**Quarterly Financial Report No. 1**

**September 2021**



Presented by

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Treasurer of the State of Victoria



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# Overview

This financial report presents the financial results for the Victorian general government sector for the three months ended 30 September 2021, prepared in accordance with the *Financial Management Act 1994*.

The coronavirus (COVID-19) pandemic led to the largest global recession since the Great Depression, and the Victorian economy was not immune. As the virus was contained and domestic restrictions were progressively eased through the December quarter 2020, the Victorian economy rebounded strongly, and by the end of the June quarter 2021 Victorian state final demand was already above pre-pandemic levels. By August 2021, employment had increased by 288 000 persons relative to its trough in September 2020, the unemployment rate was at a record low, and workforce participation was at a record high.

In July and again between August and October 2021, renewed restrictions associated with the Delta variant of COVID-19 were put in place, which restricted movement and activity for individuals and businesses. While this led to a decline in economic activity, a range of economic data to date have remained stronger than during restrictions in the June and September quarters 2020.

This relative strength means that the Victorian economy is well placed to recover strongly now that most restrictions have been eased, and as remaining restrictions continue to ease with rising vaccination rates in line with the *Roadmap to Deliver the National Plan.*

# FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

For the three months to 30 September 2021, the net result from transactions for the general government sector recorded a deficit of $6.8 billion. This result compares with a full-year deficit published in the *2021-22 Budget* of $11.6 billion.

Caution needs to be exercised in interpreting and drawing conclusions from variances against the   
full-year deficit published in the *2021-22 Budget*, as this forecast does not fully provision for the impact on revenue and expenses of the public health response to the recent outbreak of the Delta variant of COVID-19.

Caution also needs to be taken in interpreting and projecting the potential annual outcome for the full year from this quarterly result, due to the significant impact of the uneven recognition pattern of various major revenue items.

These include land tax, the Fire Services Property Levy and Commonwealth grants. The timing of various COVID-19 related expenditure items, including support provided to businesses impacted by the necessary public health restrictions, also cannot be extrapolated to project the potential annual outcome for the full year from this quarterly result.

### Revenue from transactions

Total revenue for the three months ended 30 September 2021 was $17.6 billion. This is 23.6 per cent of the full-year budget estimate and an increase of $2.5 billion compared with the same period last year. The increase in revenue from the prior year was primarily due to the adverse impact of the COVID-19 pandemic on the revenue base in the prior year.

Taxation revenue was $6.7 billion, or 25.2 per cent of the full-year budget estimate. Taxation revenue increased by $1.6 billion when compared with the same time last year. This was primarily due to an increase in land transfer duty revenue driven by the strong recovery in dwelling prices and property transaction volumes.

Grant revenue was $8.7 billion, or 23.7 per cent of the full-year budget estimate. This is below the   
pro-rata budget, primarily due to the timing of Commonwealth grants. Grant revenue was $1.1 billion higher when compared with the same period last year. This was primarily driven by higher GST grants due to an increase in the national GST pool compared to the same period in the prior year. There was also a year-on-year increase in grants from the Commonwealth relating to the HomeBuilder National Partnership Agreement, and grants for non‑government schools.

Revenue from the sale of goods and services was $1.3 billion, or 20 per cent of the full‑year budget estimate. The sale of goods and services was below the pro‑rata budget primarily due to lower revenue from school and TAFE fees and lower farebox revenue due to the COVID-19 pandemic. Sales of goods and services was $422 million lower when compared with the same period last year. This was primarily driven by the discontinuation of the Capital Asset Charge (CAC) policy from 2021-22 onwards. The removal of the CAC also has a corresponding decrease in grant expense.

The other sources of general government revenue represent a relatively small component of total revenue.

### Expenses from transactions

Total expenses to the end of September 2021 were $24.4 billion, an increase of $4.3 billion compared with the same time last year. Total expenses were $2.8 billion above pro-rata at 28.3 per cent of the budget estimate. The increase in expenses from the pro-rata budget reflects the impact of the public health restrictions and the additional support measures provided by the Government during the September quarter. This includes measures to support jobs and businesses and to deliver the frontline health response.

Grant expenditure was $8 billion, or 46 per cent of the full-year budget estimate. This is above the   
pro-rata budget, primarily due to the business support measures outlined above.

### The variance to the pro-rata budget for expenditure other than grants is primarily due to the timing of expenditure programs across departments.

### Other economic flows

Other economic flows that are not included in the net result from transactions reflected a positive impact of $931 million for the three months to 30 September 2021. This was primarily due to a remeasurement gain on the State’s defined benefit superannuation liability of $690 million resulting from an increase in the bond yields that underlie the key superannuation valuation assumptions and investment returns that are not reflected in the net result from transactions.

### Balance sheet

Total assets increased by $4.1 billion in the three months ended 30 September 2021. This mainly reflects the Government’s infrastructure investment program and an increase in cash holdings, primarily to facilitate increased short-term liquidity requirements.

Total liabilities increased by $9.9 billion to $160.5 billion as at 30 September 2021. This increase was primarily due to higher borrowings to finance the Government’s response to the COVID-19 pandemic and to fund the Government’s infrastructure program.

Net debt increased by $9.5 billion to $82.2 billion as at 30 September 2021. This was driven mainly by an increase in borrowings, partially offset by an increase in cash and deposits for the reasons outlined above.

### Cash flow statement

The net cash flows from operating activities was a deficit of $5.9 billion for the three months ended 30 September 2021. The net cash flows from operating activities deficit increased by $784 million from the equivalent period in the prior year, primarily relating to the increased net result from transactions deficit as explained above.

### Government infrastructure investment

The State continues to deliver its infrastructure program to support economic activity and jobs, growing community needs and ongoing productivity improvement. Government infrastructure investment, which includes general government net infrastructure investment and estimated construction‑related cash outflows for Partnerships Victoria projects (net of asset sales), totalled $3.8 billion for the three months ended   
30 September 2021 ($3.1 billion for the corresponding period in 2020).

The Government’s infrastructure scorecard as at 30 September 2021

Major projects in progress include:

85 level crossing removals by 2025

A Pathway to More Acute Mental Health Beds

Additional VLocity trains

Ballarat Health Services expansion and redevelopment

Barwon Heads Road upgrade

Big Housing Build

Building a world-class Geelong Performing Arts Centre

Child Link

Chisholm Road prison project

City Loop fire and safety upgrade (Stage 2) and intruder alarm

Courts case management system

Cranbourne Line duplication

E-Class Tram Infrastructure Program

Echuca-Moama Bridge

Expanding and improving bed-based forensic mental health services: Thomas Embling Hospital

Frankston Hospital redevelopment

Frankston Line stabling

Geelong Fast Rail

Goulburn Valley Health redevelopment

Gippsland Line Upgrade Stage 1

High Capacity Metro Trains Project

Hurstbridge Line upgrade – Stage 2

Kardinia Park Stadium Stage 5 redevelopment

M80 Ring Road upgrade

Melbourne Arts Precinct Transformation – Phase 1

Melbourne Airport Rail

Melbourne Park redevelopment – Stage 3

Men’s prison system capacity

Metro Tunnel

Metropolitan Network Modernisation program

Monash Freeway upgrade – Stage 2

The Government’s infrastructure scorecard as at 30 September 2021 *(continued)*

Mordialloc Freeway

Murray Basin Rail Project

New Footscray Hospital

New metropolitan trains

New schools construction

New trains for Sunbury

New Wyndham Law Court

New youth justice facility

Next Generation Trams

North East Link

Northern Hospital inpatient expansion – Stage 2

Princes Highway East Stage 3

Public housing renewal program

Royal Victorian Eye and Ear Hospital redevelopment

School upgrades – growth

Shepparton Corridor upgrade – Stages 2 and 3

South Dynon train maintenance facility

Suburban Rail Loop

Suburban Roads Upgrade

Technology and resources to support Victoria’s fines system

Ten new community hospitals

Tram infrastructure upgrades

Victorian Heart Hospital

Warrnambool Base Hospital redevelopment

Warrnambool Line upgrade – Stage 2

Waurn Ponds Track duplication – Stage 2

West Gate Tunnel Project

Western Highway duplication – Ballarat to Stawell

Western Rail Plan

Western Roads Upgrade

Women’s prison system capacity

# Consolidated comprehensive operating statement

For the period ended 30 September ($ million)

| 2020‑21 |  |  | 2021‑22 | |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | Notes | actual  30 Sep | published  budget |
|  | **Revenue and income from transactions** |  |  |  |
| 5 090 | Taxation | 2.1 | 6 689 | 26 577 |
| 143 | Interest income |  | 133 | 637 |
| 83 | Dividends, income tax equivalent and rate equivalent income | 2.2 | 94 | 575 |
| 1 704 | Sales of goods and services (a) | 2.3 | 1 283 | 6 405 |
| 7 539 | Grants | 2.4 | 8 698 | 36 778 |
| 491 | Other revenue and income | 2.5 | 690 | 3 605 |
| **15 049** | **Total revenue and income from transactions** |  | **17 586** | **74 576** |
|  | **Expenses from transactions** |  |  |  |
| 7 224 | Employee expenses |  | 7 882 | 31 725 |
| 83 | Net superannuation interest expense | 3.3 | 142 | 565 |
| 804 | Other superannuation | 3.3 | 969 | 3 682 |
| 1 022 | Depreciation | 4.2 | 1 048 | 4 399 |
| 624 | Interest expense |  | 639 | 3 051 |
| 4 820 | Grant expense (a) |  | 7 950 | 17 301 |
| 5 536 | Other operating expenses |  | 5 763 | 25 477 |
| **20 113** | **Total expenses from transactions** | 3.4 | **24 393** | **86 200** |
| **(5 064)** | **Net result from transactions – net operating balance** |  | **(6 806)** | **(11 624)** |
|  | **Other economic flows included in net result** |  |  |  |
| .. | Net gain/(loss) on disposal of non‑financial assets |  | 27 | 30 |
| 1 | Net gain/(loss) on financial assets or liabilities at fair value |  | (33) | 20 |
| (2) | Share of net profit/(loss) from associates/joint venture entities |  | .. | .. |
| (17) | Other gains/(losses) from other economic flows | 6.1 | 113 | (521) |
| **(17)** | **Total other economic flows included in net result** |  | **108** | **(471)** |
| **(5 081)** | **Net result** |  | **(6 699)** | **(12 094)** |
|  | **Other economic flows – other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| 145 | Changes in non‑financial assets revaluation surplus |  | 258 | 563 |
| (1 649) | Remeasurement of superannuation defined benefits plans | 3.3 | 690 | 1 241 |
| (22) | Other movements in equity (b) |  | (34) | 27 |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| 19 | Net gain/(loss) on financial assets at fair value |  | 18 | 3 |
| .. | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | (7 403) |
| **(1 508)** | **Total other economic flows – other comprehensive income**(b) |  | **931** | **(5 570)** |
| **(6 589)** | **Comprehensive result – total change in net worth**(b) |  | **(5 768)** | **(17 664)** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
| **(5 064)** | **Net operating balance** |  | **(6 806)** | **(11 624)** |
| 1 907 | Less: Net acquisition of non‑financial assets from transactions | 3.6 | 2 483 | 7 443 |
| **(6 971)** | **Net lending/(borrowing)** |  | **(9 289)** | **(19 067)** |

Notes:

* + - * 1. As highlighted in the 2021-22 Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of the CAC reduces the Sales of goods and services and grant expenses by equal amounts.
        2. The 2020-21 figures have been restated to reflect more current information.

# Consolidated balance sheet

As at 30 September ($ million)

| 2020‑21 |  |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- | --- |
| actual  30 Sep |  | Notes | opening  1 Jul | actual  30 Sep | revised  budget(a) |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 15 880 | Cash and deposits | 6.2 | 14 609 | 15 786 | 14 899 |
| 5 943 | Advances paid |  | 5 473 | 5 284 | 4 800 |
| 6 182 | Receivables and contract assets | 5.1 | 8 201 | 7 813 | 6 410 |
| 2 517 | Investments, loans and placements |  | 2 960 | 3 017 | 2 924 |
| 10 | Investments accounted for using the equity method |  | 10 | 10 | 10 |
| 76 432 | Investments in other sector entities |  | 73 125 | 73 288 | 76 802 |
| **106 965** | **Total financial assets** |  | **104 378** | **105 198** | **105 846** |
|  | **Non‑financial assets** |  |  |  |  |
| 700 | Inventories |  | 908 | 849 | 588 |
| 188 | Non‑financial assets held for sale |  | 182 | 183 | 194 |
| 175 669 | Land, buildings, infrastructure, plant and equipment | 4.1 | 195 592 | 198 442 | 204 051 |
| 3 844 | Other non‑financial assets | 4.7 | 3 357 | 3 860 | 3 036 |
| **180 402** | **Total non‑financial assets** |  | **200 038** | **203 333** | **207 869** |
| **287 367** | **Total assets** |  | **304 415** | **308 531** | **313 715** |
|  | **Liabilities** |  |  |  |  |
| 3 056 | Deposits held and advances received |  | 2 791 | 2 366 | 1 657 |
| 16 448 | Payables | 5.2 | 16 404 | 15 731 | 19 576 |
| 62 | Contract liabilities | 5.2 | 239 | 381 | 214 |
| 74 948 | Borrowings |  | 92 985 | 103 944 | 118 238 |
| 8 971 | Employee benefits | 3.2 | 9 384 | 9 642 | 9 697 |
| 33 101 | Superannuation |  | 27 217 | 26 894 | 26 439 |
| 1 278 | Other provisions |  | 1 597 | 1 542 | 1 760 |
| **137 864** | **Total liabilities** |  | **150 617** | **160 500** | **177 580** |
| **149 503** | **Net assets** |  | **153 799** | **148 031** | **136 135** |
| 61 361 | Accumulated surplus/(deficit) |  | 58 642 | 52 417 | 47 814 |
| 88 142 | Reserves |  | 95 157 | 95 614 | 88 320 |
| **149 503** | **Net worth** |  | **153 799** | **148 031** | **136 135** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| (30 899) | Net financial worth |  | (46 239) | (55 302) | (71 735) |
| 107 331 | Net financial liabilities |  | 119 364 | 128 591 | 148 537 |
| 53 663 | Net debt |  | 72 734 | 82 224 | 97 272 |

Note:

(a) Balances represent actual opening balances at 1 July 2021 plus 2021-22 budgeted movements.

# Consolidated cash flow statement

For the period ended 30 September ($ million)

| 2020‑21 |  |  | 2021‑22 | |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | Notes | actual  30 Sep | published  budget |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts** |  |  |  |
| 4 976 | Taxes received |  | 6 932 | 28 575 |
| 7 451 | Grants |  | 8 758 | 36 859 |
| 2 400 | Sales of goods and services and other receipts (a) |  | 2 192 | 12 380 |
| 140 | Interest received |  | 130 | 620 |
| 83 | Dividends, income tax equivalent and rate equivalent receipts |  | 94 | 570 |
| **15 049** | **Total receipts** |  | **18 106** | **79 004** |
|  | **Payments** |  |  |  |
| (7 280) | Payments for employees |  | (7 618) | (31 418) |
| (663) | Superannuation |  | (746) | (3 785) |
| (546) | Interest paid |  | (578) | (2 714) |
| (4 909) | Grants and subsidies |  | (8 280) | (17 303) |
| (6 354) | Goods and services (a) |  | (6 547) | (24 559) |
| (411) | Other payments |  | (236) | (1 273) |
| **(20 162)** | **Total payments** |  | **(24 004)** | **(81 053)** |
| **(5 113)** | **Net cash flows from operating activities** |  | **(5 898)** | **(2 049)** |
|  | **Cash flows from investing activities** |  |  |  |
|  | **Cash flows from investments in non‑financial assets** |  |  |  |
| (2 576) | Purchases of non‑financial assets | 3.5 | (3 041) | (19 834) |
| 32 | Sales of non‑financial assets |  | 44 | 570 |
| **(2 544)** | **Net cash flows from investments in non‑financial assets** |  | **(2 996)** | **(19 264)** |
| 441 | Net cash flows from investments in financial assets for policy purposes |  | 78 | 570 |
| **(2 103)** | **Sub‑total** |  | **(2 918)** | **(18 692)** |
| 92 | Net cash flows from investments in financial assets for liquidity management purposes |  | (69) | 62 |
| **(2 011)** | **Net cash flows from investing activities** |  | **(2 987)** | **(18 630)** |
|  | **Cash flows from financing activities** |  |  |  |
| (614) | Advances received (net) |  | (499) | (1 140) |
| 10 592 | Net borrowings |  | 10 486 | 22 103 |
| (11) | Deposits received (net) |  | 74 | 6 |
| **9 967** | **Net cash flows from financing activities** |  | **10 062** | **20 969** |
| **2 843** | **Net increase/(decrease) in cash and cash equivalents** |  | **1 177** | **290** |
| 13 037 | Cash and cash equivalents at beginning of reporting period |  | 14 609 | 14 609 |
| **15 880** | **Cash and cash equivalents at end of the reporting period** | 6.2 | **15 786** | **14 899** |
|  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |
| (5 113) | Net cash flows from operating activities |  | (5 898) | (2 047) |
| (2 544) | Net cash flows from investments in non‑financial assets |  | (2 996) | (19 264) |
| **(7 657)** | **Cash surplus/(deficit)** |  | **(8 894)** | **(21 311)** |

Note:

(a) These items include goods and services tax.

# Consolidated statement of changes in equity

For the period ended 30 September ($ million)

|  | Accumulated surplus/(deficit) | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- |
| **2021‑22** |  |  |  |  |  |
| Balance at 1 July 2021 | 58 642 | 61 017 | 32 981 | 1 159 | 153 799 |
| Net result for the year | (6 699) | .. | .. | .. | (6 699) |
| Other comprehensive income for the year | 473 | 258 | .. | 200 | 931 |
| **Total equity as at 30 September 2021** | **52 417** | **61 275** | **32 981** | **1 358** | **148 031** |
| **Budget equity as at 30 June 2022 (a)** | **47 814** | **61 580** | **25 578** | **1 162** | **136 135** |
| **2020‑21** |  |  |  |  |  |
| Balance at 1 July 2020 (b) | 68 166 | 54 379 | 32 639 | 908 | 156 092 |
| Net result for the year | (5 081) | .. | .. | .. | (5 081) |
| Other comprehensive income for the year (b) | (1 724) | 145 | .. | 72 | (1 508) |
| **Total equity as at 30 September 2020** | **61 361** | **54 524** | **32 639** | **979** | **149 503** |

Notes:

(a) Balances represent actual opening balances at 1 July 2021 plus 2021-22 budgeted movements.

(b) The 2020-21 figures have been restated to reflect more current information.

# 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 2021.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2020-21 Financial Report* for the State of Victoria. This quarterly financial report does not include all the notes normally included with the annual financial report, and therefore this report should be read in conjunction with the *2020-21 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 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 6.3. 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 and income raised by the general government sector.

The income and revenue recognition are determined by the State based on the substance of the relevant arrangement in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for Profit Entities*.

## Taxation

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| **1 412** | **Taxes on employers’ payroll and labour force** | **1 254** | **6 525** |
|  | **Taxes on immovable property** |  |  |
| 4 | Land tax | 162 | 4 233 |
| 695 | Fire Services Property Levy | 745 | 770 |
| (2) | Congestion levy | (6) | 106 |
| 132 | Metropolitan improvement levy | 147 | 206 |
| **829** | **Total taxes on immovable property** | **1 049** | **5 315** |
|  | **Gambling taxes** |  |  |
| 156 | Public lotteries (a) | 155 | 584 |
| 23 | Electronic gaming machines (a) | 167 | 1 158 |
| 3 | Casino (a) | 9 | 232 |
| 51 | Racing and other sports betting (a) | 66 | 272 |
| 2 | Other (a) | 2 | 11 |
|  | **Financial and capital transactions** |  |  |
| 1 307 | Land transfer duty | 2 571 | 6 710 |
| 5 | Metropolitan planning levy | 5 | 21 |
| 39 | Financial accommodation levy | 39 | 165 |
| 74 | Growth areas infrastructure contribution | 46 | 288 |
| **59** | **Levies on statutory corporations** | **38** | **173** |
| **428** | **Taxes on insurance** | **477** | **1 626** |
| **2 147** | **Total taxes on the provision of goods and services** | **3 576** | **11 238** |
|  | **Motor vehicle taxes** |  |  |
| 462 | Vehicle registration fees | 436 | 1 931 |
| 163 | Duty on vehicle registrations and transfers | 258 | 979 |
| **..** | **Liquor licence fees** | **..** | **23** |
| **77** | **Other** | **116** | **564** |
| **702** | **Total taxes on the use of goods and performance of activities** | **810** | **3 498** |
| **5 090** | **Total taxation** | **6 689** | **26 577** |

Note:

(a) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue to   
30 September 2021 of $39.3 million (30 September 2020: $39.3 million) recognised under AASB 15 Revenue from Contracts with Customers. The balance of these items is recognised under AASB 1058 Income of Not-for-Profit Entities.

## Dividends, income tax equivalent and rate equivalent income

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| .. | Dividends from PFC sector | .. | 131 |
| .. | Dividends from PNFC sector | .. | 72 |
| 13 | Dividends from non‑public sector | 23 | 121 |
| **13** | **Dividends** | **23** | **323** |
| 2 | Income tax equivalent income from PFC sector | 1 | 6 |
| 68 | Income tax equivalent income from PNFC sector | 69 | 239 |
| **70** | **Income tax equivalent income** | **71** | **245** |
| .. | Local government rate equivalent income | .. | 7 |
| **83** | **Total dividends, income tax equivalent and rate equivalent income** | **94** | **575** |

## Sales of goods and services

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
|  | **Revenue items accounted for under AASB 15** |  |  |
| 16 | Sale of goods | 18 | 95 |
| 919 | Provision of services | 1 010 | 5 168 |
|  | **Income accounted for under AASB 1058** |  |  |
| 49 | Motor vehicle regulatory fees | 72 | 306 |
| 99 | Other regulatory fees | 160 | 731 |
| 596 | Inter‑sector capital asset charge (a) | .. | .. |
| 11 | Refunds and reimbursements | 1 | 14 |
|  | **Lease income accounted for under AASB 16** |  |  |
| 15 | Rental | 22 | 91 |
| **1 704** | **Total sales of goods and services** | **1 283** | **6 405** |

Note:

(a) As highlighted in the 2021-22 Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of the CAC reduces the Sales of goods and services

## Grants (a)

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| 3 760 | General purpose grants | 4 487 | 17 391 |
| 904 | Specific purpose grants for on‑passing | 1 104 | 4 838 |
| 2 826 | Specific purpose grants | 3 040 | 13 772 |
| **7 490** | **Total** | **8 631** | **36 001** |
| 49 | Other contributions and grants | 68 | 777 |
| **7 539** | **Total grants** | **8 698** | **36 778** |

Note:

(a) Grants predominantly relate to grants from the Commonwealth Government which are recognised under AASB 1058 Income of Not-for-Profit Entities.

## Other revenue and income

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
|  | **Revenue items accounted for under AASB 15** |  |  |
| 24 | Royalties | 25 | 140 |
| 52 | Other revenue – Health | 67 | 242 |
| 133 | Other miscellaneous revenue | 138 | 558 |
|  | **Income accounted for under AASB 1058** |  |  |
| 4 | Fair value of assets received free of charge or for nominal consideration | 156 | 709 |
| 137 | Fines | 148 | 972 |
| 33 | Donations and gifts | 41 | 220 |
| 31 | Other income – Education | 48 | 403 |
|  | **Lease income accounted for under AASB 16** |  |  |
| 6 | Other non‑property rental | 7 | 32 |
|  | **Revenue items accounted for under AASB 1059** |  |  |
| 70 | Revenue related to economic service concession arrangements | 61 | 330 |
| **491** | **Total other revenue and income** | **690** | **3 605** |

# How funds are spent

### Introduction

This section accounts for the major components of expenditure incurred by the general government sector towards the delivery of services and on capital or infrastructure projects during the period, as well as any related obligations outstanding as at 30 September 2021.

## 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.

### Employee benefits (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. 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 2021.

## Employee benefits (balance sheet)

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
|  | **Current** |  |  |  |
| 597 | Accrued salaries and wages | 597 | 708 | 612 |
| 87 | Other employee benefits | 104 | 100 | 104 |
| 2 141 | Annual leave | 2 398 | 2 482 | 2 433 |
| 4 894 | Long service leave | 5 118 | 5 178 | 5 264 |
| **7 719** | **Total current employee benefits and on‑costs** | **8 217** | **8 468** | **8 413** |
|  | **Non‑current** |  |  |  |
| 1 252 | Long service leave | 1 166 | 1 174 | 1 283 |
| **1 252** | **Total non‑current employee benefits and on‑costs** | **1 166** | **1 174** | **1 283** |
| **8 971** | **Total employee benefits and on‑costs** | **9 384** | **9 642** | **9 697** |

## Superannuation (operating statement)

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
|  | **Defined benefit plans** |  |  |
| 83 | Net superannuation interest expense | 142 | 565 |
| 287 | Current service cost | 375 | 1 489 |
|  | Remeasurements: |  |  |
| (359) | Expected return on superannuation assets excluding interest income | (313) | (1 241) |
| (110) | Other actuarial (gain)/loss on superannuation assets | (5) | .. |
| 2 119 | Actuarial and other adjustments to unfunded superannuation liability | (372) | .. |
| **2 018** | **Total expense recognised in respect of defined benefit plans** | **(172)** | **813** |
|  | **Defined contribution plans** |  |  |
| 496 | Employer contributions to defined contribution plans | 570 | 2 117 |
| 21 | Other (including pensions) | 24 | 76 |
| **518** | **Total expense recognised in respect of defined contribution plans** | **594** | **2 193** |
| **2 536** | **Total superannuation (gain)/expense recognised in operating statement** | **422** | **3 007** |
|  | **Represented by:** |  |  |
| 83 | Net superannuation interest expense | 142 | 565 |
| 804 | Other superannuation | 969 | 3 682 |
| **887** | **Superannuation expense from transactions** | **1 111** | **4 247** |
| **1 649** | **Remeasurement recognised in other comprehensive income** | **(690)** | **(1 241)** |
| **2 536** | **Total superannuation costs recognised in operating statement** | **422** | **3 007** |

## Total expenses by classification of the functions of government (COFOG) and by portfolio department

(a) Total expenses by classification of the functions of government ($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  Budget |
| 1 188 | General public services | 1 574 | 5 874 |
| 2 429 | Public order and safety | 2 770 | 10 143 |
| 1 482 | Economic affairs (a) | 4 863 | 3 052 |
| 236 | Environmental protection | 270 | 1 481 |
| 426 | Housing and community amenities | 482 | 2 369 |
| 5 879 | Health | 6 434 | 26 472 |
| 243 | Recreation, culture and religion | 214 | 1 524 |
| 4 225 | Education | 4 544 | 19 932 |
| 1 814 | Social protection | 1 736 | 9 245 |
| 2 386 | Transport | 1 773 | 7 236 |
| (195) | Not allocated by purpose | (269) | (1 127) |
| **20 113** | **Total expenses by COFOG** | **24 393** | **86 200** |

Note:

(a) Economic affairs expenses from transactions have exceeded the published budget, which primarily reflects higher than anticipated support provided to businesses as part of the Government’s response to the Delta variant of COVID-19. The budget will be revised as part of the 2021-22 Budget Update publication.

(b) Total expenses by portfolio department ($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
|  |  |  |  |
| 4 978 | Education and Training | 4 794 | 20 120 |
| 723 | Environment, Land, Water and Planning | 866 | 3 564 |
| .. | Families, Fairness and Housing (a)(b) | 1 782 | 7 589 |
| 8 060 | Health (a) | 6 498 | 25 250 |
| 1 766 | Jobs, Precincts and Regions (c) | 5 002 | 3 458 |
| 2 429 | Justice and Community Safety | 2 628 | 8 748 |
| 196 | Premier and Cabinet (b) | 173 | 713 |
| 2 430 | Transport | 1 787 | 6 894 |
| 1 797 | Treasury and Finance | 2 334 | 9 987 |
| 60 | Parliament | 79 | 340 |
| 181 | Courts | 188 | 819 |
| 671 | Regulatory bodies and other part budget funded agencies (d) | 744 | 3 099 |
| **23 290** | **Total expenses by department** | **26 876** | **90 582** |
| *(3 177)* | *Less eliminations and adjustments (e)* | *(2 483)* | *(4 382)* |
| **20 113** | **Total expenses** | **24 393** | **86 200** |

Notes:

(a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health, and the new Department of Families, Fairness and Housing was created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing. Refer to Note 9.8 in the 2020-21 Financial Report for the State of Victoria for further details.

(b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.

(c) Department of Jobs, Precincts and Regions expenses from transactions have exceeded the full-year published budget, which primarily reflects higher than anticipated support provided to businesses as part of the Government’s response to the Delta variant of COVID-19. The budget will be revised as part of the 2021-22 Budget Update publication.

(d) Other general government sector agencies not allocated to departments.

(e) Mainly comprising payroll tax, capital asset charge (in the 2020-21 comparative only) and inter‑departmental transfers. The budget also includes contingencies not allocated to departments and departmental underspend estimates.

## Purchases of non-financial assets by portfolio department

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| 431 | Education and Training | 529 | 2 324 |
| .. | Environment, Land, Water and Planning | 55 | 216 |
| .. | Families, Fairness and Housing (a)(b) | 1 | 96 |
| 164 | Health (a) | 94 | 1 721 |
| 31 | Jobs, Precincts and Regions | 36 | 96 |
| 219 | Justice and Community Safety | 318 | 1 443 |
| 6 | Premier and Cabinet (b) | 1 | 30 |
| 1 841 | Transport | 2 046 | 7 969 |
| 4 | Treasury and Finance | 3 | 178 |
| .. | Parliament | 6 | 17 |
| 24 | Courts | 5 | 221 |
| 20 | Regulatory bodies and other part budget funded agencies (c) | 23 | 226 |
| **2 741** | **Total purchases of non‑financial assets by department** | **3 116** | **14 536** |
| *(164)* | *Eliminations and adjustments (d)* | *(76)* | *5 298* |
| **2 576** | **Total purchases of non‑financial assets** | **3 041** | **19 834** |

Notes:

(a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health, and the new Department of Families, Fairness and Housing was created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing. Refer to Note 9.8 in the 2020-21 Financial Report for the State of Victoria for further details.

(b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.

(c) Other general government sector agencies not allocated to departments.

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

## Net acquisition of non-financial assets from transactions

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| 2 614 | Purchases of non‑financial assets (including change in inventories) | 2 981 | 19 514 |
| (32) | Less: Sales of non‑financial assets | (44) | (570) |
| (1 022) | Less: Depreciation and amortisation | (1 048) | (4 399) |
| 347 | Plus/(less): Other movements in non‑financial assets | 594 | (7 101) |
| **1 907** | **Total net acquisition of non‑financial assets from transactions** | **2 483** | **7 443** |

# 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)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 45 491 | Buildings | 46 569 | 46 758 | 49 077 |
| 70 192 | Land and national parks | 77 599 | 77 885 | 77 609 |
| 5 632 | Infrastructure systems | 14 455 | 16 034 | 17 476 |
| 4 384 | Plant, equipment and vehicles | 4 581 | 4 723 | 4 748 |
| 35 163 | Roads and road infrastructure | 35 841 | 36 480 | 38 597 |
| 9 116 | Earthworks | 10 023 | 10 023 | 10 001 |
| 5 690 | Cultural assets | 6 525 | 6 539 | 6 543 |
| **175 669** | **Total land, buildings, infrastructure, plant and equipment** | **195 592** | **198 442** | **204 051** |

The following two tables are subsets of total land, buildings, infrastructure, plant and equipment by right-of-use (leased) assets and service concession assets.

Total right-of-use (leased) assets: land, buildings, infrastructure, plant and equipment($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 8 945 | Buildings | 8 453 | 8 329 | 7 675 |
| 6 | Infrastructure systems | 1 | 2 | 2 |
| 592 | Plant, equipment and vehicles | 533 | 503 | 464 |
| **9 543** | **Total right‑of‑use assets: land, buildings, infrastructure, plant and equipment** | **8 988** | **8 834** | **8 141** |

Total service concession assets: land, buildings, infrastructure, plant and equipment ($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 2 176 | Buildings | 2 016 | 1 998 | 1 963 |
| 2 531 | Land and national parks | 2 876 | 2 876 | 2 876 |
| 3 851 | Infrastructure systems | 5 293 | 5 788 | 7 627 |
| 763 | Plant, equipment and vehicles | 759 | 819 | 1 013 |
| 11 509 | Roads and road infrastructure | 11 991 | 12 119 | 12 538 |
| **20 829** | **Total service concession assets: land, buildings, infrastructure, plant and equipment** | **22 935** | **23 600** | **26 018** |

## Depreciation

($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| 538 | Buildings | 539 | 2 245 |
| 10 | Infrastructure systems | 9 | 52 |
| 180 | Plant, equipment and vehicles | 187 | 852 |
| 233 | Roads and road infrastructure | 240 | 970 |
| 5 | Cultural assets | 5 | 20 |
| 56 | Intangible produced assets (a) | 67 | 260 |
| **1 022** | **Total depreciation** | **1 048** | **4 399** |

Note:

(a) Amortisation of intangible non-produced assets is included under other gains/(losses) from other economic flows.

The following two tables are subsets of total depreciation expense.

Depreciation of right-of-use (leased) assets ($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| 178 | Buildings | 161 | 658 |
| 1 | Infrastructure systems | .. | .. |
| 31 | Plant, equipment and vehicles | 29 | 120 |
| **209** | **Total depreciation of right‑of‑use assets** | **190** | **777** |

Depreciation of service concession assets ($ million)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| 16 | Buildings | 18 | 47 |
| 5 | Plant, equipment and vehicles | 5 | 28 |
| 49 | Roads and road infrastructure | 55 | 201 |
| .. | Intangible produced assets | .. | 1 |
| **71** | **Total depreciation of service concession assets** | **79** | **278** |

## Land and buildings

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 49 307 | Buildings | 51 277 | 51 819 | 56 276 |
| (3 816) | Accumulated depreciation | (4 708) | (5 060) | (7 199) |
| **45 491** | **Buildings (net carrying amount)** | **46 569** | **46 758** | **49 077** |
| 68 812 | Land | 75 932 | 76 218 | 75 951 |
| 1 379 | National parks and other ’land only’ holdings | 1 667 | 1 667 | 1 658 |
| **70 192** | **Land and national parks** | **77 599** | **77 885** | **77 609** |
| **115 683** | **Total land and buildings** | **124 168** | **124 644** | **126 686** |

## Plant, equipment, vehicles, and infrastructure systems

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 6 160 | Infrastructure systems | 14 990 | 16 572 | 18 061 |
| (528) | Accumulated depreciation | (535) | (538) | (585) |
| **5 632** | **Infrastructure systems (net carrying amount)** | **14 455** | **16 034** | **17 476** |
| 9 226 | Plant, equipment and vehicles | 9 834 | 10 157 | 10 759 |
| (4 842) | Accumulated depreciation | (5 254) | (5 434) | (6 011) |
| **4 384** | **Plant, equipment and vehicles (net carrying amount)** | **4 581** | **4 723** | **4 748** |
| **10 016** | **Total plant, equipment and vehicles, and infrastructure systems** | **19 036** | **20 757** | **22 224** |

## Roads, road infrastructure and earthworks

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 35 468 | Roads and roads infrastructure | 36 953 | 37 840 | 40 681 |
| (304) | Accumulated depreciation | (1 113) | (1 361) | (2 083) |
| **35 163** | **Roads and road infrastructure (net carrying amount)** | **35 841** | **36 480** | **38 597** |
| **9 116** | **Earthworks** | **10 023** | **10 023** | **10 001** |
| **44 280** | **Total roads, road infrastructure and earthworks** | **45 863** | **46 502** | **48 598** |

## Cultural assets

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 5 900 | Cultural assets | 6 673 | 6 764 | 6 712 |
| (209) | Accumulated depreciation | (149) | (225) | (169) |
| **5 690** | **Total cultural assets** | **6 525** | **6 539** | **6 543** |

## Other non-financial assets

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
| 2 498 | Intangible produced assets | 2 819 | 2 829 | 2 964 |
| (1 258) | Accumulated depreciation | (1 401) | (1 441) | (1 643) |
| 477 | Service concession assets – intangible produced | 485 | 485 | 485 |
| .. | Accumulated depreciation | .. | .. | (1) |
| 109 | Intangible non‑produced assets | 112 | 111 | 115 |
| (46) | Accumulated amortisation | (52) | (53) | (57) |
| **1 780** | **Total intangibles** | **1 962** | **1 931** | **1 862** |
| 294 | Investment properties | 303 | 303 | 302 |
| 2 | Biological assets | 2 | 2 | 4 |
| 1 768 | Other assets | 1 089 | 1 623 | 868 |
| **3 844** | **Total other non‑financial assets** | **3 357** | **3 860** | **3 036** |

# Other assets and liabilities

### Introduction

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

## Receivables and contract assets

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
|  | **Contractual** |  |  |  |
| 926 | Sales of goods and services | 662 | 923 | 672 |
| 9 | Accrued investment income | 13 | 8 | 15 |
| 2 | Contract assets | 1 | .. | 1 |
| 975 | Other receivables | 1 699 | 1 269 | 1 635 |
| (130) | Allowance for impairment losses of contractual receivables | (187) | (180) | (186) |
|  | **Statutory** |  |  |  |
| 3 | Sales of goods and services | 5 | 6 | 5 |
| 3 952 | Taxes receivable | 4 628 | 4 384 | 2 861 |
| 2 727 | Fines and regulatory fees | 2 702 | 2 742 | 2 843 |
| 408 | GST input tax credits recoverable | 642 | 382 | 642 |
|  | Other receivables (a) | 614 | 737 | 614 |
| (2 689) | Allowance for impairment losses of statutory receivables | (2 577) | (2 458) | (2 692) |
| **6 182** | **Total receivables and contract assets** | **8 201** | **7 813** | **6 410** |
|  | **Represented by:** |  |  |  |
| 5 960 | Current receivables | 7 709 | 7 320 | 5 921 |
| 223 | Non‑current receivables | 492 | 493 | 489 |

Note:

(a) The 30 September 2021 figure includes a GST receivable of $737 million representing funding to be received from the Commonwealth for the prior year’s GST income entitlement.

## Payables and contract liabilities

($ million)

| 2020‑21 |  |  | 2021‑22 |  |
| --- | --- | --- | --- | --- |
| actual  30 Sep |  | opening  1 Jul | actual  30 Sep | revised  budget |
|  | **Contractual** |  |  |  |
| 900 | Accounts payable | 910 | 907 | 898 |
| 3 397 | Accrued expenses | 4 607 | 3 968 | 4 593 |
| 62 | Contract liabilities | 239 | 381 | 214 |
| 12 095 | Grant of a right to the operator liability and unearned income | 10 841 | 10 825 | 14 038 |
|  | **Statutory** |  |  |  |
| 56 | Accrued taxes payable | 46 | 31 | 47 |
| 977 | Unearned income | .. | .. | .. |
| **16 510** | **Total payables and contract liabilities** | **16 643** | **16 111** | **19 789** |
|  | **Represented by:** |  |  |  |
| 4 664 | Current payables | 6 681 | 6 160 | 6 656 |
| 11 846 | Non‑current payables | 9 962 | 9 951 | 13 133 |

# 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)

| 2020‑21 |  | 2021‑22 | |
| --- | --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep | published  budget |
| (9) | Net (increase)/decrease in allowances for credit losses | 112 | (149) |
| (1) | Amortisation of intangible non‑produced assets | (1) | (7) |
| (1) | Bad debts written off | (3) | (353) |
| (6) | Other gains/(losses) | 5 | (12) |
| **(17)** | **Total other gains/(losses) from other economic flows** | **113** | **(521)** |

## Reconciliation of cash and cash equivalents

($ million)

| 2020‑21 |  | 2021‑22 |
| --- | --- | --- |
| actual  30 Sep |  | actual  30 Sep |
| 9 826 | Cash | 8 769 |
| 6 054 | Deposits at call | 7 017 |
| **15 880** | **Cash and cash equivalents** | **15 786** |
| .. | Bank overdraft | .. |
| **15 880** | **Balances as per cash flow statement** | **15 786** |

## Controlled entities

Note 9.8 Controlled entities in the *2020-21 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 2021 of general government sector entities, which have been consolidated in this financial report:

| General government |
| --- |
| Department of Premier and Cabinet  Wage Inspectorate Victoria (a) |

Note:

* + - * 1. Effective from 1 July 2021, the Wage Inspectorate Victoria was established by the Wage Theft Act 2020 to promote, monitor, and enforce a range of Victorian workplace laws to ensure workers and businesses are treated fairly.

## Glossary of technical terms

The *2020-21 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)

|  | 2020‑21 |  |  |  | 2021‑22 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 5 090 | 4 638 | 8 009 | 5 876 | 6 689 |
| Interest income | 143 | 137 | 127 | 188 | 133 |
| Dividends, income tax equivalent and rate equivalent income | 83 | 281 | 79 | 177 | 94 |
| Sales of goods and services | 1 704 | 2 011 | 1 946 | 2 287 | 1 283 |
| Grants | 7 539 | 8 272 | 9 583 | 11 564 | 8 698 |
| Other revenue and income | 491 | 552 | 791 | 1 081 | 690 |
| **Total revenue and income from transactions** | **15 049** | **15 891** | **20 536** | **21 173** | **17 586** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 7 224 | 7 413 | 7 396 | 8 011 | 7 882 |
| Net superannuation interest expense | 83 | 71 | 75 | 76 | 142 |
| Other superannuation | 804 | 903 | 858 | 860 | 969 |
| Depreciation | 1 022 | 1 029 | 996 | 1 117 | 1 048 |
| Interest expense | 624 | 630 | 685 | 675 | 639 |
| Grant expense | 4 820 | 5 313 | 5 492 | 6 460 | 7 950 |
| Other operating expenses | 5 536 | 5 588 | 5 577 | 7 867 | 5 763 |
| **Total expenses from transactions** | **20 113** | **20 948** | **21 079** | **25 067** | **24 393** |
| **Net result from transactions – net operating balance** | **(5 064)** | **(5 056)** | **(544)** | **(3 894)** | **(6 806)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | .. | 5 | 16 | (48) | 27 |
| Net gain/(loss) on financial assets or liabilities at fair value | 1 | 80 | 31 | 11 | (33) |
| Share of net profit/(loss) from associates/joint venture entities | (2) | .. | .. | 5 | .. |
| Other gains/(losses) from other economic flows | (17) | (103) | 313 | 468 | 113 |
| **Total other economic flows included in net result** | **(17)** | **(18)** | **360** | **436** | **108** |
| **Net result** | **(5 081)** | **(5 075)** | **(184)** | **(3 457)** | **(6 699)** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | 145 | 82 | 62 | 6 668 | 258 |
| Remeasurement of superannuation defined benefits plans | (1 649) | (541) | 4 258 | 1 869 | 690 |
| Other movements in equity (a) | (22) | 35 | 24 | 2 | (34) |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 19 | (7) | 138 | 79 | 18 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | (158) | .. | 501 | .. |
| **Total other economic flows – other comprehensive income** (a) | **(1 508)** | **(589)** | **4 481** | **9 120** | **931** |
| **Comprehensive result – total change in net worth** (a) | **(6 589)** | **(5 664)** | **4 298** | **5 662** | **(5 768)** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **(5 064)** | **(5 056)** | **(544)** | **(3 894)** | **(6 806)** |
| Less: Net acquisition of non‑financial assets from transactions | 1 907 | 3 849 | 2 123 | 6 329 | 2 483 |
| **Net lending/(borrowing)** | **(6 971)** | **(8 906)** | **(2 667)** | **(10 223)** | **(9 289)** |

Note:

* + - * 1. The 2020-21 figures have been restated to reflect more current information.

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

|  | 2020‑21 |  |  |  | 2021‑22 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 15 880 | 14 461 | 14 823 | 14 609 | 15 786 |
| Advances paid | 5 943 | 5 912 | 5 977 | 5 473 | 5 284 |
| Receivables and contract assets | 6 182 | 6 391 | 8 920 | 8 201 | 7 813 |
| Investments, loans and placements | 2 517 | 2 680 | 2 759 | 2 960 | 3 017 |
| Investments accounted for using the equity method | 10 | 10 | 10 | 10 | 10 |
| Investments in other sector entities | 76 432 | 75 186 | 75 317 | 73 125 | 73 288 |
| **Total financial assets** | **106 965** | **104 640** | **107 806** | **104 377** | **105 198** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 700 | 905 | 901 | 908 | 849 |
| Non‑financial assets held for sale | 188 | 174 | 189 | 182 | 183 |
| Land, buildings, infrastructure, plant and equipment | 175 669 | 179 353 | 181 864 | 195 592 | 198 442 |
| Other non‑financial assets | 3 844 | 3 496 | 3 293 | 3 357 | 3 860 |
| **Total non‑financial assets** | **180 402** | **183 928** | **186 247** | **200 038** | **203 333** |
| **Total assets** | **287 367** | **288 568** | **294 053** | **304 415** | **308 531** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 3 056 | 3 048 | 3 100 | 2 791 | 2 366 |
| Payables | 16 448 | 15 604 | 15 668 | 16 404 | 15 731 |
| Contract liabilities | 62 | 379 | 401 | 239 | 381 |
| Borrowings | 74 948 | 81 751 | 87 113 | 92 985 | 103 944 |
| Employee benefits | 8 971 | 9 003 | 9 022 | 9 384 | 9 642 |
| Superannuation | 33 101 | 33 660 | 29 388 | 27 217 | 26 894 |
| Other provisions | 1 278 | 1 284 | 1 223 | 1 597 | 1 542 |
| **Total liabilities** | **137 864** | **144 729** | **145 916** | **150 617** | **160 500** |
| **Net assets** | **149 503** | **143 839** | **148 137** | **153 799** | **148 031** |
| Accumulated surplus/(deficit) | 61 361 | 55 823 | 60 264 | 58 642 | 52 417 |
| Reserves | 88 142 | 88 016 | 87 872 | 95 157 | 95 614 |
| **Net worth** | **149 503** | **143 839** | **148 137** | **153 799** | **148 031** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | (30 899) | (40 089) | (38 110) | (46 239) | (55 302) |
| Net financial liabilities | 107 331 | 115 275 | 113 427 | 119 364 | 128 591 |
| Net debt | 53 663 | 61 746 | 66 654 | 72 734 | 82 224 |

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

|  | 2020‑21 |  |  |  | 2021‑22 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 4 976 | 4 849 | 5 905 | 6 999 | 6 932 |
| Grants | 7 451 | 7 836 | 9 356 | 10 234 | 8 758 |
| Sales of goods and services (a) | 2 147 | 2 244 | 1 823 | 2 558 | 1 709 |
| Interest received | 140 | 139 | 125 | 181 | 130 |
| Dividends, income tax equivalent and rate equivalent receipts | 83 | 281 | 79 | 175 | 94 |
| Other receipts | 253 | 29 | 350 | 895 | 483 |
| **Total receipts** | **15 049** | **15 378** | **17 639** | **21 043** | **18 106** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (7 280) | (7 352) | (7 083) | (7 618) | (7 618) |
| Superannuation | (663) | (956) | (947) | (1 238) | (746) |
| Interest paid | (546) | (543) | (587) | (656) | (578) |
| Grants and subsidies | (4 909) | (5 331) | (5 511) | (5 826) | (8 280) |
| Goods and services (a) | (6 354) | (5 492) | (5 116) | (7 079) | (6 547) |
| Other payments | (411) | (274) | (452) | 158 | (236) |
| **Total payments** | **(20 162)** | **(19 950)** | **(19 696)** | **(22 259)** | **(24 004)** |
| **Net cash flows from operating activities** | **(5 113)** | **(4 572)** | **(2 057)** | **(1 216)** | **(5 898)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (2 576) | (2 996) | (2 564) | (3 811) | (3 041) |
| Sales of non‑financial assets | 32 | 24 | 39 | 39 | 44 |
| **Net cash flows from investments in non‑financial assets** | **(2 544)** | **(2 972)** | **(2 526)** | **(3 772)** | **(2 996)** |
| Net cash flows from investments in financial assets for policy purposes | 441 | (76) | (203) | 100 | 78 |
| **Sub‑total** | **(2 103)** | **(3 048)** | **(2 728)** | **(3 672)** | **(2 918)** |
| Net cash flows from investments in financial assets for liquidity management purposes | 92 | (89) | 70 | (204) | (69) |
| **Net cash flows from investing activities** | **(2 011)** | **(3 137)** | **(2 659)** | **(3 876)** | **(2 987)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (614) | (6) | (10) | (335) | (499) |
| Net borrowings | 10 592 | 6 298 | 5 026 | 5 193 | 10 486 |
| Deposits received (net) | (11) | (2) | 63 | 20 | 74 |
| Other financing (net) | .. | .. | .. | .. | .. |
| **Net cash flows from financing activities** | **9 967** | **6 290** | **5 078** | **4 877** | **10 062** |
| **Net increase/(decrease) in cash and cash equivalents** | **2 843** | **(1 419)** | **363** | **(215)** | **1 177** |
| Cash and cash equivalents at beginning of the reporting period | 13 037 | 15 880 | 14 461 | 14 823 | 14 609 |
| **Cash and cash equivalents at end of the reporting period** | **15 880** | **14 461** | **14 823** | **14 609** | **15 786** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | (5 113) | (4 572) | (2 057) | (1 216) | (5 898) |
| Net cash flows from investments in non‑financial assets | (2 544) | (2 972) | (2 526) | (3 772) | (2 996) |
| **Cash surplus/(deficit)** | **(7 657)** | **(7 544)** | **(4 582)** | **(4 988)** | **(8 894)** |

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

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