments.

Other significant expenditure categories include employee expenses and other operating expenses. These tracked slightly below pro-rata for the September quarter, at 24.3 per cent and 23.2 per cent of the published budget respectively, in line with expectations.

The comprehensive result includes other economic flows that are not included in the net result from transactions. The comprehensive result was a surplus of $1.7 billion for the quarter, compared with   
$607 million over the same period in 2016-17. The comprehensive result includes a $1.3 billion remeasurement gain on the State’s defined benefit superannuation liability.

### Financial position

Total assets movements were not significant during the three months to September, increasing by $95 million to $244.6 billion. Total assets are expected to increase throughout the remainder of 2017-18 as a result of the Government’s infrastructure investment program. Total liabilities declined by $1.6 billion to $74.9 billion due to the positive remeasurement of the defined benefit superannuation liability and reduced payables and provisions balances.

Net debt increased by $1.9 billion to $17.7 billion   
over the quarter. This is consistent with expectations, driven mainly by funding the Government’s infrastructure program.

### Cash flows

The movements disclosed in the cash flow statement are consistent with the above‑mentioned drivers associated with the net result and the impact of the Government’s infrastructure program.

### Infrastructure investment

Net investment in infrastructure totalled $1.9 billion for the three months to September 2017 ($1.6 billion over the corresponding period in 2016). This investment supports the needs of Victoria’s growing population and aligns with full year budget expectations.

The Government’s infrastructure scorecard as at 30 September 2017

Major projects in progress include:

Ballarat Line Upgrade;

Bendigo Hospital – Stage 2;

Casey Hospital expansion;

CityLink–Tulla widening;

Chandler Highway upgrade;

Drysdale Bypass and High Street upgrades;

Echuca-Moama Bridge;

Frankston line stabling;

Goulburn-Murray Water Connections Project (Northern Victoria Irrigation Renewal Project);

Goulburn Valley Health redevelopment;

Joan Kirner Women’s and Children’s Hospital;

Level Crossing Removal Program;

M80 Ring Road upgrade:

– Sunshine Avenue to Calder Freeway;

– Princes Freeway to Western Highway;

– Sydney Road to Edgars Road; and

– Plenty Road to Greensborough Highway.

Melbourne Convention and Exhibition Centre development – Stage 2;

Melbourne Park redevelopment – Stages 2 and 3;

Mernda Rail Extension Project;

Metro Tunnel;

Monash Children’s Hospital;

Mordialloc Bypass;

Murray Basin Rail Project;

New Schools PPP project – Tranche 2;

New trains, trams and associated infrastructure for Melbourne commuters;

New youth justice facility;

Northern Hospital inpatient expansion – Stage 2;

Princes Highway duplication project – Winchelsea to Colac;

Ravenhall Prison;

Regional Rail Revival;

Royal Victorian Eye and Ear Hospital redevelopment;

Thompsons Road duplication;

West Gate Tunnel Project;

Western Highway duplication;

Western Suburbs Roads Package; and

Yan Yean Road duplication.

# Consolidated comprehensive operating statement

For the period ended 30 September ($ million)

| 2016-17  actual  30 Sep |  |  | 2017-18 | |
| --- | --- | --- | --- | --- |
| Notes | actual  30 Sep | published budget |
|  | **Revenue from transactions** |  |  |  |
| 5 265 | Taxation revenue | 2.1 | 5 722 | 21 827 |
| 168 | Interest revenue |  | 210 | 899 |
| 78 | Dividends, income tax equivalent and rate equivalent revenue | 2.2 | 57 | 1 171 |
| 1 672 | Sales of goods and services | 2.3 | 1 766 | 7 187 |
| 6 699 | Grant revenue | 2.4 | 6 899 | 29 818 |
| 510 | Other revenue | 2.5 | 544 | 2 502 |
| **14 391** | **Total revenue from transactions** |  | **15 198** | **63 405** |
|  | **Expenses from transactions** |  |  |  |
| 5 179 | Employee expenses |  | 5 581 | 23 011 |
| 199 | Net superannuation interest expense | 3.3 | 192 | 761 |
| 552 | Other superannuation | 3.3 | 598 | 2 347 |
| 627 | Depreciation | 4.2 | 655 | 2 788 |
| 472 | Interest expense |  | 454 | 2 181 |
| 2 587 | Grant expense |  | 2 559 | 11 333 |
| 4 295 | Other operating expenses |  | 4 604 | 19 830 |
| **13 911** | **Total expenses from transactions** | 3.4 | **14 643** | **62 252** |
| **480** | **Net result from transactions – net operating balance** |  | **555** | **1 153** |
|  | **Other economic flows included in net result** |  |  |  |
| (2) | Net gain/(loss) on disposal of non-financial assets |  | (1) | 82 |
| 16 | Net gain/(loss) on financial assets or liabilities at fair value |  | (2) | 22 |
| (124) | Other gains/(losses) from other economic flows | 7.1 | (56) | (370) |
| **(110)** | **Total other economic flows included in net result** |  | **(58)** | **(266)** |
| **370** | **Net result** |  | **497** | **887** |
|  | **Other economic flows – other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| (93) | Changes in non-financial assets revaluation surplus |  | (22) | 3 660 |
| 256 | Remeasurement of superannuation defined benefits plans | 3.3 | 1 259 | 915 |
| 68 | Other movements in equity |  | (65) | 7 |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| 6 | 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 |  | .. | (966) |
| **236** | **Total other economic flows – other comprehensive income** |  | **1 165** | **3 617** |
| **607** | **Comprehensive result – total change in net worth** |  | **1 662** | **4 504** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
| **480** | **Net operating balance** |  | **555** | **1 153** |
| 8 | Less: Net acquisition of non-financial assets from transactions | 3.6 | 283 | 1 813 |
| 472 | Net lending/(borrowing) |  | 272 | (660) |

The accompanying notes form part of these financial statements.

# Consolidated balance sheet

As at 30 September ($ million)

| 2016-17 actual 30 Sep |  |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- | --- |
| Notes | opening 1 Jul | actual 30 Sep | budget 30 Jun (a) |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 4 079 | Cash and deposits | 7.2 | 5 530 | 4 146 | 5 938 |
| 4 586 | Advances paid |  | 12 939 | 12 179 | 10 230 |
| 5 866 | Receivables | 5.1 | 5 931 | 6 281 | 6 026 |
| 3 057 | Investments, loans and placements |  | 3 673 | 3 895 | 2 889 |
| 47 | Investments accounted for using the equity method |  | 47 | 48 | 47 |
| 95 473 | Investments in other sector entities |  | 92 509 | 93 484 | 96 203 |
| **113 108** | **Total financial assets** |  | **120 630** | **120 033** | **121 333** |
|  | **Non-financial assets** |  |  |  |  |
| 186 | Inventories |  | 173 | 173 | 175 |
| 183 | Non-financial assets held for sale |  | 405 | 405 | 402 |
| 114 009 | Land, buildings, infrastructure, plant and equipment | 4.1 | 121 776 | 122 018 | 127 449 |
| 1 619 | Other non-financial assets (b) | 4.7 | 1 494 | 1 944 | 1 495 |
| **115 998** | **Total non-financial assets (b)** |  | **123 849** | **124 539** | **129 521** |
| **229 106** | **Total assets (b)** | 4.8 | **244 478** | **244 573** | **250 854** |
|  | **Liabilities** |  |  |  |  |
| 717 | Deposits held and advances received |  | 9 088 | 8 403 | 6 439 |
| 5 481 | Payables | 5.2 | 5 815 | 5 722 | 5 841 |
| 34 551 | Borrowings |  | 28 816 | 29 485 | 34 052 |
| 6 098 | Employee benefits | 3.2 | 6 506 | 6 329 | 6 747 |
| 29 044 | Superannuation |  | 24 900 | 23 903 | 23 987 |
| 861 | Other provisions |  | 1 326 | 1 043 | 1 256 |
| **76 751** | **Total liabilities** |  | **76 451** | **74 884** | **78 323** |
| **152 355** | **Net assets (b)** |  | **168 027** | **169 689** | **172 532** |
| 45 286 | Accumulated surplus/(deficit) (b) |  | 51 464 | 53 145 | 53 275 |
| 107 069 | Reserves |  | 116 563 | 116 544 | 119 257 |
| **152 355** | **Net worth (b)** |  | **168 027** | **169 689** | **172 532** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| 36 357 | Net financial worth |  | 44 178 | 45 150 | 43 011 |
| 59 116 | Net financial liabilities |  | 48 331 | 48 335 | 53 193 |
| 23 545 | Net debt |  | 15 762 | 17 667 | 21 435 |

The accompanying notes form part of these financial statements.

Notes:

(a) Balances represent actual opening balances at 1 July 2017 plus 2017‑18 budgeted movements.

(b) September 2016 comparative figures have been restated to reflect a subsequent adjustment to the Department of Environment, Land, Water and Planning’s intangible produced assets and opening accumulated surplus/(deficit) balances due to the first-time recognition of Renewable Energy Certificates in 2016-17.

# Consolidated cash flow statement

For the period ended 30 September ($ million)

| 2016-17 actual 30 Sep |  |  | | 2017-18 | |
| --- | --- | --- | --- | --- | --- |
| Notes | | actual 30 Sep | published budget |
|  | **Cash flows from operating activities** |  | |  |  |
|  | **Receipts** |  | |  |  |
| 5 078 | Taxes received |  | | 5 491 | 21 688 |
| 6 699 | Grants |  | | 6 902 | 29 817 |
| 1 891 | Sales of goods and services (a) |  | | 1 984 | 8 076 |
| 169 | Interest received |  | | 210 | 898 |
| 106 | Dividends, income tax equivalent and rate equivalent receipts |  | | 57 | 1 174 |
| 317 | Other receipts |  | | 469 | 2 001 |
| **14 260** | **Total receipts** |  | | **15 114** | **63 655** |
|  | **Payments** |  | |  |  |
| (5 227) | Payments for employees |  | | (5 748) | (22 773) |
| (743) | Superannuation |  | | (529) | (3 107) |
| (493) | Interest paid |  | | (476) | (2 144) |
| (2 670) | Grants and subsidies |  | | (2 947) | (11 294) |
| (4 563) | Goods and services (a) |  | | (5 179) | (20 005) |
| (194) | Other payments |  | | (207) | (732) |
| **(13 890)** | **Total payments** |  | | **(15 086)** | **(60 054)** |
| **370** | **Net cash flows from operating activities** | 7.3 | | **28** | **3 601** |
|  | **Cash flows from investing activities** |  | |  |  |
|  | **Cash flows from investments in non-financial assets** |  | |  |  |
| (1 564) | Purchases of non-financial assets | 3.5 | | (1 881) | (8 780) |
| 24 | Sales of non-financial assets |  | | 45 | 503 |
| **(1 540)** | **Net cash flows from investments in non-financial assets** |  | | **(1 835)** | **(8 277)** |
| (90) | Net cash flows from investments in financial assets for policy purposes |  | | 672 | 2 348 |
| **(1 630)** | **Sub-total** |  | | **(1 163)** | **(5 930)** |
| (184) | Net cash flows from investments in financial assets for liquidity management purposes | |  | (232) | 801 |
| **(1 813)** | **Net cash flows from investing activities** |  | | **(1 395)** | **(5 129)** |
|  | **Cash flows from financing activities** |  | |  |  |
| (13) | Advances received (net) |  | | (707) | (2 649) |
| 740 | Net borrowings |  | | 669 | 4 584 |
| 23 | Deposits received (net) |  | | 22 | .. |
| **750** | **Net cash flows from financing activities** |  | | **(16)** | **1 935** |
| **(693)** | **Net increase/(decrease) in cash and cash equivalents** |  | | **(1 384)** | **408** |
| 4 772 | Cash and cash equivalents at beginning of reporting period |  | | 5 530 | 5 530 |
| **4 079** | **Cash and cash equivalents at end of the reporting period** | 7.2 | | **4 146** | **5 937** |
|  |  |  | |  |  |
|  | **FISCAL AGGREGATES** |  | |  |  |
| 370 | Net cash flows from operating activities |  | | 28 | 3 601 |
| (1 540) | Net cash flows from investments in non-financial assets |  | | (1 835) | (8 277) |
| (1 170) | Cash surplus/(deficit) |  | | (1 808) | (4 676) |

The accompanying notes form part of these financial statements.

Note:

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

# Consolidated statement of changes in equity

For the period ended 30 September ($ million)

| General government sector | Accumulated surplus/(deficit) | | Non-controlling Interest | Non-financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2017-18** | |  |  |  |  |  |  |
| Balance at 1 July 2017 | | 51 464 | .. | 55 745 | 60 149 | 669 | 168 027 |
| Net result for the period | | 497 | .. | .. | .. | .. | 497 |
| Other comprehensive income for the period | | 1 184 | .. | (22) | .. | 4 | 1 165 |
| **Total equity as at 30 September 2017** | | **53 145** | **..** | **55 723** | **60 149** | **673** | **169 689** |
| **Budget equity as at 30 June 2018 (a)** | | **53 275** | **..** | **59 405** | **59 183** | **669** | **172 532** |
| **2016-17** | |  |  |  |  |  |  |
| Balance at 1 July 2016 (b) | | 44 557 | 50 | 49 613 | 57 027 | 551 | 151 798 |
| Net result for the period | | 370 | .. | .. | .. | .. | 370 |
| Other comprehensive income for the period | | 359 | .. | (93) | .. | (29) | 236 |
| Transactions with owners in their capacity as owners | | .. | (50) | .. | .. | .. | (50) |
| Total equity as at 30 September 2016 (b) | | 45 286 | .. | 49 520 | 57 027 | 522 | 152 355 |

The accompanying notes form part of these financial statements.

Notes:

(a) Balances represent actual opening balances at 1 July 2017 plus 2017‑18 budgeted movements.

(b) September 2016 comparative figures have been restated to reflect a subsequent adjustment to the Department of Environment, Land, Water and Planning’s intangible produced assets and opening accumulated surplus/(deficit) balances due to the first-time recognition of Renewable Energy Certificates in 2016-17.

# About this report

### Basis of preparation

This September Quarterly Financial Report presents the unaudited financial report for the general government sector for the three months ended 30 September 2017.

The accounting policies applied are consistent with those applied for the financial statements published in the *2016‑17 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 *2016‑17 Financial Report*.

### 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) 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

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

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

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.

# 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 the economic benefits will flow to the entity and the revenue can be reliably measured at fair value.

## Taxation revenue

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| **1 460** | **Taxes on employers’ payroll and labour force** | **1 521** | **5 898** |
|  | **Taxes on immovable property** |  |  |
| 10 | Land tax | 65 | 2 366 |
| 657 | Fire Services Property Levy | 658 | 674 |
| 5 | Congestion levy | (3) | 118 |
| 121 | Metropolitan improvement levy | 125 | 162 |
|  | **Financial and capital transactions** |  |  |
| 1 400 | Land transfer duty | 1 717 | 6 164 |
| 7 | Metropolitan planning levy | 6 | 27 |
| 35 | Financial accommodation levy | 39 | 154 |
| 33 | Growth areas infrastructure contribution | 65 | 175 |
| **2 269** | **Total taxes on property** | **2 671** | **9 840** |
|  | **Gambling taxes** |  |  |
| 100 | Public lotteries | 108 | 438 |
| 279 | Electronic gaming machines | 281 | 1 126 |
| 53 | Casino | 51 | 236 |
| 18 | Racing | 18 | 74 |
| 6 | Other | 7 | 29 |
| **23** | **Levies on statutory corporations** | **23** | **112** |
| **343** | **Taxes on insurance** | **369** | **1 289** |
| **822** | **Total taxes on the provision of goods and services** | **856** | **3 304** |
|  | **Motor vehicle taxes** |  |  |
| 386 | Vehicle registration fees | 395 | 1 594 |
| 203 | Duty on vehicle registrations and transfers | 222 | 925 |
| **..** | **Liquor licence fees** | **..** | **23** |
| **125** | **Other** | **56** | **243** |
| **714** | **Total taxes on the use of goods and performance of activities** | **674** | **2 786** |
| **5 265** | **Total taxation revenue** | **5 722** | **21 827** |

## Dividends, income tax equivalent and rate equivalent revenue

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| .. | Dividends from PFC sector | .. | 475 |
| 10 | Dividends from PNFC sector | .. | 457 |
| 21 | Dividends from non-public sector | 9 | 26 |
| **31** | **Dividends** | **9** | **958** |
| 2 | Income tax equivalent revenue from PFC sector | .. | 6 |
| 45 | Income tax equivalent revenue from PNFC sector | 47 | 195 |
| **47** | **Income tax equivalent revenue** | **48** | **201** |
| .. | Local government rate equivalent revenue | .. | 12 |
| **78** | **Total dividends, income tax equivalent and rate equivalent revenue** | **57** | **1 171** |

## Sales of goods and services

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| 62 | Motor vehicle regulatory fees | 55 | 206 |
| 136 | Other regulatory fees | 131 | 534 |
| 22 | Sale of goods | 23 | 79 |
| 1 000 | Provision of services | 1 045 | 4 257 |
| 18 | Rental | 17 | 74 |
| 1 | Refunds and reimbursements | 2 | 56 |
| 434 | Inter-sector capital asset charge | 494 | 1 981 |
| **1 672** | **Total sales of goods and services** | **1 766** | **7 187** |

## Grant revenue

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| 3 471 | General purpose grants | 3 691 | 14 744 |
| 855 | Specific purpose grants for on-passing | 851 | 3 757 |
| 2 361 | Other specific purpose grants | 2 309 | 10 503 |
| **6 687** | **Total** | **6 851** | **29 004** |
| 11 | Other contributions and grants | 48 | 814 |
| **6 699** | **Total grant revenue** | **6 899** | **29 818** |

## Other revenue

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| .. | Fair value of assets received free of charge or for nominal consideration | 1 | 80 |
| 187 | Fines | 169 | 820 |
| 19 | Royalties | 24 | 95 |
| 58 | Donations and gifts | 65 | 248 |
| 7 | Other non-property rental | 7 | 21 |
| 120 | Other revenue – Education | 152 | 535 |
| 13 | Other revenue – Health | 10 | 54 |
| 105 | Other miscellaneous revenue | 116 | 650 |
| **510** | **Total other revenue** | **544** | **2 502** |

# 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 period, as well as any related obligations outstanding as at 30 September 2017.

## 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 community safety sectors as well as salary growth in line with wages policy.

### Employee expenses (balance sheet)

As part of 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. In measuring employee benefits, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to reflect the estimated timing and amount of benefit payment. The table below shows the key components of this provision as at 30 September 2017.

## Employee benefits (balance sheet)

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
|  | **Current** |  |  |  |
| 294 | Accrued salaries and wages | 503 | 313 | 516 |
| 21 | Other employee benefits | 66 | 64 | 66 |
| 1 439 | Annual leave | 1 499 | 1 507 | 1 522 |
| 3 538 | Long service leave | 3 646 | 3 651 | 3 777 |
| **5 291** | **Total current employee benefits and on-costs** | **5 715** | **5 536** | **5 882** |
|  | **Non-current** |  |  |  |
| 806 | Long service leave | 791 | 793 | 865 |
| **806** | **Total non-current employee benefits and on-costs** | **791** | **793** | **865** |
| **6 098** | **Total employee benefits and on-costs** | **6 506** | **6 329** | **6 747** |

## Superannuation (operating statement)

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
|  | **Defined benefit plans** |  |  |
| 199 | Net superannuation interest expense | 192 | 761 |
| 197 | Current service cost | 197 | 780 |
|  | Remeasurements: |  |  |
| (221) | Expected return on superannuation assets excluding interest income | (231) | (915) |
| (287) | Other actuarial (gain)/loss on superannuation assets | 90 | .. |
| 253 | Actuarial and other adjustments to unfunded superannuation liability | (1 118) | .. |
| **141** | **Total expense recognised in respect of defined benefit plans** | **(870)** | **626** |
|  | **Defined contribution plans** |  |  |
| 337 | Employer contributions to defined contribution plans | 384 | 1 502 |
| 19 | Other (including pensions) | 17 | 65 |
| **355** | **Total expense recognised in respect of defined contribution plans** | **401** | **1 567** |
| **496** | **Total superannuation (gain)/expense recognised in operating statement** | **(469)** | **2 193** |
|  | **Represented by:** |  |  |
| 199 | Net superannuation interest expense | 192 | 761 |
| 552 | Other superannuation | 598 | 2 347 |
| **752** | **Superannuation expense from transactions** | **790** | **3 108** |
| **(256)** | **Remeasurement recognised in other comprehensive income** | **(1 259)** | **(915)** |
| **496** | **Total superannuation costs recognised in operating statement** | **(469)** | **2 193** |

## Total operating expenses by government purpose and by department

(a) Total expenses by government purpose classification ($ million)

| 2016-17 actual  30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual  30 Sep | published budget |
| 608 | General public services | 627 | 2 290 |
| 1 571 | Public order and safety | 1 728 | 7 403 |
| 3 489 | Education | 3 776 | 15 392 |
| 3 973 | Health | 4 334 | 18 153 |
| 1 067 | Social security and welfare | 1 082 | 4 905 |
| 707 | Housing and community amenities | 676 | 3 440 |
| 206 | Recreation and culture | 178 | 775 |
| 22 | Fuel and energy | 32 | 303 |
| 74 | Agriculture, forestry, fishing, and hunting | 81 | 475 |
| 1 559 | Transport and communications | 1 772 | 7 443 |
| 450 | Other economic affairs | 237 | 1 047 |
| 315 | Other purposes | 258 | 1 197 |
| (130) | Not allocated by purpose | (139) | (570) |
| **13 911** | **Total expenses from transactions** | **14 643** | **62 252** |

(b) Total expenses by department ($ million)

| 2016-17 actual  30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| 2 254 | Economic Development, Jobs, Transport and Resources | 2 264 | 9 552 |
| 3 891 | Education and Training | 4 239 | 17 145 |
| 733 | Environment, Land, Water and Planning | 713 | 3 294 |
| 5 541 | Health and Human Services | 5 864 | 25 048 |
| 1 500 | Justice and Regulation | 1 748 | 6 879 |
| 103 | Premier and Cabinet | 112 | 667 |
| 1 650 | Treasury and Finance | 1 668 | 7 116 |
| 44 | Parliament | 47 | 222 |
| 131 | Courts | 138 | 573 |
| 506 | Regulatory bodies and other part funded agencies (a) | 549 | 2 172 |
| **16 353** | **Total expenses by department** | **17 342** | **72 669** |
| (2 442) | *Less eliminations and adjustments* | (2 699) | (10 418) |
| **13 911** | **Total expenses from transactions** | **14 643** | **62 252** |

Note:

(a) Other general government sector agencies not allocated to departmental portfolios.

## Purchases of non-financial assets by department

($ million)

| 2016-17 actual  30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| 1 063 | Economic Development, Jobs, Transport and Resources | 1 220 | 5 601 |
| 152 | Education and Training | 270 | 1 040 |
| 9 | Environment, Land, Water and Planning | 30 | 130 |
| 192 | Health and Human Services | 187 | 1 073 |
| 71 | Justice and Regulation | 74 | 847 |
| 5 | Premier and Cabinet | 1 | 18 |
| 12 | Treasury and Finance | 11 | 24 |
| 4 | Parliament | 10 | 21 |
| 5 | Courts | 11 | 67 |
| 28 | Regulatory bodies and other part funded agencies (a) | 44 | 281 |
| **1 542** | **Total purchases of non-financial assets by department** | **1 858** | **9 102** |
| 23 | *Less eliminations and adjustments (b)* | 22 | (322) |
| **1 564** | **Total purchases of non-financial assets** | **1 881** | **8 780** |

Notes:

(a) Other general government sector agencies not allocated to departmental portfolios.

(b) Budget includes contingencies not allocated to departments and estimated departmental underspend.

## Net acquisition of non-financial assets from transactions

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| 1 564 | Purchases of non-financial assets (including change in inventories) | 1 884 | 8 747 |
| (24) | Less: Sales of non-financial assets | (45) | (503) |
| (627) | Less: Depreciation | (655) | (2 788) |
| (905) | Plus: Other movements in non-financial assets | (901) | (3 643) |
| **8** | **Total net acquisition of non-financial assets from transactions** | **283** | **1 813** |

# Major assets and investments

### Introduction

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

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

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
| 27 561 | Buildings | 28 039 | 28 152 | 28 642 |
| 44 737 | Land and national parks | 50 554 | 50 556 | 50 528 |
| 4 005 | Leased buildings | 4 711 | 4 657 | 5 557 |
| 1 333 | Infrastructure systems | 1 343 | 1 369 | 1 335 |
| 2 205 | Plant, equipment and vehicles | 2 362 | 2 363 | 2 343 |
| 162 | Leased plant, equipment and vehicles | 184 | 179 | 168 |
| 20 032 | Roads and road infrastructure | 20 440 | 20 596 | 23 408 |
| 573 | Leased roads and road infrastructure | 565 | 563 | 628 |
| 7 913 | Earthworks | 7 961 | 7 961 | 9 229 |
| 5 488 | Cultural assets | 5 617 | 5 622 | 5 610 |
| **114 009** | **Total land, buildings, infrastructure, plant and equipment** | **121 776** | **122 018** | **127 449** |

## Depreciation

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| 270 | Buildings | 283 | 1 141 |
| 37 | Leased buildings | 40 | 178 |
| 8 | Infrastructure systems | 8 | 33 |
| 128 | Plant, equipment and vehicles | 128 | 595 |
| 7 | Leased plant, equipment and vehicles | 7 | 17 |
| 153 | Roads and road infrastructure | 152 | 650 |
| .. | Leased roads and road infrastructure | 2 | 9 |
| 3 | Cultural assets | 5 | 23 |
| 20 | Intangible produced assets | 30 | 143 |
| **627** | **Total depreciation** | **655** | **2 788** |

## Land and buildings

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
| 29 601 | Buildings | 30 762 | 31 104 | 32 576 |
| (2 040) | Accumulated depreciation | (2 723) | (2 952) | (3 934) |
| **27 561** | **Buildings (net carrying amount)** | **28 039** | **28 152** | **28 642** |
| 4 501 | Leased buildings | 5 319 | 5 306 | 6 341 |
| (496) | Leased buildings accumulated depreciation | (609) | (649) | (784) |
| **4 005** | **Leased buildings (net carrying amount)** | **4 711** | **4 657** | **5 557** |
| 43 700 | Land | 49 504 | 49 507 | 49 488 |
| 1 036 | National parks and other ‘land only’ holdings | 1 050 | 1 049 | 1 040 |
| **44 737** | **Land and national parks** | **50 554** | **50 556** | **50 528** |
| **76 303** | **Total land and buildings** | **83 303** | **83 366** | **84 727** |

## Plant, equipment, vehicles, and infrastructure systems

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
| 1 779 | Infrastructure systems | 1 834 | 1 869 | 1 859 |
| (446) | Accumulated depreciation | (492) | (500) | (524) |
| **1 333** | **Infrastructure systems (net carrying amount)** | **1 343** | **1 369** | **1 335** |
| 5 811 | Plant, equipment and vehicles | 6 126 | 6 232 | 6 609 |
| (3 607) | Accumulated depreciation | (3 764) | (3 869) | (4 266) |
| 407 | Leased plant, equipment and vehicles | 441 | 441 | 441 |
| (245) | Accumulated depreciation | (257) | (263) | (273) |
| **2 367** | **Plant, equipment and vehicles (net carrying amount)** | **2 546** | **2 541** | **2 511** |
| **3 700** | **Total plant, equipment and vehicles, and infrastructure systems** | **3 889** | **3 910** | **3 846** |

## Roads, road infrastructure and earthworks

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
| 38 857 | Roads and roads infrastructure | 39 781 | 40 089 | 45 986 |
| (18 825) | Accumulated depreciation | (19 341) | (19 493) | (22 578) |
| **20 032** | **Roads and road infrastructure (net carrying amount)** | **20 440** | **20 596** | **23 408** |
| 584 | Leased road and road infrastructure | 584 | 584 | 660 |
| (12) | Accumulated depreciation | (19) | (21) | (32) |
| **573** | **Leased road and road infrastructure (net carrying amount)** | **565** | **563** | **628** |
| **7 913** | **Earthworks** | **7 961** | **7 961** | **9 229** |
| **28 517** | **Total roads, road infrastructure and earthworks** | **28 967** | **29 120** | **33 266** |

## Cultural assets

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
| 5 697 | Cultural assets | 5 770 | 5 780 | 5 788 |
| (209) | Accumulated depreciation | (154) | (158) | (178) |
| **5 488** | **Total cultural assets** | **5 617** | **5 622** | **5 610** |

## Other non-financial assets

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
| 1 538 | Intangible produced assets (a) | 1 685 | 1 710 | 1 748 |
| (799) | Accumulated depreciation | (872) | (903) | (985) |
| 110 | Intangible non-produced assets | 117 | 118 | 105 |
| (37) | Accumulated amortisation | (32) | (34) | (44) |
| **812** | **Total intangibles (a)** | **898** | **891** | **823** |
| 151 | Investment properties | 179 | 177 | 183 |
| 2 | Biological assets | 3 | 3 | 4 |
| 654 | Other assets | 414 | 873 | 484 |
| **1 619** | **Total other non-financial assets (a)** | **1 494** | **1 944** | **1 495** |

Note:

(a) September 2016 comparative figures have been restated to reflect a subsequent adjustment to the Department of Environment, Land, Water and Planning’s intangible produced assets due to the first-time recognition of Renewable Energy Certificates in 2016-17.

## Total assets by government purpose classification

($ million)

| 2016-17 actual  30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| 1 613 | General public services | 2 215 | 2 032 |
| 8 179 | Public order and safety (a) | 8 349 | 9 684 |
| 22 075 | Education | 22 810 | 23 460 |
| 13 998 | Health | 14 789 | 14 804 |
| 2 075 | Social security and welfare | 2 195 | 2 183 |
| 9 495 | Housing and community amenities (a)(b) | 9 744 | 9 897 |
| 8 806 | Recreation and culture | 9 540 | 9 545 |
| 25 | Fuel and energy | 38 | 25 |
| 601 | Agriculture, forestry, fishing, and hunting | 450 | 504 |
| 48 872 | Transport and communications | 54 092 | 58 327 |
| 534 | Other economic affairs | 518 | 532 |
| 2 | Other purposes | 6 | 6 |
| 112 832 | Not allocated by purpose | 119 828 | 119 854 |
| **229 106** | **Total assets (b)** | **244 573** | **250 854** |

Notes:

(a) September 2016 comparative figures for total assets have been reclassified to reflect more current information.

(b) September 2016 comparative figures have been restated to reflect a subsequent adjustment to the Department of Environment, Land, Water and Planning’s intangible produced assets due to the first-time recognition of Renewable Energy Certificates in 2016-17.

# Other assets and liabilities

### Introduction

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

## Receivables

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
|  | **Contractual** |  |  |  |
| 843 | Sales of goods and services | 598 | 736 | 605 |
| 16 | Accrued investment income | 19 | 18 | 19 |
| 1 101 | Other receivables | 1 169 | 1 138 | 1 148 |
| (96) | Provision for doubtful contractual receivables | (97) | (97) | (97) |
|  | **Statutory** |  |  |  |
| 5 | Sales of goods and services | 1 | 4 | 1 |
| 2 646 | Taxes receivable | 2 676 | 2 869 | 2 664 |
| 1 961 | Fines and regulatory fees | 2 052 | 2 106 | 2 337 |
| 253 | GST input tax credits recoverable | 352 | 349 | 353 |
| (864) | Provision for doubtful statutory receivables | (838) | (841) | (1 004) |
| **5 866** | **Total receivables** | **5 931** | **6 281** | **6 026** |
|  | **Represented by:** |  |  |  |
| 5 125 | Current receivables | 5 103 | 5 462 | 5 201 |
| 741 | Non-current receivables | 828 | 819 | 825 |

## Payables

($ million)

| 2016-17 actual 30 Sep |  |  | 2017-18 |  |
| --- | --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep | budget 30 Jun |
|  | **Contractual** |  |  |  |
| 1 019 | Accounts payable | 1 402 | 1 239 | 1 364 |
| 2 076 | Accrued expenses | 2 239 | 2 155 | 2 233 |
| 2 349 | Unearned income | 2 130 | 2 285 | 2 200 |
|  | **Statutory** |  |  |  |
| 37 | Accrued taxes payable | 44 | 44 | 44 |
| **5 481** | **Total payables** | **5 815** | **5 722** | **5 841** |
|  | **Represented by:** |  |  |  |
| 3 753 | Current payables | 4 134 | 4 070 | 4 027 |
| 1 728 | Non-current payables | 1 681 | 1 652 | 1 813 |

# Public account

### Introduction

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

## Consolidated fund receipts and payments

($ million)

| 2016-17 actual  to Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual to Sep | published budget |
|  | **Receipts** |  |  |
| 5 019 | Taxation | 5 491 | 21 989 |
| 212 | Fines and regulatory fees | 189 | 917 |
| 4 290 | Grants received | 4 453 | 19 632 |
| 1 475 | Sales of goods and services | 1 677 | 6 582 |
| 114 | Interest received | 115 | 507 |
| 85 | Public authority receipts | 48 | 1 148 |
| 12 | Other receipts | 31 | 587 |
| **11 206** | **Total operating activities** | **12 003** | **51 362** |
| 13 | Total inflows/(outflows) from investing and financing | 310 | 3 447 |
| **11 218** | **Total receipts** | **12 314** | **54 810** |
|  | **Payments to departments** |  |  |
| 2 397 | Economic Development, Jobs, Transport and Resources | 2 680 | 10 751 |
| 3 081 | Education and Training | 3 655 | 13 227 |
| 578 | Environment, Land, Water and Planning | 606 | 2 317 |
| 4 340 | Health and Human Services | 4 630 | 16 443 |
| 1 607 | Justice and Regulation | 1 846 | 7 367 |
| 101 | Premier and Cabinet | 125 | 640 |
| 844 | Treasury and Finance | 2 067 | 9 997 |
| 48 | Parliament | 61 | 228 |
| 128 | Courts | 144 | 595 |
| **13 124** | **Total payments** | **15 814** | **61 564** |
| (1 905) | Net receipts/(payments) | (3 500) | (6 754) |

## Trust fund cash flow statement

($ million)

| 2016-17 actual  to Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual to Sep | published budget |
|  | **Cash flows from operating activities** |  |  |
|  | **Receipts** |  |  |
| 166 | Taxation | 173 | 390 |
| 14 | Regulatory fees and fines | 10 | 17 |
| 3 957 | Grants received | 4 275 | 14 766 |
| 56 | Sales of goods and services | 21 | 96 |
| 18 | Interest received | 55 | 251 |
| 824 | Net transfers from consolidated fund | 1 103 | 3 625 |
| 16 | Dividend received | 5 | 13 |
| 25 | Other receipts | 115 | 124 |
| **5 077** | **Total receipts** | **5 757** | **19 283** |
|  | **Payments** |  |  |
| (44) | Payments for employees | (50) | (192) |
| (4) | Superannuation | (4) | (13) |
| (1) | Interest paid | (1) | (5) |
| (4 361) | Grants and subsidies | (4 680) | (17 730) |
| (456) | Goods and services | (509) | (1 604) |
| **(4 866)** | **Total payments** | **(5 243)** | **(19 544)** |
| **211** | **Net cash flows from operating activities** | **514** | **(261)** |
|  | **Cash flows from investing activities** |  |  |
| (21) | Purchases of non-financial assets | (31) | (553) |
| 7 | Sales of non-financial assets | 9 | 34 |
| .. | Net proceeds from customer loans | 754 | 2 649 |
| (57) | Other investing activities | (459) | (2 011) |
| **(71)** | **Net cash flows from investing activities** | **273** | **119** |
|  | **Cash flows from financing activities** |  |  |
| (35) | Net proceeds (repayments) from borrowings | (452) | (25) |
| **(35)** | **Net cash flows from financing activities** | **(452)** | **(25)** |
| 106 | Net cash inflow/(outflow) | 335 | (167) |

## Reconciliation of cash flows to balances held

($ million)

|  | Balances held at 30 Jun 2017 | Sep movement YTD | Balances held at 30 Sep 2017 |
| --- | --- | --- | --- |
| **Cash and deposits** |  |  |  |
| Cash balances outside the Public Account | .. | (1) | (1) |
| Deposits held with the Public Account – specific trusts | 561 | 267 | 828 |
| Other balances held in the Public Account | 3 328 | (3 554) | (226) |
| **Total cash and deposits** | **3 888** | **(3 287)** | **601** |
| **Investments** |  |  |  |
| Investments held with the Public Account – specific trusts | 1 285 | (88) | 1 197 |
| **Total investments** | **1 285** | **(88)** | **1 197** |
| **Total fund balances** | **5 173** | **(3 376)** | **1 798** |
| **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)** | **5 174** | **(3 375)** | **1 799** |

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.

## Details of securities held

($ million)

| 2016-17 actual  30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| opening 1 Jul | actual 30 Sep |
| 1 798 | Amounts invested on behalf of specific trust accounts | 1 846 | 2 025 |
| 1 153 | General account balances | 3 328 | (226) |
| **2 951** | **Total Public Account** | **5 174** | **1 799** |
|  | **Represented by:** |  |  |
| 1 126 | Stock, securities, cash and investments | 3 850 | 1 166 |
|  | Add cash advanced for: |  |  |
| .. | Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to Section 38 of the *Financial Management Act, No. 18 of 1994* | 450 | .. |
| 1 826 | Advances pursuant to sections 36 and 37 of the *Financial Management Act 1994* | 874 | 633 |
| 2 951 | Total Public Account | 5 174 | 1 799 |

# Other disclosures

### Introduction

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

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

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 | |
| --- | --- | --- | --- |
| actual 30 Sep | published budget |
| (86) | Net (increase)/decrease in provision for doubtful receivables | (61) | (205) |
| (1) | Amortisation of intangible non-produced assets | (2) | (4) |
| (3) | Bad debts written off | (4) | (159) |
| (34) | Other gains/(losses) | 11 | (2) |
| **(124)** | **Total other gains/(losses) from other economic flows** | **(56)** | **(370)** |

## Reconciliation of cash and cash equivalents

($ million)

| 2016-17 actual 30 Sep |  | 2017-18 actual 30 Sep |
| --- | --- | --- |
| 1 477 | Cash | 1 429 |
| 2 602 | Deposits at call | 2 717 |
| **4 079** | **Cash and cash equivalents** | **4 146** |
| .. | Bank overdraft | .. |
| **4 079** | **Balances as per cash flow statement** | **4 146** |

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

($ million)

| 2016-17 actual to Sep |  | 2017-18 actual to Sep |
| --- | --- | --- |
| **370** | **Net result** | **497** |
|  | **Non-cash movements** |  |
| 628 | Depreciation and amortisation | 657 |
| (17) | Revaluation of investments | 2 |
| 217 | Assets (received)/provided free of charge | (1) |
| (2) | Revaluation of assets | .. |
| **826** | **Non-cash items total** | **658** |
|  | **Movements included in investing and financing activities** |  |
| 1 | Net gain/loss from sale of investments | .. |
| 2 | Net gain/loss from sale of non-financial assets | 1 |
| **3** | **Items included in investing and financing activities total** | **1** |
|  | **Movements in assets and liabilities** |  |
| 30 | Increase/(decrease) in provision for doubtful debts | 2 |
| (97) | Increase/(decrease) in payables | (165) |
| (40) | Increase/(decrease) in employee benefits | (177) |
| 9 | Increase/(decrease) in superannuation | 261 |
| 32 | Increase/(decrease) in other provisions | (235) |
| (330) | (Increase)/decrease in receivables | (352) |
| (434) | (Increase)/decrease in other non-financial assets | (462) |
| **(829)** | **Changes in assets and liabilities total** | **(1 128)** |
| 370 | Net cash flows from operating activities | 28 |

## Controlled entities

Note 9.8 Controlled entities in the *2016‑17 Financial Report* for the State of Victoria lists significant controlled entities, which were consolidated in that financial report.

The following are changes from 1 July 2017 of general government sector entities, which have been consolidated in this financial report:

|  |  |
| --- | --- |
| General government | |
| Department of Health and Human Services  Corryong Health (a)  Department of Premier and Cabinet  Victorian information Commissioner (b) | Department of Economic Development, Jobs, Transport and Resources  Victorian Fisheries Authority (c)  Courts  Judicial Commission of Victoria (d) |

Notes:

(a) On 4 July 2017, Upper Murray Health and Community Services changed its name to Corryong Health.

(b) Effective from 1 September 2017, the Office of the Victorian Information Commissioner commenced operations and took over the responsibilities of the Freedom of Information Commissioner and the Office of the Commissioner for Privacy and Data Protection.

(c) The Victorian Fisheries Authority is an independent statutory authority established on 1 July 2017 to effectively manage Victoria’s fisheries resources.

(d) Effective from 1 July 2017, the Judicial Commission of Victoria commenced operations under the Judicial Commission of Victoria Act 2016.

## Glossary of technical terms

The *2016‑17 Financial Report* for the State of Victoria (Note 9.9) summarises the major technical terms used in this report.

# 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)

|  | 2016-17 Sep | Dec | Mar | Jun | 2017-18 Sep |
| --- | --- | --- | --- | --- | --- |
| **Revenue from transactions** |  |  |  |  |  |
| Taxation revenue | 5 265 | 5 397 | 6 880 | 4 730 | 5 722 |
| Interest revenue | 168 | 207 | 230 | 258 | 210 |
| Dividends, income tax equivalent and rate equivalent revenue | 78 | 360 | 57 | 164 | 57 |
| Sales of goods and services | 1 672 | 1 744 | 1 736 | 1 786 | 1 766 |
| Grant revenue | 6 699 | 6 620 | 7 556 | 6 667 | 6 899 |
| Other revenue | 510 | 779 | 570 | 786 | 544 |
| **Total revenue from transactions** | **14 391** | **15 107** | **17 029** | **14 391** | **15 198** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 5 179 | 5 257 | 5 249 | 5 812 | 5 581 |
| Net superannuation interest expense | 199 | 149 | 171 | 172 | 192 |
| Other superannuation | 552 | 596 | 581 | 603 | 598 |
| Depreciation | 627 | 629 | 639 | 722 | 655 |
| Interest expense | 472 | 540 | 498 | 517 | 454 |
| Grant expense | 2 587 | 2 337 | 3 006 | 2 541 | 2 559 |
| Other operating expenses | 4 295 | 4 692 | 4 313 | 5 274 | 4 604 |
| **Total expenses from transactions** | **13 911** | **14 200** | **14 456** | **15 643** | **14 643** |
| **Net result from transactions – net operating balance** | **480** | **907** | **2 573** | **(1 251)** | **555** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non-financial assets | (2) | 17 | 18 | 18 | (1) |
| Net gain/(loss) on financial assets or liabilities at fair value | 16 | (3) | 22 | (12) | (2) |
| Share of net profit/(loss) from associates/joint venture entities | .. | (3) | .. | 4 | .. |
| Other gains/(losses) from other economic flows | (124) | (63) | (80) | 42 | (56) |
| **Total other economic flows included in net result** | **(110)** | **(51)** | **(41)** | **52** | **(58)** |
| **Net result** | **370** | **856** | **2 532** | **(1 199)** | **497** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non-financial assets revaluation surplus | (93) | 4 | 25 | 6 154 | (22) |
| Remeasurement of superannuation defined benefits plans | 256 | 2 729 | 617 | 765 | 1 259 |
| Other movements in equity | 68 | 14 | .. | 6 | (65) |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 6 | 13 | 42 | (7) | (6) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | 644 | .. | 2 478 | .. |
| **Total other economic flows – other comprehensive income** | **236** | **3 404** | **684** | **9 396** | **1 165** |
| **Comprehensive result – total change in net worth** | **607** | **4 260** | **3 216** | **8 197** | **1 662** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **480** | **907** | **2 573** | **(1 251)** | **555** |
| Less: Net acquisition of non-financial assets from transactions | 7 | 164 | 955 | 527 | 283 |
| Net lending/(borrowing) | 473 | 744 | 1 617 | (1 778) | 272 |

Consolidated balance sheet at the end of the past five quarters ($ million)

|  | 2016-17 Sep | Dec | Mar | Jun | 2017-18 Sep |
| --- | --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 4 079 | 4 319 | 3 900 | 5 530 | 4 146 |
| Advances paid | 4 586 | 14 156 | 13 648 | 12 939 | 12 179 |
| Receivables | 5 866 | 5 469 | 7 108 | 5 931 | 6 281 |
| Investments, loans and placements | 3 057 | 5 516 | 5 720 | 3 673 | 3 895 |
| Investments accounted for using the equity method | 47 | 44 | 44 | 47 | 48 |
| Investments in other sector entities | 95 473 | 88 196 | 89 043 | 92 509 | 93 484 |
| **Total financial assets** | **113 108** | **117 701** | **119 462** | **120 630** | **120 033** |
| **Non-financial assets** |  |  |  |  |  |
| Inventories | 186 | 186 | 187 | 173 | 173 |
| Non-financial assets held for sale | 183 | 183 | 182 | 405 | 405 |
| Land, buildings, infrastructure, plant and equipment | 114 009 | 114 148 | 115 219 | 121 776 | 122 018 |
| Other non-financial assets | 1 619 | 1 535 | 1 456 | 1 494 | 1 944 |
| **Total non-financial assets** | **115 998** | **116 052** | **117 044** | **123 849** | **124 539** |
| **Total assets** | **229 106** | **233 753** | **236 506** | **244 478** | **244 573** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 717 | 10 393 | 9 913 | 9 088 | 8 403 |
| Payables | 5 481 | 5 084 | 5 227 | 5 815 | 5 722 |
| Borrowings | 34 551 | 27 986 | 28 684 | 28 816 | 29 485 |
| Employee benefits | 6 098 | 6 244 | 6 050 | 6 506 | 6 329 |
| Superannuation | 29 044 | 26 566 | 25 944 | 24 900 | 23 903 |
| Other provisions | 861 | 866 | 858 | 1 326 | 1 043 |
| **Total liabilities** | **76 751** | **77 139** | **76 676** | **76 451** | **74 884** |
| **Net assets** | **152 355** | **156 614** | **159 831** | **168 027** | **169 689** |
| Accumulated surplus/(deficit) | 45 286 | 48 817 | 51 977 | 51 464 | 53 145 |
| Reserves | 107 069 | 107 797 | 107 853 | 116 563 | 116 544 |
| **Net worth** | **152 355** | **156 614** | **159 831** | **168 027** | **169 689** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | 36 357 | 40 562 | 42 787 | 44 178 | 45 150 |
| Net financial liabilities | 59 116 | 47 634 | 46 256 | 48 331 | 48 335 |
| Net debt | 23 545 | 14 387 | 15 330 | 15 762 | 17 667 |

Consolidated cash flow statement for the past five quarters ($ million)

|  | 2016-17 Sep | Dec | Mar | Jun | 2017-18 Sep |
| --- | --- | --- | --- | --- | --- |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 5 078 | 5 805 | 5 121 | 5 782 | 5 491 |
| Grants | 6 699 | 6 621 | 7 552 | 6 670 | 6 902 |
| Sales of goods and services (a) | 1 891 | 1 890 | 2 031 | 1 926 | 1 984 |
| Interest received | 169 | 208 | 228 | 257 | 210 |
| Dividends, income tax equivalent and rate equivalent receipts | 106 | 417 | 57 | 163 | 57 |
| Other receipts | 317 | 515 | 360 | 543 | 469 |
| **Total receipts** | **14 260** | **15 456** | **15 348** | **15 341** | **15 114** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (5 227) | (5 060) | (5 391) | (5 288) | (5 748) |
| Superannuation | (743) | (495) | (756) | (1 054) | (529) |
| Interest paid | (493) | (529) | (499) | (477) | (476) |
| Grants and subsidies | (2 670) | (2 417) | (3 013) | (2 103) | (2 947) |
| Goods and services (a) | (4 563) | (4 917) | (4 106) | (4 462) | (5 179) |
| Other payments | (194) | (179) | (167) | (80) | (207) |
| **Total payments** | **(13 890)** | **(13 595)** | **(13 932)** | **(13 463)** | **(15 086)** |
| **Net cash flows from operating activities** | **370** | **1 861** | **1 416** | **1 878** | **28** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non-financial assets** |  |  |  |  |  |
| Purchases of non-financial assets | (1 564) | (1 556) | (1 963) | (2 195) | (1 881) |
| Sales of non-financial assets | 24 | 40 | 49 | 173 | 45 |
| **Net cash flows from investments in non-financial assets** | **(1 540)** | **(1 516)** | **(1 914)** | **(2 022)** | **(1 835)** |
| Net cash flows from investments in financial assets for policy purposes | (90) | (760) | 485 | 499 | 672 |
| **Sub-total** | **(1 630)** | **(2 276)** | **(1 429)** | **(1 523)** | **(1 163)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (184) | (2 454) | (141) | 2 029 | (232) |
| **Net cash flows from investing activities** | **(1 813)** | **(4 730)** | **(1 570)** | **506** | **(1 395)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (13) | 9 592 | (483) | (718) | (707) |
| Net borrowings | 740 | (6 566) | 214 | 72 | 669 |
| Deposits received (net) | 23 | 85 | 3 | (108) | 22 |
| **Net cash flows from financing activities** | **750** | **3 110** | **(265)** | **(754)** | **(16)** |
| **Net increase/(decrease) in cash and cash equivalents** | **(693)** | **240** | **(419)** | **1 630** | **(1 384)** |
| Cash and cash equivalents at beginning of the reporting period | 4 772 | 4 079 | 4 319 | 3 900 | 5 530 |
| **Cash and cash equivalents at end of the reporting period** | **4 079** | **4 319** | **3 900** | **5 530** | **4 146** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | 370 | 1 861 | 1 416 | 1 878 | 28 |
| Net cash flows from investments in non-financial assets | (1 540) | (1 516) | (1 914) | (2 022) | (1 835) |
| Cash surplus/(deficit) | (1 170) | 345 | (497) | (144) | (1 808) |

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. 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