



Building for Growth

2013-14 Mid-Year Financial Report
(incorporating Quarterly Financial
Report No. 2)

March 2014

Presented by The Hon. Michael O'Brien MP
Treasurer of the State of Victoria



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CHAPTER 1 – MID-YEAR RESULTS FOR THE STATE OF VICTORIA, INCLUDING THE GENERAL GOVERNMENT SECTOR

The *2013-14 Mid-Year Financial Report* presents the financial results for the State of Victoria, including the general government sector, for the six months to 31 December 2013. This report has been prepared in accordance with the *Financial Management Act 1994* and applicable accounting standards.

The actual results presented in this report are compared with the revised budget estimates as published in the *2013-14 Budget Update*. The likely 2013-14 full-year results cannot be extrapolated from the half-year results. In particular, they do not include the impact of significant revenue items recognised in the second half of the financial year. Land tax revenue is mainly recognised in the March quarter, and certain grants from the Commonwealth Government are expected to be received later in the year.

For the six month period to 31 December 2013, the general government sector recorded a net result from transactions of a deficit of \$351.1 million. However, the sector remains on track to achieve the government's operating surplus target.

The State of Victoria recorded a net result from transactions of a deficit of \$804.5 million. After taking into account income derived from investment assets in the public financial corporations (PFC) sector, and other economic flows, the State achieved a net result of a surplus of \$2.2 billion.

Global economic conditions have improved marginally, particularly for key Victorian trading partners, including China, the US and Japan. The Australian dollar has also remained below parity with the United States dollar. Victoria's close links to Asia remain a growing opportunity for Victorian business and knowledge services, food and agricultural products, education and tourism industries. Challenges facing the global and domestic economy are also continuing.

In the first half of 2013-14, the Victorian economy benefited from higher than expected population growth and elevated consumer sentiment, which was reflected in the relative good performance of the retail sector and increasing strength in the property market. However, businesses remained cautious in undertaking significant investments as demand from both consumers and other businesses grew at a moderate pace. Moderate growth in employment continues despite challenging economic circumstances. Victoria continues to have the highest labour force participation rate of all the non-mining states.

Victoria's record of strong financial management has ensured it retains a stable triple-A credit rating from both major ratings agencies – the only Australian state to do so. Sound state finances are supporting record infrastructure investment necessary to boost productivity while keeping debt at manageable levels.

STATE OF VICTORIA – OVERVIEW

The State of Victoria comprises the general government sector, the public non-financial corporations (PNFC) sector and the PFC sector.

The general government sector consists of all government departments and other public sector agencies that are controlled and largely financed by taxes and Commonwealth grants. The general government sector is primarily responsible for delivering government policy as set out in the annual budget.

The PNFC and PFC sectors comprise a wide range of entities which provide services while meeting commercial principles through cost recovery via user charges and fees. The largest Victorian PNFCs are those providing water, housing, transport and port services. Victoria's PFCs can be categorised into two broad types: those that provide services to the general public and businesses (such as the statutory insurers); and those that provide financial services, such as the Treasury Corporation of Victoria and the Rural Finance Corporation.

Due to transactions between the sectors, not all transactions in each sector will affect the overall State of Victoria outcome.

The financial position of the non-financial public sector (NFPS) is also of particular significance considering the material level of investment in infrastructure by that sector. The NFPS is equivalent to the general government sector plus the PNFC sector after eliminating transactions between the two sectors.

Net infrastructure investment for the State of Victoria for the six months to 31 December 2013 was \$3.4 billion, driven mainly by the \$2.8 billion investment by the general government sector. Cash surpluses generated from operating activities are applied, in the first instance, to the funding of infrastructure investment.

Net debt for the NFPS was \$37.1 billion, or 10.5 per cent of gross state product (GSP), at 31 December 2013, largely reflecting the significant amount of infrastructure investment in the general government and PNFC sectors.

FINANCIAL PERFORMANCE

For the six months to 31 December 2013, the general government sector recorded a net result from transactions of a deficit of \$351.1 million. However, the general government sector remains on track to achieve a net operating surplus consistent with the estimates presented in the *2013-14 Budget Update*. The result is influenced by seasonal factors (including the changed timing of revenue recognition arising from the introduction of the Fire Services Property Levy in 2013-14) but is otherwise broadly consistent with the previous year. The consolidated State of Victoria net result from transactions is a deficit of \$804.5 million. However, after incorporating gains from other economic flows, mainly reflecting strong investment returns and valuation gains on liabilities from the PFC sector, the net result for the State was a surplus of \$2.2 billion.

Table 1.1: Summary comprehensive operating statement for the period ending 31 December^(a)

(\$ million)

	State of Victoria				General government			
	2012-13 Actual to Dec	2013-14 Actual to Dec	2013-14 Revised estimate	%	2012-13 Actual to Dec	2013-14 Actual to Dec	2013-14 Revised estimate	%
Revenue from transactions								
Taxation revenue	7 059.1	7 940.1	16 071.6	49.4	7 192.7	8 103.8	16 495.4	49.1
Interest revenue	517.3	460.2	960.6	47.9	257.1	420.8	842.2	50.0
Dividends ^(b)	258.5	383.5	592.3	64.7	697.7	223.1	570.0	39.1
Sales of goods and services	6 437.9	7 061.7	13 968.1	50.6	3 591.7	3 425.2	6 721.2	51.0
Grants	10 521.5	11 249.1	23 134.9	48.6	10 580.2	11 282.2	23 251.8	48.5
Other revenue	1 253.0	1 244.3	2 546.9	48.9	1 040.5	1 033.8	2 142.5	48.3
Total revenue	26 047.2	28 338.9	57 274.4	49.5	23 360.0	24 488.8	50 023.0	49.0
Expenses								
Employee expenses	9 375.3	9 373.1	18 812.9	49.8	8 889.8	8 882.3	17 814.3	49.9
Superannuation ^(c)	1 560.2	1 568.3	3 009.0	52.1	1 502.9	1 510.6	2 898.1	52.1
Depreciation	2 023.4	2 129.7	4 368.6	48.8	1 092.7	1 171.8	2 408.9	48.6
Interest expense	1 141.1	1 474.4	2 902.9	50.8	753.0	1 061.9	2 168.0	49.0
Other operating expenses	11 631.0	12 153.3	24 600.4	49.4	7 930.3	8 307.0	16 723.5	49.7
Grants and other transfers	2 486.3	2 444.8	4 999.2	48.9	3 858.8	3 906.3	7 788.4	50.2
Total expenses	28 217.4	29 143.4	58 693.0	49.7	24 027.7	24 839.9	49 801.3	49.9
Net result from transactions – net operating balance	(2 170.2)	(804.5)	(1 418.6)	n.a	(667.7)	(351.1)	221.8	n.a
Total other economic flows included in net result	1 808.5	2 964.7	1 345.1	n.a	(153.5)	(109.2)	(163.6)	n.a
Net result	(361.7)	2 160.2	(73.4)	n.a	(821.2)	(460.3)	58.1	n.a
Other economic flows – other comprehensive income								
Items that will not be reclassified to net result								
Changes in non-financial assets revaluation surplus	(19.9)	(342.5)	2 674.3	n.a	10.4	(297.6)	813.8	n.a
Remeasurement of superannuation defined benefits plans ^(d)	1 216.5	2 444.4	1 830.3	n.a	1 211.4	2 429.2	1 834.5	n.a
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	..	..	..	n.a	158.1	1 110.9	1 683.9	n.a
Other movements in equity	(270.4)	286.0	(25.6)	n.a	(29.2)	276.1	7.6	n.a
Items that may be reclassified subsequently to net result								
Net gain/(loss) on financial assets at fair value	10.4	51.8	24.4	n.a	(4.2)	29.2	1.0	n.a
Total other economic flows – other comprehensive income	936.6	2 439.7	4 503.3	n.a	1 346.5	3 547.9	4 340.7	n.a
Comprehensive result – total change in net worth	574.9	4 599.9	4 429.9	n.a	525.3	3 087.6	4 398.8	n.a

Source: Department of Treasury and Finance

Notes:

- (a) This is an abbreviated statement. The full consolidated and disaggregated operating statement is reported in Chapter 2.
- (b) Includes income tax equivalent and rate equivalent revenue.
- (c) Comprises superannuation interest expense and other superannuation expenses. The comparative figures for 2012-13 have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.
- (d) The comparative figures for 2012-13 have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

General government sector

Revenue

Revenue from transactions for the period totalled \$24.5 billion, which is 49 per cent of the revised budget revenue.

Total taxation revenue was \$8.1 billion, or 49.1 per cent of the expected total for the year. Taxation revenue is influenced by seasonal factors such as recognition of land tax revenue in the March quarter and recognition of the Fire Services Property Levy in the first quarter of the financial year. The Fire Services Property Levy was introduced in 2013-14 and replaced the insurance and property owner contributions to fire services recognised continually throughout the year.

Grants revenue was \$11.3 billion, 48.5 per cent of the revised budget estimate. This is slightly below pro rata, mainly due to National Partnership Payments from the Commonwealth, which are expected to be paid in the second half of the year, including some capital grants related to the Regional Rail Link.

Dividends and tax equivalent revenues for the half year were 39.1 per cent of the revised budget estimate and reflect the timing of PFC dividends. Partial dividends from PNFCs were received in the first half of the year and it is expected that the balance will be received in the second half of the year. Dividend income was significantly lower than the six months to 31 December 2012, mainly reflecting reduced profits for State's PNFC and PFC sector entities for the 2012-13 financial year.

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

Expenses

Total expenses were \$24.8 billion, or 49.9 per cent of the revised budget estimate. All categories of general government operating expenses were generally in line with the pro rata revised budget estimates.

State of Victoria

Revenue

Total revenue for the State of Victoria was \$28.3 billion, of which \$24.5 billion before eliminations was reflected in the general government sector. The balance is explained below, noting that not all transactions in the PNFC and PFC sectors will affect the overall State outcome.

Total revenue for the State was 8.8 per cent higher than the corresponding six month period in 2012-13. Within the PNFC sector, revenue increased by 13.6 per cent to \$4.7 billion. In particular, the water sector experienced strong growth in sales revenue with a new regulatory water pricing path set by the Essential Services Commission (ESC). The price path has been determined by the ESC to provide a sustainable revenue stream for the water corporations to meet increased costs (including costs associated with the desalination plant).

The PFC sector recorded a 7.2 per cent increase in revenue compared with the corresponding period in 2012-13. Revenue for the six months to 31 December 2013 represented 49.8 per cent of the revised budget estimate. The increase included growth in premium revenue for the State's insurers, and also higher investment income, arising from improved investment returns.

Other components of revenue were generally in line with the actual result for the corresponding period ending 31 December 2012.

Expenses

Total expenditure for the State increased by 3.3 per cent to \$29.1 billion for the six months to 31 December 2013. Of this, \$24.8 billion was incurred by the general government sector as previously highlighted.

Within the PNFC sector, total expenses increased by 12.3 per cent to \$4.6 billion compared with the corresponding six month period to 31 December 2012. This included the costs in the water sector associated with the desalination plant, which was commissioned in December 2012.

Depreciation and interest costs also increased, reflecting the significant capital expenditure undertaken in recent years, including on the desalination plant.

Within the PFC sector, total expenses increased by 2.7 per cent. Expenses for the six months to 31 December 2013 represented 49.9 per cent of the revised budget estimate. The increase compared with the six months to 31 December 2012 included higher interest costs associated with an increase in borrowings raised to fund infrastructure investment.

Other economic flows and net result

Total other economic flows contributed \$3.0 billion towards the net result for the State of a surplus of \$2.2 billion.

This included \$2.5 billion in gains from the PFC sector, largely driven by strong investment returns resulting from favourable financial market conditions. Further, the sector benefited from valuation gains on its liabilities associated with increases in the underlying bond rates used to value the insurance and debt liabilities.

FINANCIAL POSITION

Comparative analysis on the financial position of the State of Victoria and general government sector is based on movements between 30 June 2013 and 31 December 2013.

Table 1.2: Summary balance sheet as at 31 December 2013^(a)

	(\$ million)					
	State of Victoria			General government		
	Jun 2013	Dec 2013	Actual movement	Jun 2013	Dec 2013	Actual movement
Assets						
Non-financial assets	192 570.0	194 114.9	1 544.8	102 092.5	102 834.0	741.5
Financial assets	43 486.5	46 665.6	3 179.0	86 783.0	88 687.5	1 904.6
Total assets	236 056.6	240 780.4	4 723.9	188 875.5	191 521.5	2 646.0
Liabilities						
Superannuation	25 225.4	22 912.2	(2 313.3)	25 142.5	22 846.7	(2 295.8)
Borrowings	47 437.0	50 267.6	2 830.6	31 345.3	33 695.2	2 349.9
Other liabilities	39 762.0	39 365.8	(396.2)	12 219.6	11 724.1	(495.5)
Total liabilities	112 424.5	112 545.6	121.2	68 707.4	68 266.0	(441.4)
Net assets	123 632.1	128 234.8	4 602.7	120 168.1	123 255.5	3 087.4

Source: Department of Treasury and Finance

Note:

(a) This is an abbreviated balance sheet statement. The full consolidated and disaggregated balance sheet is reported in Chapter 2.

State of Victoria

The net assets for the State of Victoria increased by \$4.6 billion during the period to 31 December 2013. This included the previously mentioned impact of favourable market conditions on the valuation of the State's assets and debt and insurance liabilities. It also included a \$2.3 billion reduction in the valuation of the State's superannuation liability, primarily due to remeasurement gains on the superannuation liability which are attributable to better than expected investment returns on superannuation assets (approximately \$1 billion), and to increases in the bond rates that are used to value the superannuation liability (approximately \$1.1 billion).

Total assets of the State increased by \$4.7 billion to \$240.8 billion, which primarily comprised growth in financial assets. The State's financial assets benefited from continued capital growth associated with favourable financial market conditions.

Total liabilities for the State increased by \$121.2 million to \$112.5 billion. Borrowings increased in line with the State's capital expenditure program, which was largely offset by a fall in the value of the superannuation liability (as noted above) and other liabilities.

CASH FLOWS

Table 1.3 shows how cash generated from operating activities is applied, in the first instance, to funding the capital investment program. The net investment in fixed assets includes cash injected by the general government sector into the PNFC sector and used for the purchase of fixed assets.

Table 1.3: Application of cash resources for the general government sector

(\$ million)

	2013-14	
	Actual to Dec	Revised estimate
Net result from transactions – net operating balance	(351.1)	221.8
Add back: Non-cash revenues and expenses (net) ^(a)	610.7	2 351.5
Net cash flow from operating activities	259.5	2 573.2
Less:		
Net investment in fixed assets		
Purchases of non-financial assets	1 942.5	4 185.2
Net cash flows from investments in financial assets for policy purposes	909.3	1 526.6
Sale of non-financial assets	(88.3)	(407.7)
Net investment in fixed assets	2 763.5	5 304.1
Finance leases ^(b)	109.5	111.0
Other investment activities (net)	(88.5)	38.9
Decrease/(increase) in net debt	(2 524.9)	(2 880.8)

Source: Department of Treasury and Finance

Notes:

(a) Includes depreciation, non-cash movements in liabilities for superannuation and employee benefits.

(b) Reflects the recognition of new finance lease arrangements in the general government sector, which are being delivered under the Partnerships Victoria model, with an equivalent increase in fixed assets following completion and handover to the State.

Infrastructure investment

The State continues to deliver its record infrastructure program to support growing community needs and ongoing productivity improvement. For the six months to 31 December 2013, net investment in fixed assets for the State totalled \$3.4 billion, with \$2.8 billion invested by the general government sector. For the general government sector and the State this represents 52 per cent and 44 per cent of the revised budget estimates respectively.

The Government's infrastructure scorecard to mid-year 2013-14

Major projects completed so far this year include:

- Dandenong Hospital – mental health redevelopment and expansion;
- Olivia Newton-John Cancer and Wellness Centre – Stage 2B; and
- Sunshine Hospital – expansion and redevelopment – Stage 3.

Major projects in progress include:

- Box Hill Hospital;
- Bendigo Hospital;
- Victorian Comprehensive Cancer Centre;
- Monash Children's Hospital;
- Royal Victorian Eye and Ear Hospital;
- Geelong Hospital upgrade;
- redevelopment of Melbourne Park;
- new trains, trams and associated infrastructure for Melbourne commuters;
- regional rolling stock;
- Regional Rail Link;
- M80 upgrade;
- Mitcham Road and Rooks Road, Mitcham level crossing removal project;
- Springvale Road, Springvale level crossing removal project;
- Shrine of Remembrance; and
- Koo Wee Rup bypass.

Major projects that commenced procurement in 2013-14 include:

- Ravenhall Prison;
- East-West Link – Stage 1; and
- Road Safety Strategy 2013-2022.

FINANCIAL SUSTAINABILITY

General government sector

As shown in Table 1.4, general government sector net debt increased to \$22.3 billion at 31 December 2013, with borrowings increasing by \$2.4 billion reflecting the delivery of a substantial infrastructure investment program. Overall however, net financial liabilities declined during the six month period, due to the fall in the superannuation liability following the better than expected investment returns on superannuation assets as well as the impact of favourable bond rate movements. As a result, the ratio on net financial liabilities to GSP declined from 15.3 per cent to 14.6 per cent during the six month period.

Table 1.4: General government sector net debt and net financial liabilities as at 31 December 2013

(\$ million)				
	Opening 1 Jul 2013	Closing 31 Dec 2013	Actual movement	% change
Assets				
Cash and deposits	3 962.0	3 432.7	(529.2)	(13.4)
Advances paid	4 626.8	4 600.8	(26.0)	(0.6)
Investments, loans and placements	3 383.4	3 820.5	437.1	12.9
Total	11 972.2	11 854.0	(118.2)	(1.0)
Liabilities				
Deposits held and advances received	449.0	505.8	56.8	12.6
Borrowings	31 345.3	33 695.2	2 349.9	7.5
Total	31 794.3	34 201.0	2 406.7	7.6
Net debt ^(a)	19 822.1	22 347.0	2 524.9	12.7
Superannuation liability	25 142.5	22 846.7	(2 295.8)	(9.1)
Net debt plus superannuation liabilities	44 964.6	45 193.7	229.1	0.5
Other liabilities (net) ^(b)	6 660.2	6 302.8	(357.4)	(5.4)
Net financial liabilities ^(c)	51 624.7	51 496.4	(128.3)	(0.2)
(per cent)				
Net debt to GSP ^(d)	5.9	6.3		
Net debt plus superannuation liabilities to GSP ^(d)	13.3	12.8		
Net financial liabilities to GSP ^(d)	15.3	14.6		

Source: Department of Treasury and Finance

Notes:

- (a) The sum of borrowings, deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.
- (b) Includes other employee entitlements, provisions and other liabilities, less other non-equity financial assets.
- (c) Total liabilities less financial assets (excluding investments in other sector entities).
- (d) Ratios to GSP may vary from publications year-to-year due to revisions to the ABS GSP data.

Non-financial public sector

Table 1.5 includes indicators used to assess financial sustainability of the NFPS (comprising the general government and PNFC sectors), which is significant for the State's credit rating. As shown below, net debt increased, with borrowings used to fund capital expenditure requirements. However, growth in investment assets and falls in the valuation of the superannuation liability have resulted in a reduction to net financial liabilities.

As a result, the ratio of net financial liabilities to GSP declined from 19.7 per cent to 18.7 per cent during the six month period.

Table 1.5: Non-financial public sector net debt and net financial liabilities as at 31 December 2013

(\$ million)

	Opening 1 Jul 2013	Closing 31 Dec 2013	Actual movement	% change
Assets				
Cash and deposits	4 759.9	4 508.5	(251.4)	(5.3)
Advances paid	72.1	43.6	(28.4)	(39.5)
Investments, loans and placements	4 439.6	4 761.8	322.2	7.3
Total	9 271.5	9 313.9	42.4	0.5
Liabilities				
Deposits held and advances received	583.4	638.9	55.5	9.5
Borrowings	43 272.9	45 769.6	2 496.7	5.8
Total	43 856.3	46 408.5	2 552.2	5.8
Net debt ^(a)	34 584.8	37 094.6	2 509.8	7.3
Superannuation liability	25 225.4	22 912.2	(2 313.3)	(9.2)
Net debt plus superannuation liabilities	59 810.2	60 006.8	196.5	0.3
Other liabilities (net) ^(b)	6 593.3	5 967.0	(626.3)	(9.5)
Net financial liabilities ^(c)	66 403.5	65 973.7	(429.8)	(0.6)
(per cent)				
Net debt to GSP ^(d)	10.2	10.5		
Net debt plus superannuation liabilities to GSP ^(d)	17.7	17.0		
Net financial liabilities to GSP ^(d)	19.7	18.7		

Source: Department of Treasury and Finance

Notes:

- (a) The sum of borrowings, deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.
- (b) Includes other employee entitlements, provisions and other liabilities, less other non-equity financial assets.
- (c) Total liabilities less financial assets (excluding investments in other sector entities).
- (d) Ratios to GSP may vary from publications year-to-year due to revisions to the ABS GSP data.

CHAPTER 2 – MID-YEAR FINANCIAL REPORT

Consolidated comprehensive operating statement for the six months ended 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		2013	2012	2013	2012
Revenue from transactions					
Taxation revenue	3	7 940.1	7 059.1	8 103.8	7 192.7
Interest revenue		460.2	517.3	420.8	257.1
Dividends and income tax equivalent and rate equivalent revenue	4	383.5	258.5	223.1	697.7
Sales of goods and services	5	7 061.7	6 437.9	3 425.2	3 591.7
Grants	6	11 249.1	10 521.5	11 282.2	10 580.2
Other revenue	7	1 244.3	1 253.0	1 033.8	1 040.5
Total revenue from transactions		28 338.9	26 047.2	24 488.8	23 360.0
Expenses from transactions					
Employee expenses		9 373.1	9 375.3	8 882.3	8 889.8
Net superannuation interest expense ^(a)	8a	530.3	544.1	530.3	544.1
Other superannuation	8a	1 037.9	1 016.1	980.2	958.8
Depreciation	9	2 129.7	2 023.4	1 171.8	1 092.7
Interest expense	10	1 474.4	1 141.1	1 061.9	753.0
Grants and other transfers	11	2 444.8	2 486.3	3 906.3	3 858.8
Other operating expenses		12 153.3	11 631.0	8 307.0	7 930.3
Total expenses from transactions ^(a)	12	29 143.4	28 217.4	24 839.9	24 027.7
Net result from transactions – net operating balance ^(a)		(804.5)	(2 170.2)	(351.1)	(667.7)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		18.6	(16.0)	20.3	19.9
Net gain/(loss) on financial assets or liabilities at fair value		2 064.2	1 169.6	40.6	0.8
Share of net profit/(loss) from associates/joint venture entities, excluding dividends		0.1	0.2	0.1	0.2
Other gains/(losses) from other economic flows	13	881.8	654.7	(170.2)	(174.3)
Total other economic flows included in net result ^(a)		2 964.7	1 808.5	(109.2)	(153.5)
Net result ^(a)		2 160.2	(361.7)	(460.3)	(821.2)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus		(342.5)	(19.9)	(297.6)	10.4
Remeasurement of superannuation defined benefits plans ^(a)	8a	2 444.4	1 216.5	2 429.2	1 211.4

Consolidated comprehensive operating statement for the six months ended 31 December *(continued)*

(\$ million)

	Notes	State of Victoria		General government sector	
		2013	2012	2013	2012
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		..	..	1 110.9	158.1
Other movements in equity		286.0	(270.4)	276.1	(29.2)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value		51.8	10.4	29.2	(4.2)
Total other economic flows – other comprehensive income^(a)		2 439.7	936.6	3 547.9	1 346.5
Comprehensive result – total change in net worth		4 599.9	574.9	3 087.6	525.3
KEY FISCAL AGGREGATES					
Net operating balance^(a)		(804.5)	(2 170.2)	(351.1)	(667.7)
Less: Net acquisition of non-financial assets from transactions	2	1 439.8	5 803.0	823.5	608.9
Net lending/(borrowing)^(a)		(2 244.4)	(7 973.2)	(1 174.6)	(1 276.6)
GOVERNMENT FISCAL PARAMETER					
Net operating balance		(804.5)	(2 170.2)	(351.1)	(667.7)
Plus: Expected return on superannuation assets in excess of AASB 119 discount rate taken to other comprehensive income		272.8	319.1	272.8	319.1
Government fiscal result		(531.7)	(1 851.1)	(78.3)	(348.6)

The accompanying notes form part of these financial statements.

Note:

(a) December 2012 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

Consolidated balance sheet as at 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		Dec 2013	Jun 2013	Dec 2013	Jun 2013
Assets					
Financial assets					
Cash and deposits		6 998.5	6 252.9	3 432.7	3 962.0
Advances paid		1 708.9	1 727.3	4 600.8	4 626.8
Receivables	14	6 524.5	7 871.9	4 866.2	5 061.0
Investments, loans and placements		29 767.6	25 968.4	3 820.5	3 383.4
Investments accounted for using the equity method	15	1 666.1	1 666.1	49.4	49.4
Investments in other sector entities ^(a)		..	..	71 917.9	69 700.4
Total financial assets ^(a)		46 665.6	43 486.5	88 687.5	86 783.0
Non-financial assets					
Inventories	16	832.0	871.0	183.9	192.1
Non-financial assets held for sale	17	94.8	173.0	69.2	142.1
Land, buildings, infrastructure, plant and equipment	18a	190 757.5	189 473.0	101 318.8	100 804.0
Other non-financial assets	19	2 430.5	2 053.1	1 262.0	954.3
Total non-financial assets		194 114.9	192 570.0	102 834.0	102 092.5
Total assets ^(a)	20	240 780.4	236 056.6	191 521.5	188 875.5
Liabilities					
Deposits held and advances received		2 104.4	2 088.9	505.8	449.0
Payables		8 425.7	8 506.0	5 469.6	5 958.4
Borrowings	21	50 267.6	47 437.0	33 695.2	31 345.3
Employee benefits	22	5 508.6	5 624.7	5 124.7	5 208.8
Superannuation	8b	22 912.2	25 225.4	22 846.7	25 142.5
Other provisions	23	23 327.1	23 542.4	624.0	603.3
Total liabilities		112 545.6	112 424.5	68 266.0	68 707.4
Net assets ^(a)		128 234.8	123 632.1	123 255.5	120 168.1
Accumulated surplus/(deficit) ^(a)		48 208.1	43 354.5	45 457.6	43 174.7
Reserves ^(a)		79 976.7	80 227.6	77 747.9	76 943.4
Non-controlling interest		50.0	50.0	50.0	50.0
Net worth ^(a)		128 234.8	123 632.1	123 255.5	120 168.1
FISCAL AGGREGATES					
Net financial worth		(65 880.1)	(68 937.9)	20 421.5	18 075.6
Net financial liabilities		65 880.1	68 937.9	51 496.4	51 624.7
Net debt		13 897.0	15 577.3	22 347.0	19 822.1

The accompanying notes form part of these financial statements.

Note:

(a) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

Consolidated statement of cash flows for the six months ended 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		2013	2012	2013	2012
Cash flows from operating activities					
Receipts					
Taxes received		8 108.8	7 499.1	8 272.5	7 632.8
Grants		11 343.8	10 908.1	11 280.0	10 550.0
Sales of goods and services ^(a)		8 799.3	8 125.0	3 950.7	3 511.2
Interest received		408.7	561.0	411.8	248.7
Dividends and income tax equivalent and rate equivalent receipts		543.8	258.4	386.9	732.9
Other receipts		952.7	905.9	563.5	776.6
Total receipts		30 157.2	28 257.4	24 865.4	23 452.3
Payments					
Payments for employees		(9 446.3)	(9 379.9)	(8 924.7)	(8 881.1)
Superannuation		(1 437.1)	(1 318.0)	(1 377.2)	(1 253.9)
Interest paid		(1 435.4)	(1 154.8)	(1 020.9)	(726.1)
Grants and subsidies		(2 619.4)	(3 297.7)	(4 058.3)	(4 185.5)
Goods and services ^(a)		(12 499.7)	(11 461.2)	(8 890.5)	(8 242.1)
Other payments		(334.4)	(336.8)	(334.2)	(334.3)
Total payments		(27 772.3)	(26 948.6)	(24 605.9)	(23 623.0)
Net cash flows from operating activities	24b	2 384.8	1 308.8	259.5	(170.8)
Cash flows from investing activities					
Purchases of non-financial assets		(3 571.6)	(3 394.5)	(1 942.5)	(1 605.5)
Sales of non-financial assets		208.3	129.6	88.3	72.3
Cash flows from investments in non-financial assets		(3 363.3)	(3 264.8)	(1 854.2)	(1 533.1)
Net cash flows from investments in financial assets for policy purposes		(49.8)	(34.6)	(909.3)	(796.9)
Sub-total		(3 413.1)	(3 299.5)	(2 763.5)	(2 330.1)
Net cash flows from investments in financial assets for liquidity management purposes		(1 507.0)	287.8	(311.5)	(187.2)
Net cash flows from investing activities		(4 920.1)	(3 011.7)	(3 074.9)	(2 517.2)
Cash flows from financing activities					
Advances received (net)		34.8	314.7	..	4.7
Net borrowings		3 262.6	1 489.0	2 229.5	2 523.6
Deposits received (net)		(19.4)	568.9	56.7	9.2
Other financing (net)		3.0	(16.6)	..	..
Net cash flows from financing activities		3 280.9	2 356.0	2 286.1	2 537.5
Net increase/(decrease) in cash and cash equivalents		745.7	653.1	(529.2)	(150.5)
Cash and cash equivalents at beginning of reporting period ^(b)		6 252.9	6 055.6	3 962.0	5 001.3
Cash and cash equivalents at end of reporting period ^(b)	24a	6 998.5	6 708.8	3 432.7	4 850.8

		State of Victoria		General government sector	
	Notes	2013	2012	2013	2012
FISCAL AGGREGATES					
Net cash flows from operating activities		2 384.8	1 308.8	259.5	(170.8)
Net cash flows from investments in non-financial assets		(3 363.3)	(3 264.8)	(1 854.2)	(1 533.1)
Cash surplus/(deficit)		(978.4)	(1 956.0)	(1 594.6)	(1 703.9)

The accompanying notes form part of these financial statements.

Notes:

(a) Inclusive of goods and services tax.

(b) Review of Cash Investments in 2012-13 has reclassified some Australian Dollar Term Deposits held in 2011-12 to Cash and Deposits.

Statement of changes in equity for the six months ended 31 December

(\$ million)

<i>State of Victoria</i>	<i>Accumulated surplus/(deficit) ^(a)</i>	<i>Non-controlling interest</i>
2013		
Balance at 1 July 2013	43 354.5	50.0
Net result for the six months	2 160.2	..
Other comprehensive income for the six months	2 693.4	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2013	48 208.1	50.0
2012		
Balance at 1 July 2012	32 613.5	50.0
Net result for the six months	(361.7)	..
Other comprehensive income for the six months	1 048.4	..
Transactions with owners in their capacity as owners	..	..
Balance equity as at 31 December 2012	33 300.2	50.0

The accompanying notes form part of the financial statements.

Note:

(a) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

(\$ million)

<i>General government sector</i>	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2013		
Balance at 1 July 2013	43 174.7	50.0
Net result for the six months	(460.3)	..
Other comprehensive income for the six months	2 743.3	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2013	45 457.6	50.0
2012		
Balance at 1 July 2012	34 808.2	50.0
Net result for the six months	(821.2)	..
Other comprehensive income for the six months	1 173.9	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2012	35 161.0	50.0

The accompanying notes form part of the financial statements.

Note:

(a) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus ^(a)</i>	<i>Other reserves ^(a)</i>	<i>Total</i>
78 440.1	1 790.5	123 635.1
..	..	2 160.2
(342.5)	88.6	2 439.6
..
78 097.6	1 879.1	128 234.8
77 644.7	2 549.4	112 857.6
..	..	(361.7)
(19.6)	(92.2)	936.6
..
77 625.1	2 457.2	113 432.6

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus ^(a)</i>	<i>Other reserves</i>	<i>Total</i>
37 663.1	38 359.0	921.3	120 168.1
..	..	..	( 460.3)
(297.6)	1 110.9	(8.9)	3 547.7
..
37 365.5	39 469.9	912.5	123 255.5
36 962.6	39 169.3	984.5	111 974.6
..	(821.2)
10.7	158.1	3.7	1 346.5
..
36 973.3	39 327.4	988.2	112 499.9

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Note 1. Summary of significant accounting policies

This *Mid-Year Financial Report* presents the unaudited general purpose consolidated interim financial statements of the State of Victoria (the State) and the Victorian general government sector. The report also incorporates the quarterly financial report of the general government sector for the quarter ended 31 December 2013.

Because this interim financial report does not include all the notes normally included with the annual financial report, this report should be read in conjunction with the *2012-13 Financial Report for the State of Victoria*, Chapter 4 *Annual Financial Report* (the AFR).

Since the issuance of the 2012-13 AFR, the following relevant Accounting Standards have become operative for the 2013-14 financial year:

- AASB 119 *Employee Benefits (Revised 2011)*

The revised AASB 119 has changed the way in which the defined benefit superannuation expenses are presented in the comprehensive operating statement. The net interest cost is now calculated using the discount rate (a long term Government bond rate) without reference to the expected rate of investment return on plan assets, as was previously the case. The revised Standard also tightens the requirements for classifying short-term employee benefits. As a result of the revision to the Standard, employee benefits that are not expected to be settled wholly within 12 months are required to be classified as long-term employee benefits and measured at present value similar to long service leave.

- AASB 13 *Fair Value Measurement*

The State is reviewing its existing policies for measuring fair values, in particular, the valuation of non-financial assets in light of the new AASB 13 requirements. A comprehensive process is currently in progress to identify any material measurement implications on the State's asset classes and additional disclosures are expected in the 2013-14 AFR. It has been preliminarily assessed that the application of AASB 13 will not materially impact the fair value measurements of the State, and the disclosures relating to the 'fair value hierarchy' will be provided in the individual notes relating to the assets at the end of the financial year.

- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

Amendments to AASB 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* will be applied for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

(A) Statement of compliance

These financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB), other than the disclosures noted above, which will be included in the 2013-14 AFR. 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* and AASB 134 *Interim Financial Reporting*.

Note 1. Summary of significant accounting policies (*continued*)

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

The Government Finance Statistics (GFS) information included in this report is based on the GFS manual published by the Australian Bureau of Statistics.

The *Mid-Year Financial Report* was authorised for publication by the Secretary of the Department of Treasury and Finance on 7 March 2014.

(B) Basis of accounting preparation and measurement

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

These financial statements are presented in Australian dollars. The report has been prepared in accordance with the historical cost convention except for:

- general government sector investments in other sector entities which are measured at net asset value;
- non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- productive trees in commercial native forests, which are recognised at their fair value less cost to sell;
- derivative financial instruments, managed investment schemes, certain debt securities and investment properties after initial recognition, which are measured at fair value with changes reflected in the consolidated comprehensive operating statement (fair value through profit and loss);
- certain liabilities, most notably unfunded superannuation and insurance claim provisions, which are subject to an actuarial assessment; and
- available-for-sale investments which are measured at fair value with movements reflected in 'other economic flows – other comprehensive income'.

(C) Reporting entity

The State of Victoria reporting entity includes government departments, public non-financial corporations (PNFCs), public financial corporations (PFCs) and other government controlled entities. The State and most of its subsidiary entities are not-for-profit entities. These entities are classified into sectors according to the System of National Accounts as described below. The general government sector is not a separate reporting entity but represents a sector within the State of Victoria reporting entity, and reports in accordance with AASB 1049.

System of National Accounts

(i) General government

The Victorian 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.

Note 1. Summary of significant accounting policies (*continued*)

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, and are financed mainly through taxes as well as other compulsory levies.

(ii) Public non-financial corporations

The primary function of entities in the government PNFC sector is to provide goods and services in a competitive market that is non-regulatory and non-financial in nature. Such entities are financed mainly through sales to the consumer of these goods and services.

(iii) Public financial corporations

The government controlled PFC sector comprises entities engaged primarily in the provision of financial intermediation services, and have one or more of the following characteristics:

- they perform a central borrowing function;
- they provide insurance services;
- they accept call, term or savings deposits; or
- they have the ability to incur liabilities and acquire financial assets in the market on their own account.

Disaggregated information about these sectors is presented in Note 2 *Disaggregated information*. This information is provided because there are differences between general government activities and those of the public sector entities in the PNFC and the PFC sectors. Disclosure of this information assists users of the financial statements to determine the effects of differing activities on the financial position of the State. It also assists users to identify the resources used in the provision of a range of goods and services, and the extent to which the State has recovered the costs of these resources from revenues attributable to those activities.

Basis of consolidation

In accordance with AASB 1049 and AASB 127 *Consolidated and Separate Financial Statements*:

- The consolidated financial statements of the State incorporate the assets and liabilities of all reporting entities that are controlled by the State as at 31 December 2013 and the revenue and expenses of entities controlled by the State for the part of the reporting period in which control existed.
- The consolidated financial statements of the Victorian general government sector incorporates the assets and liabilities, revenue and expenses of entities classified as general government. Entities in the PNFC and PFC sectors are not consolidated into the financial statements of the general government sector, but are accounted for as equity investments measured at the Government's proportional share of the carrying amount of net assets of the PNFC sector and PFC sector entities before consolidation eliminations. Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value, and accounted for in a manner consistent with AASB 139 *Financial Instruments: Recognition and Measurement*. Where the carrying amount of the entity's net assets before consolidation eliminations of an entity in the sectors is less than zero, the amount is not included.

Entities not controlled by the State, including local government authorities, universities and denominational hospitals, are not consolidated into the financial statements for the State.

Note 1. Summary of significant accounting policies (continued)

Where control of an entity is obtained during the financial period, its results are included in the consolidated comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements for the State and general government sector, all material transactions and balances between consolidated government controlled entities are eliminated.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and do not form part of the revenue and expenses of the relevant sectors of government.

Details of significant changes to entities consolidated by the State are shown in Note 29 *Controlled entities* in this *Mid-Year Financial Report*.

(D) Prospective accounting changes

Certain new and revised accounting standards have been published but are not effective for the 2013-14 reporting period. They include:

- AASB 9 *Financial Instruments*, operative for annual reporting periods beginning on or after 1 January 2017. This standard simplifies requirements for the classification and measurement of financial assets and replaces these requirements in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB is currently undertaking further changes to AASB 9 and, once finalised, the State will assess the reporting impacts.
- AASB 10 *Consolidated Financial Statements*, operative for annual reporting periods beginning on or after 1 January 2014 for not-for-profit (NFP) entities. Once applicable, this Standard replaces those requirements in AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*. Similar to AASB 127, the new Standard focuses on 'control' in determining whether an entity needs to consolidate another entity. However, the criteria to assess 'control' under the new Standard have changed. Three criteria are required to assess whether control exists, including the entity's right over an investee; the entity's exposure or rights to variable returns from an investee; and the ability to affect those returns through power over an investee. In light of the NFP implementation guidance AASB 2013-8 *Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities* (operative from 2014-15 reporting period onwards), the State will reassess its relationships with other entities that they are required to consolidate and consider the potential implications.
- AASB 11 *Joint Arrangements*, operative for annual reporting periods beginning on or after 1 January 2014 for NFP entities. This Standard requires entities that have an interest in arrangements that are jointly controlled to assess whether the arrangement is a joint operation or joint venture. If the arrangement is assessed to be a joint operation, it shall be accounted for in accordance with AASB 11. If the arrangement is assessed to be a joint venture, it shall be accounted for in accordance with AASB 128 *Investments in Associates and Joint Ventures* (see below). AASB 11 replaces those requirements in AASB 131 *Interests in Joint Ventures*. In light of the NFP implementation guidance, the State will reassess the potential implications.

Note 1. Summary of significant accounting policies (continued)

- AASB 12 *Disclosure of Interests in Other Entities*, operative for annual reporting periods beginning on or after 1 January 2014 for NFP entities. This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 *Separate Financial Statements* and AASB 131. In light of the NFP implementation guidance to AASB 12, the State will consider the potential disclosure implications where relevant.
- AASB 127 *Separate Financial Statements*, operative for annual reporting periods beginning on or after 1 January 2014 for NFP entities. This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- AASB 128 *Investments in Associates and Joint Ventures*, operative for annual reporting periods beginning on or after 1 January 2014 for NFP entities. This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- AASB 1055 *Budgetary Reporting*, operative for annual reporting periods beginning on or after 1 July 2014. This Standard sets out the budgetary reporting requirements for the whole of government, the general government sector, as well as for NFP entities in the general government sector to the extent that separate budgetary information is presented to Parliament. From the whole of government and general government sector's perspective, this Standard replicates the budgetary disclosure requirements that currently exist in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and therefore is not expected to have any significant implications on reporting.
- AASB 2012-3 *Amendments to Australian Accounting Standard – Offsetting Financial Assets and Financial Liabilities*, operative for annual reporting periods beginning on or after 1 January 2014. The standard removes the current inconsistency in applying some of the offsetting criteria of AASB 132 *Financial Instruments: Presentation*, including clarifying the meaning of 'currently has a legally enforceable right of set-off'.
- AASB 2013-3 *Amendments to AASB 136 Recoverable Amount Disclosure for Non-financial Assets*, operative for annual reporting periods beginning on or after 1 January 2014. This Standard amends the disclosure requirements in AASB 136 *Impairment of Assets*, including additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal, and the disclosure of the discount rates that have been used if the recoverable amount was measured using a present value technique.
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*. Among other things, one significant revision in this Amending Standard is the further deferral of the effective date for AASB 9 *Financial Instruments* to 1 January 2017.

Several other amending standards and AASB interpretations have been issued that are applicable for future reporting periods are considered to have limited impact on public sector reporting.

There is no intention to early adopt the above accounting standards.

(E) Rounding

All amounts in the financial report have been rounded to the nearest \$100 000 unless otherwise stated. Figures in this financial report may not add due to rounding.

Note 2. Disaggregated information

Disaggregated operating statement for the six months ended 31 December

(\$ million)

	General government sector		Public non-financial corporations	
	2013	2012	2013	2012
Revenue from transactions				
Taxation revenue	8 103.8	7 192.7	..	..
Interest revenue	420.8	257.1	31.1	40.6
Dividends and income tax equivalent and rate equivalent revenue	223.1	697.7	40.0	37.2
Sales of goods and services	3 425.2	3 591.7	2 920.3	2 447.9
Grants	11 282.2	10 580.2	1 480.0	1 384.6
Other revenue	1 033.8	1 040.5	198.3	202.1
Total revenue	24 488.8	23 360.0	4 669.7	4 112.4
Expenses from transactions				
Employee expenses	8 882.3	8 889.8	519.3	516.3
Net superannuation interest expense ^(a)	530.3	544.1	..	..
Other superannuation	980.2	958.8	45.7	44.5
Depreciation	1 171.8	1 092.7	938.0	913.1
Interest expense	1 061.9	753.0	595.6	398.5
Other operating expenses	8 307.0	7 930.3	2 295.0	2 088.7
Grants and other transfers	3 906.3	3 858.8	118.0	109.8
Other property expenses	..	..	70.4	10.6
Total expenses ^(a)	24 839.9	24 027.7	4 582.0	4 081.5
Net result from transactions – net operating balance ^(a)	(351.1)	(667.7)	87.7	30.9
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	20.3	19.9	(1.8)	(35.8)
Net gain/(loss) on financial assets or liabilities at fair value	40.6	0.8	(48.1)	42.9
Share of net profit/(loss) from associates/joint venture entities, excluding dividends	0.1	0.2	..	..
Other gains/(losses) from other economic flows	(170.2)	(174.3)	97.1	(63.0)
Total other economic flows included in net result ^(a)	(109.2)	(153.5)	47.3	(55.9)
Net result ^(a)	(460.3)	(821.2)	134.9	(25.0)
Other economic flows – other comprehensive income				
Items that will not be reclassified to net result				
Changes in non-financial assets revaluation surplus	(297.6)	10.4	(6.6)	(3.0)
Remeasurement of superannuation defined benefits plans ^(a)	2 429.2	1 211.4	15.2	5.1
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	1 110.9	158.1	..	..
Other movements in equity	276.1	(29.2)	(3.1)	22.8
Items that may be reclassified subsequently to net result				
Net gain/(loss) on financial assets at fair value	29.2	(4.2)	22.5	14.6
Total other economic flows – other comprehensive income ^(a)	3 547.9	1 346.5	28.0	39.6
Comprehensive result – total change in net worth	3 087.6	525.3	163.0	14.5
FISCAL AGGREGATES				
Net operating balance ^(a)	(351.1)	(667.7)	87.7	30.9
Net acquisition of non-financial assets				
Purchases of non-financial assets (including change in inventories)	1 942.5	1 605.5	1 622.9	1 778.3
Less: Sales of non-financial assets	(88.3)	(72.3)	(102.0)	(56.5)
Less: Depreciation and amortisation	(1 171.8)	(1 092.7)	(938.0)	(913.1)
Plus: Other movements in non-financial assets	141.1	168.4	65.2	4 390.9
Less: Net acquisition of non-financial assets	823.5	608.9	648.1	5 199.5
Net lending/(borrowing)	(1 174.6)	(1 276.6)	(560.5)	(5 168.7)

Note:

(a) December 2012 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>Consolidated</i>	
2013	2012	2013	2012	2013	2012
..	..	(163.7)	(133.6)	7 940.1	7 059.1
1 233.5	1 211.5	(1 225.1)	(992.0)	460.2	517.3
339.3	219.3	(218.9)	(695.8)	383.5	258.5
1 928.0	1 833.4	(1 211.8)	(1 435.1)	7 061.7	6 437.9
..	1.8	(1 513.0)	(1 445.1)	11 249.1	10 521.5
12.2	10.4	..	..	1 244.3	1 253.0
3 513.0	3 276.5	(4 332.6)	(4 701.6)	28 338.9	26 047.2
147.5	146.3	(176.1)	(177.1)	9 373.1	9 375.3
..	..	..	..	530.3	544.1
12.0	12.7	..	..	1 037.9	1 016.1
19.9	17.6	..	..	2 129.7	2 023.4
1 042.0	981.5	(1 225.1)	(992.0)	1 474.4	1 141.1
2 684.2	2 646.4	(1 132.9)	(1 034.4)	12 153.3	11 631.0
..	..	(1 579.5)	(1 482.3)	2 444.8	2 486.3
10.7	8.8	(81.1)	(19.4)	..	..
3 916.3	3 813.4	(4 194.7)	(3 705.1)	29 143.4	28 217.4
(403.3)	(536.9)	(137.8)	(996.4)	(804.5)	(2 170.2)
..	(0.1)	..	..	18.6	(16.0)
2 071.7	1 125.9	..	..	2 064.2	1 169.6
..	..	..	..	0.1	0.2
418.3	515.9	536.6	376.2	881.8	654.7
2 490.0	1 641.7	536.6	376.2	2 964.7	1 808.5
2 086.8	1 104.8	398.8	(620.2)	2 160.2	(361.7)
(12.9)	..	(25.3)	(27.3)	(342.5)	(19.9)
..	..	..	..	2 444.4	1 216.5
..	..	(1 110.9)	(158.1)	..	..
12.9	(19.3)	..	(244.7)	286.0	(270.4)
..	..	..	..	51.8	10.4
..	(19.3)	(1 136.2)	(430.2)	2 439.7	936.6
2 086.8	1 085.5	(737.4)	(1 050.4)	4 599.9	574.9
(403.3)	(536.9)	(137.8)	(996.4)	(804.5)	(2 170.2)
17.9	10.8	(11.8)	..	3 571.6	3 394.5
(18.1)	(0.8)	..	..	( 208.3)	(129.6)
(19.9)	(17.6)	..	..	(2 129.7)	(2 023.4)
..	..	..	2.3	206.3	4 561.6
(20.0)	(7.7)	(11.7)	2.3	1 439.8	5 803.0
(383.2)	(529.2)	(126.1)	(998.7)	(2 244.4)	(7 973.2)

Note 2. Disaggregated information (continued)

Disaggregated balance sheet as at 31 December

(\$ million)

	General government sector		Public non-financial corporations	
	Dec 2013	Jun 2013	Dec 2013	Jun 2013
Assets				
Financial assets				
Cash and deposits	3 432.7	3 962.0	1 075.8	797.9
Advances paid	4 600.8	4 626.8	49.1	50.4
Receivables	4 866.9	5 061.0	1 375.7	1 312.3
Investments, loans and placements	3 820.5	3 383.4	941.4	1 056.2
Loans receivable from non-financial public sector ^(a)	..	..	..	..
Investments accounted for using the equity method	48.7	49.4	1 319.2	1 319.2
Investments in other sector entities ^(b)	71 917.9	69 700.4	..	..
Total financial assets ^(b)	88 687.5	86 783.0	4 761.2	4 536.0
Non-financial assets				
Inventories	183.9	192.1	648.1	678.9
Non-financial assets held for sale	69.2	142.1	22.5	4.5
Land, buildings, infrastructure, plant and equipment	101 318.8	100 804.0	89 374.1	88 605.2
Other non-financial assets	1 262.0	954.3	1 127.5	1 065.3
Total non-financial assets	102 834.0	102 092.5	91 172.2	90 353.9
Total assets ^(b)	191 521.5	188 875.5	95 933.4	94 889.9
Liabilities				
Deposits held and advances received	505.8	449.0	419.9	420.0
Payables	5 469.6	5 958.4	1 628.7	1 568.6
Borrowings	33 695.2	31 345.3	16 396.6	16 249.7
Employee benefits	5 124.7	5 208.8	308.8	326.4
Superannuation	22 846.7	25 142.5	65.5	83.0
Other provisions ^(b)	624.0	603.3	8 156.3	8 491.1
Total liabilities ^(b)	68 266.0	68 707.4	26 975.9	27 138.8
Net assets ^{(b)(c)}	123 255.5	120 168.1	68 957.5	67 751.1
Accumulated surplus/(deficit) ^(b)	45 457.6	43 174.7	5 217.9	5 151.8
Other reserves ^(b)	77 747.9	76 943.4	63 739.6	62 599.3
Non-controlling interest	50.0	50.0	..	..
Net worth ^{(b)(c)}	123 255.5	120 168.1	68 957.5	67 751.1
FISCAL AGGREGATES				
Net financial worth ^(b)	20 421.5	18 075.6	(22 214.7)	(22 602.9)
Net financial liabilities ^(b)	51 496.4	51 624.7	22 214.7	22 602.9
Net debt	22 347.0	19 822.1	14 750.3	14 765.3

Notes:

(a) Loans receivable from the non-financial public sector are reported at amortised cost.

(b) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

(c) The net assets and net worth of the public financial corporations sectors incorporates the impact of Treasury Corporation of Victoria's external loan liabilities being reported at market value while the corresponding assets, that is lending to the non-financial public sector, being reported at amortised cost. This mismatch has contributed to the negative net asset position of the sector for June 2013.

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>Consolidated</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
4 633.7	4 158.4	(2 143.6)	(2 665.4)	6 998.5	6 252.9
1 688.6	1 674.5	(4 629.6)	(4 624.4)	1 708.9	1 727.3
1 918.7	3 122.3	(1 636.0)	(1 623.7)	6 525.2	7 871.9
27 426.9	23 935.9	(2 421.2)	(2 407.1)	29 767.6	25 968.4
35 897.3	33 501.6	(35 897.3)	(33 501.6)	..	..
..	..	297.4	297.4	1 665.3	1 666.1
..	..	(71 917.9)	(69 700.4)	..	..
71 565.2	66 392.7	(118 348.3)	(114 225.1)	46 665.6	43 486.5
..	..	..	..	832.0	871.0
3.1	26.4	..	..	94.8	173.0
64.6	63.8	..	..	190 757.5	189 473.0
1 031.2	1 710.2	(990.3)	(1 676.7)	2 430.5	2 053.1
1 099.0	1 800.4	(990.3)	(1 676.7)	194 114.9	192 570.0
72 664.1	68 193.1	(119 338.6)	(115 901.8)	240 780.4	236 056.6
5 412.7	5 986.4	(4 234.0)	(4 766.5)	2 104.4	2 088.9
2 661.4	2 138.5	(1 334.0)	(1 159.6)	8 425.7	8 506.0
41 063.5	38 303.9	(40 887.7)	(38 461.9)	50 267.6	47 437.0
75.1	89.5	..	..	5 508.6	5 624.7
..	..	..	..	22 912.2	25 225.4
22 290.5	22 527.5	(7 743.8)	(8 079.5)	23 327.1	23 542.4
71 503.3	69 045.9	(54 199.6)	(52 467.6)	112 545.6	112 424.5
1 160.8	(852.8)	(65 139.0)	(63 434.3)	128 234.8	123 632.1
200.9	(1 765.4)	(2 668.3)	(3 206.4)	48 208.1	43 354.5
959.9	912.6	(62 470.7)	(60 227.8)	79 976.7	80 227.6
..	..	..	..	50.0	50.0
1 160.8	(852.8)	(65 139.0)	(63 434.3)	128 234.8	123 632.1
61.8	(2 653.2)	(64 148.7)	(61 757.5)	(65 880.1)	(68 937.9)
(61.8)	2 653.2	(7 769.2)	(7 942.8)	65 880.1	68 937.9
(23 170.2)	(18 980.1)	(30.0)	(30.0)	13 897.0	15 577.3

Note 2. Disaggregated information (continued)

Disaggregated statement of cash flows for the six months ended 31 December

(\$ million)

	General government sector		Public non-financial corporations	
	2013	2012	2013	2012
Cash flows from operating activities				
Receipts				
Taxes received	8 272.5	7 632.8	..	..
Grants	11 280.0	10 550.0	1 591.2	1 364.9
Sales of goods and services ^(a)	3 950.7	3 511.2	3 194.2	2 834.0
Interest received	411.8	248.7	16.9	48.4
Dividends and income tax equivalent and rate equivalent receipts	386.9	732.9	40.2	37.0
Other receipts	563.5	776.6	133.2	55.1
Total receipts	24 865.4	23 452.3	4 975.8	4 339.4
Payments				
Payments for employees	(8 924.7)	(8 881.1)	(536.6)	(523.2)
Superannuation	(1 377.2)	(1 253.9)	(47.9)	(51.4)
Interest paid	(1 020.9)	(726.1)	(554.2)	(390.3)
Grants and subsidies	(4 058.3)	(4 185.5)	(63.8)	(112.8)
Goods and services ^(a)	(8 890.5)	(8 242.1)	(1 917.9)	(1 663.6)
Other payments	(334.2)	(334.3)	(931.8)	(964.4)
Total payments	(24 605.9)	(23 623.0)	(4 052.3)	(3 705.6)
Net cash flows from operating activities	259.5	(170.8)	923.5	633.9
Cash flows from investing activities				
Purchases of non-financial assets	(1 942.5)	(1 605.5)	(1 622.9)	(1 778.3)
Sales of non-financial assets	88.3	72.3	102.0	56.5
Cash flows from investments in non-financial assets	(1 854.2)	(1 533.1)	(1 521.0)	(1 721.7)
Net cash flows from investments in financial assets for policy purposes	(909.3)	(796.9)	(1.2)	3.0
Sub-total	(2 763.5)	(2 330.1)	(1 522.2)	(1 718.7)
Net cash flows from investments in financial assets for liquidity management purposes	(311.5)	(187.2)	78.6	(2.5)
Net cash flows from investing activities	(3 074.9)	(2 517.2)	(1 443.6)	(1 721.2)
Cash flows from financing activities				
Advances received (net)	..	4.7	(0.3)	(3.8)
Net borrowings	2 229.5	2 523.6	155.2	480.5
Deposits received (net)	56.7	9.2	0.2	60.3
Other financing (net)	..	..	642.9	684.9
Net cash flows from financing activities	2 286.1	2 537.5	798.0	1 221.9
Net increase/(decrease) in cash and cash equivalents	(529.2)	(150.5)	277.9	134.5
Cash and cash equivalents at beginning of reporting period ^(b)	3 962.0	5 001.3	797.9	773.8
Cash and cash equivalents at end of reporting period ^(b)	3 432.7	4 850.8	1 075.7	908.3
FISCAL AGGREGATES				
Net cash flows from operating activities	259.5	(170.8)	923.5	633.9
Dividends	..	..	( 63.7)	(157.4)
Net cash flows from investments in non-financial assets	(1 854.2)	(1 533.1)	(1 521.0)	(1 721.7)
Cash surplus/(deficit)	(1 594.6)	(1 703.9)	(661.2)	(1 245.2)

Notes:

(a) Inclusive of goods and services tax.

(b) Review of Cash Investments in 2012-13 has reclassified some Australian Dollar Term Deposits held in 2011-12 to Cash and Deposits.

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>Consolidated</i>	
<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
..	..	(163.7)	(133.6)	8 108.8	7 499.1
..	1.8	(1 527.4)	(1 008.6)	11 343.8	10 908.1
2 764.8	2 879.6	(1 110.4)	(1 099.9)	8 799.3	8 125.0
1 172.5	1 054.5	(1 192.4)	(790.6)	408.7	561.0
499.5	219.3	(382.9)	(730.9)	543.8	258.4
279.9	33.9	(23.8)	40.2	952.7	905.9
4 716.7	4 189.2	(4 400.7)	(3 723.5)	30 157.2	28 257.4
(161.0)	(152.8)	176.1	177.1	(9 446.3)	(9 379.9)
(12.0)	(12.7)	..	..	(1 437.1)	(1 318.0)
(1 052.6)	(926.6)	1 192.4	888.1	(1 435.4)	(1 154.8)
..	..	1 502.7	1 000.6	(2 619.4)	(3 297.7)
(1 962.8)	(1 825.6)	271.5	270.0	(12 499.7)	(11 461.2)
(11.8)	(9.1)	943.4	971.0	(334.4)	(336.8)
(3 200.2)	(2 926.9)	4 086.1	3 306.9	(27 772.3)	(26 948.6)
1 516.5	1 262.3	(314.6)	(416.6)	2 384.8	1 308.8
(17.9)	(10.8)	11.8	..	(3 571.6)	(3 394.5)
18.1	0.8	..	..	208.3	129.6
0.1	(9.9)	11.7	..	(3 363.3)	(3 264.8)
(14.2)	(38.1)	874.9	797.4	(49.8)	(34.6)
(14.1)	(48.0)	886.6	797.3	(3 413.1)	(3 299.5)
(3 684.0)	(1 524.2)	2 409.8	2 001.7	(1 507.0)	287.8
(3 698.0)	(1 572.3)	3 296.5	2 799.1	(4 920.1)	(3 011.7)
39.5	234.8	(4.3)	79.0	34.8	314.7
3 303.7	1 284.2	(2 425.8)	(2 799.3)	3 262.6	1 489.0
(613.2)	(793.4)	536.8	1 292.8	(19.4)	568.9
(73.1)	(440.5)	(566.7)	(261.0)	3.0	(16.6)
2 656.8	285.1	(2 460.0)	(1 688.5)	3 280.9	2 356.0
475.2	(24.8)	521.8	693.9	745.7	653.1
4 158.4	5 045.2	(2 665.4)	(4 764.7)	6 252.9	6 055.6
4 633.7	5 020.4	(2 143.6)	(4 070.7)	6 998.5	6 708.8
1 516.5	1 262.3	(314.6)	(416.6)	2 384.8	1 308.8
(75.6)	(440.7)	139.3	598.0	..	..
0.1	(9.9)	11.7	..	(3 363.3)	(3 264.8)
1 440.9	811.7	(163.6)	181.4	(978.4)	(1 956.0)

Note 2. Disaggregated information (*continued*)

Disaggregated statement of changes in equity as at 31 December

(\$ million)

2012	Accumulated surplus/(deficit) ^(a)	Contribution by owners
General government sector		
Balance at 1 July 2012	34 808.2	..
Net result for the six months	(821.2)	..
Other comprehensive income for the six months	1 173.9	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2012	35 161.0	..
PNFC sector		
Balance at 1 July 2012	6 118.4	27 854.1
Net result for the six months	(25.0)	..
Other comprehensive income for the six months	12.4	..
Dividends paid	(157.4)	..
Transactions with owners in their capacity as owners	..	1 288.3
Balance as at 31 December 2012	5 948.4	29 142.4
PFC sector		
Balance at 1 July 2012	(4 675.8)	254.9
Net result for the six months	1 104.8	..
Other comprehensive income for the six months	106.8	..
Dividends paid	(440.7)	..
Transactions with owners in their capacity as owners	..	16.8
Balance as at 31 December 2012	(3 904.9)	271.7
Eliminations	(1 905.8)	(29 414.1)
Total whole of government	35 298.7	..

Note:

(a) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

<i>Non-controlling interest</i>	<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus ^(a)</i>	<i>Other reserves ^(a)</i>	<i>Total</i>
50.0	36 962.6	39 169.3	984.5	111 974.6
..	..	..	..	( 821.2)
..	10.7	158.1	3.7	1 346.5
..
50.0	36 973.3	39 327.4	988.2	112 499.9
..	31 887.3	..	827.8	66 687.6
..	..	..	..	( 25.0)
..	(3.0)	..	30.2	39.6
..	..	..	..	( 157.4)
..	..	..	..	1 288.3
..	31 884.3	..	857.9	67 833.0
..	16.0	..	737.2	(3 667.7)
..	..	..	..	1 104.8
..	..	..	( 126.1)	(19.3)
..	..	..	..	( 440.7)
..	..	..	..	16.8
..	16.0	..	611.1	(3 006.0)
..	6 675.4	(39 327.4)	77.6	(63 894.4)
50.0	75 549.0	..	2 534.8	113 432.6

Note 2. Disaggregated information (*continued*)

Disaggregated statement of changes in equity as at 31 December

(\$ million)

2013	<i>Accumulated surplus/(deficit)^(a)</i>	<i>Contribution by owners</i>
General government sector		
Balance at 1 July 2013	43 174.7	..
Net result for the six months	(460.3)	..
Other comprehensive income for the six months	2 743.3	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2013	45 457.6	..
PNFC sector		
Balance at 1 July 2013	5 151.8	30 624.9
Net result for the six months	134.9	..
Other comprehensive income for the six months	(5.1)	..
Dividends paid	(63.7)	..
Transactions with owners in their capacity as owners	..	1 107.1
Balance as at 31 December 2013	5 217.9	31 732.0
PFC sector		
Balance at 1 July 2013	(1 765.4)	251.8
Net result for the six months	2 086.8	..
Other comprehensive income for the six months	(44.8)	..
Dividends paid	(75.6)	..
Transactions with owners in their capacity as owners	..	2.5
Balance as at 31 December 2013	200.9	254.3
Eliminations	(2 668.3)	(31 986.3)
Total whole of government	48 208.1	..

Note:

(a) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

<i>Non-controlling interest</i>	<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus ^(a)</i>	<i>Other reserves ^(a)</i>	<i>Total</i>
50.0	37 663.1	38 359.0	921.3	120 168.1
..	..	..	..	( 460.3)
..	(297.6)	1 110.9	(8.9)	3 547.7
..
50.0	37 365.5	39 469.9	912.5	123 255.5
..	31 754.1	..	220.3	67 751.1
..	..	..	..	134.9
..	(6.6)	..	39.8	28.0
..	..	..	..	( 63.7)
..	..	..	..	1 107.1
..	31 747.5	..	260.1	68 957.5
..	15.0	..	645.9	(852.8)
..	..	..	..	2 086.8
..	(12.9)	..	57.7	..
..	..	..	..	( 75.6)
..	..	..	..	2.5
..	2.1	..	703.6	1 160.8
..	8 982.6	(39 469.9)	3.0	(65 139.0)
50.0	78 097.6	..	1 879.1	128 234.8

Note 3. Taxation

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Taxes on employers' payroll and labour force	2 487.4	2 414.7	2 520.0	2 447.8
Taxes on property				
Taxes on immovable property				
Land tax	52.2	(8.4)	72.7	9.1
Fire Services Property Levy ^(a)	610.9	..	610.9	..
Congestion levy	(0.5)	0.4	(0.5)	0.4
Metropolitan improvement levy	141.2	133.3	141.2	133.3
Property owner contributions to fire brigades ^(a)	..	18.9	..	18.9
Total taxes on immovable property	803.8	144.3	824.2	161.7
Financial and capital transactions				
Land transfer duty	2 059.9	1 613.0	2 059.9	1 613.0
Other property duties	5.4	6.8	5.4	6.8
Financial accommodation levy	..	..	56.6	49.9
Growth Areas Infrastructure Contribution	51.9	28.6	51.9	28.6
Total financial and capital transactions	2 117.2	1 648.4	2 173.8	1 698.3
Total taxes on property	2 921.0	1 792.7	2 998.0	1 860.0
Taxes on the provision of goods and services				
Gambling taxes				
Private lotteries	203.0	230.0	203.0	230.0
Electronic gaming machines ^(b)	500.7	559.1	500.7	559.1
Casino	96.7	93.0	96.7	93.0
Racing ^(b)	43.5	49.9	43.5	49.9
Other ^(b)	9.9	9.6	9.9	9.6
Total gambling taxes	853.7	941.6	853.7	941.6
Levies on statutory corporations	..	..	52.7	32.3
Taxes on insurance ^(a)	563.2	854.0	563.2	854.0
Total taxes on the provision of goods and services	1 416.9	1 795.6	1 469.6	1 827.8
Taxes on the use of goods and performance of activities				
Motor vehicle taxes				
Vehicle registration fees	622.6	591.2	623.9	592.2
Duty on vehicle registrations and transfers	337.8	323.7	337.8	323.7
Total motor vehicle taxes	960.4	914.9	961.7	915.9
Franchise taxes	14.0	12.7	14.0	12.7
Other	140.4	128.5	140.4	128.5
Total taxes on the use of goods and performance of activities	1 114.9	1 056.1	1 116.2	1 057.1
Total taxation revenue	7 940.1	7 059.1	8 103.8	7 192.7

Notes:

(a) These balances reflect the general government's introduction of the new property-based Fire Services Property Levy from 1 July 2013, which replaces the current insurance and property owner contributions to the fire brigades.

(b) December 2012 comparative figures have been restated due to a reclassification between gambling taxes.

Note 4. Dividends and income tax equivalent and rate equivalent revenues

(a) Dividends and income tax equivalent and rate equivalent revenue

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Dividends from PFC sector	..	..	75.6	440.7
Dividends from PNFC sector	..	..	63.7	157.4
Dividends from non-public sector	347.2	223.7	4.2	1.9
Dividends	347.2	223.7	143.5	599.9
Income tax equivalent from PFC sector	..	..	11.3	9.8
Income tax equivalent from PNFC sector	..	..	68.3	88.0
Income tax equivalent	..	..	79.6	97.8
Local government rate equivalent revenue	..	..	..	..
Other dividends ^(a)	36.3	34.8	..	..
Total dividends and income tax equivalent and rate equivalent revenue	383.5	258.5	223.1	697.7

Note:

(a) Dividends from Snowy Hydro received by State Electricity Commission of Victoria.

(b) Dividends by entity

(\$ million)

	General government sector	
	2013	2012
Public financial corporations		
Victorian WorkCover Authority	..	192.5
Transport Accident Commission	..	176.0
Treasury Corporation of Victoria	56.3	54.7
Rural Finance Corporation of Victoria	16.2	15.3
State Trustees Ltd	0.5	..
Victorian Funds Management Corporation	2.6	2.2
Dividends from PFC sector	75.6	440.7
Public non-financial corporations		
Melbourne Water Corporation	..	..
City West Water Corporation	4.7	18.0
South East Water Corporation	16.0	48.9
Yarra Valley Water Corporation	17.7	53.0
Port of Melbourne Corporation	24.4	21.2
State Electricity Commission of Victoria (Shell)	..	..
Others	0.9	16.2
Dividends from PNFC sector	63.7	157.4

Note 5. Sale of goods and services

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Motor vehicle regulatory fees	109.5	84.3	109.5	84.3
Other regulatory fees	259.0	226.5	250.6	219.2
Sale of goods	315.0	236.2	40.8	68.8
Provision of services	6 267.4	5 807.8	2 228.7	2 487.5
Rental	40.2	37.6	28.3	26.3
Refunds and reimbursements	70.6	45.5	5.0	1.5
Inter-sector capital asset charge	..	..	762.2	704.0
Total sale of goods and services	7 061.7	6 437.9	3 425.2	3 591.7

Note 6. Grants

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
General purpose grants	5 760.9	5 600.9	5 760.9	5 600.9
Specific purpose grants for on-passing	1 349.5	1 263.0	1 349.5	1 263.0
Other specific purpose grants	4 137.9	3 656.6	4 132.2	3 655.0
Total	11 248.3	10 520.6	11 242.5	10 518.9
Other contributions and grants	0.9	0.9	39.6	61.3
Total grants	11 249.1	10 521.5	11 282.2	10 580.2

Note 7. Other revenue

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Fair value of assets received free of charge or for nominal consideration	74.0	78.6	8.8	1.4
Fines	319.6	356.5	316.9	354.3
Royalties	32.8	30.7	27.6	24.9
Donations and gifts	148.9	146.0	135.7	133.8
Other non-property rental	44.0	44.7	14.5	16.0
Other miscellaneous revenue	624.9	596.4	530.3	510.0
Total other revenue	1 244.3	1 253.0	1 033.8	1 040.5

Note 8. Superannuation

(a) Superannuation expense recognised in the operating statement

(\$ million)

	State of Victoria	
	2013	2012 ^(a)
Defined benefit plans		
Net superannuation interest expense	530.3	544.1
Current service cost	367.1	432.6
Expected return on superannuation assets excluding interest income	(272.8)	(319.1)
Other actuarial (gain)/loss on superannuation assets	(1 037.8)	(612.9)
Actuarial and other adjustments to unfunded superannuation liability	(1 133.8)	(284.5)
Total (gain)/expenses recognised in respect of defined benefit plans	(1 547.0)	(239.8)
Defined contribution plans		
Employer contributions to defined contribution plans	630.6	539.7
Other (including pensions)	40.2	43.8
Total expense recognised in respect of defined contribution plans	670.9	583.5
Total superannuation (gain)/expense recognised in operating statement	(876.2)	343.7
Represented by:		
Net superannuation interest expense	530.3	544.1
Other superannuation	1 037.9	1 016.1
Superannuation expense from transactions	1 568.3	1 560.2
Remeasurement recognised in other comprehensive income	(2 444.4)	(1 216.5)
Total superannuation costs recognised in operating statement	(876.2)	343.7

Note:

(a) December 2012 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

(b) Superannuation liabilities

(\$ million)

	State of Victoria	
	Dec	Jun
	2013	2013
Current liability	997.3	1 014.5
Non-current liability	21 914.9	24 210.9
Total superannuation liability	22 912.2	25 225.4
Represented by:		
Emergency Services and State Super	21 837.8	24 042.5
Other funds	1 074.4	1 182.9

Note 9. Depreciation

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Buildings	704.8	650.5	537.3	482.9
Infrastructure systems ^(a)	617.0	555.6	17.4	15.4
Plant, equipment and vehicles ^(a)	429.2	465.5	275.2	279.5
Road and road networks	283.1	267.5	280.7	265.2
Cultural assets	10.8	10.6	10.8	10.6
Intangible produced assets ^(b)	84.8	73.8	50.4	39.2
Total depreciation	2 129.7	2 023.4	1 171.8	1 092.7

Notes:

(a) December 2012 comparative figures have been restated due to a reclassification of Depreciation – Infrastructure Leasehold from 'Plant, equipment and vehicles' to 'Infrastructure systems'.

(b) Amortisation of intangible non-produced assets is included under other economic flows.

Note 10. Interest expense

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Interest on short-term interest-bearing liabilities	24.8	26.9	29.2	11.5
Interest on long-term interest-bearing liabilities	1 002.3	869.1	612.3	558.6
Finance charges on finance leases	427.6	194.8	389.7	156.3
Discount interest on payables	19.7	50.3	30.6	26.7
Total interest expense	1 474.4	1 141.1	1 061.9	753.0

Note 11. Grants and other transfers

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Current grants expense				
Commonwealth Government	100.5	76.1	100.5	76.0
Local government on-passing	239.6	313.3	239.6	313.2
Private sector and not-for-profit on-passing ^(a)	1 202.8	1 128.1	1 202.8	1 128.1
Other private sector and not-for-profit ^(a)	760.1	818.2	748.0	807.4
Grants within the Victorian Government	..	..	1 476.3	1 382.9
Grants to other state governments	0.5	1.7	0.4	1.7
Total current grants and other transfers	2 303.5	2 337.3	3 767.6	3 709.3
Capital grants expense				
Commonwealth Government	..	..	..	..
Local government on-passing	89.3	78.9	89.3	78.9
Private sector and not-for-profit on-passing	40.8	65.2	37.8	56.5
Other private sector and not-for-profit	0.4	4.8	0.4	4.8
Grants within the Victorian Government	..	..	0.5	9.2
Other grants	10.8	..	10.8	..
Total capital grants and other transfers	141.3	149.0	138.7	149.5
Total grants and other transfers	2 444.8	2 486.3	3 906.3	3 858.8

Note:

(a) December 2012 comparative figures have been restated due to a reclassification of grants between 'Private sector grants and not-for-profit on-passing' and 'Other private sector and not-for-profit'.

Note 12. Expenses by government purpose and by department

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

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
General public services ^(b)	3 489.8	3 566.0	592.6	695.6
Public order and safety	2 450.6	2 355.3	2 603.0	2 481.6
Education	6 494.3	6 424.9	6 537.5	6 443.8
Health	6 691.3	6 317.4	6 859.2	6 474.0
Social security and welfare	1 935.7	1 859.8	1 959.0	1 990.3
Housing and community amenities	2 638.8	2 200.0	1 242.4	1 084.2
Recreation and culture	688.6	765.9	340.2	455.7
Fuel and energy	54.6	23.4	50.7	15.0
Agriculture, forestry, fishing, and hunting	241.4	256.4	192.4	212.9
Mining, manufacturing, and construction	..	..	..	..
Transport and communications	2 484.6	2 566.7	2 807.7	2 740.5
Other economic affairs	490.2	511.6	574.3	438.1
Other purposes	1 483.6	1 369.9	1 080.8	996.1
Total expenses from transactions^(b)	29 143.4	28 217.4	24 839.9	24 027.7

Notes:

(a) Note 40 of the 2012-13 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.

(b) December 2012 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

(b) Total expenses by department

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Education and Early Childhood Development	7 212.1	7 124.3	7 212.1	7 124.3
Environment and Primary Industries ^(a)	4 345.6	3 529.8	1 591.8	1 362.3
Health	7 877.2	7 508.1	7 835.7	7 472.9
Human Services	2 266.6	2 198.6	1 836.1	1 791.9
Justice	3 984.7	3 572.8	3 909.9	3 500.6
Parliament	96.3	95.3	96.3	95.3
Premier and Cabinet	382.2	385.8	335.4	327.3
State Development, Business and Innovation ^(a)	711.6	467.6	600.9	354.2
Transport, Planning and Local Infrastructure ^(a)	6 289.5	5 551.1	4 636.1	4 022.0
Treasury and Finance ^(b)	26 858.4	26 628.7	22 275.1	22 367.1
Regulatory bodies and other part budget funded agencies	941.8	972.1	941.8	972.1
Planning and Community Development ^(c)	..	471.3	..	374.6
Primary Industries ^(c)	..	419.2	..	352.7
Total ^(b)	60 966.0	58 924.8	51 271.1	50 117.3
Less eliminations and adjustments	(31 822.5)	(30 707.4)	(26 431.2)	(26 089.6)
Total expenses ^(b)	29 143.4	28 217.4	24 839.9	24 027.7

Notes:

(a) Effective 9 April 2013, several departments were renamed due to machinery of government changes:

- the Department of Sustainability and Environment became the Department of Environment and Primary Industries;
- the Department of Business and Innovation became the Department of State Development, Business and Innovation; and
- the Department of Transport became the Department of Transport, Planning and Local Infrastructure.

(b) December 2012 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

(c) Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:

- Department of Planning and Community Development; and
- Department of Primary Industries.

Note 13. Other gains/(losses) from other economic flows

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Net gain/(loss) from revaluation of biological assets	(28.0)	16.3	(26.8)	18.2
Net (increase)/decrease in provision for doubtful receivables	(115.7)	(165.2)	(114.8)	(161.3)
Amortisation of intangible non-produced assets	(12.9)	(12.5)	(7.2)	(7.7)
Bad debts written off	(54.2)	(23.6)	(44.0)	(18.0)
Other gains/(losses)	1 092.7	839.7	22.6	(5.4)
Total other gains/(losses) from other economic flows	881.8	654.7	(170.2)	(174.3)

Note 14. Receivables

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Contractual				
Sales of goods and services	1 222.7	1 215.9	721.9	709.8
Accrued investment income	84.9	234.5	19.2	185.3
Other receivables	1 723.6	2 126.9	1 279.0	1 102.1
Provision for doubtful contractual receivables	(147.5)	(145.9)	(70.1)	(68.5)
Statutory				
Sales of goods and services	325.7	905.1	..	..
Taxes receivables	1 835.2	2 113.4	1 873.6	2 152.1
Fines and regulatory fees	1 693.4	1 519.9	1 693.4	1 519.9
GST input tax credits recoverable	645.3	727.5	207.9	285.7
Provision for doubtful statutory receivables	(858.8)	(825.5)	(858.8)	(825.5)
Total receivables	6 524.5	7 871.9	4 866.2	5 061.0
Represented by:				
Current receivables	5 074.2	5 393.3	3 688.2	3 882.9
Non-current receivables	1 450.3	2 478.6	1 178.0	1 178.1

Note 15. Investments accounted for using the equity method

Name of company	Ownership interest (per cent)		State of Victoria (\$ million)		General government sector (\$ million)	
	Dec	Jun	Dec	Jun	Dec	Jun
	2013	2013	2013	2013	2013	2013
The Australian Regenerative Medicine Institute	21.0%	21.0%	35.0	35.0	35.0	35.0
National E-Conveyancing Development Ltd	24.0%	24.0%	14.4	14.4	14.4	14.4
Snowy Hydro Ltd	29.0%	29.0%	1 616.6	1 616.6	..	..
			1 666.1	1 666.1	49.4	49.4

Note 16. Inventories

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
At cost				
Raw materials	7.7	5.3	7.1	4.7
Work in progress	35.2	52.7	5.7	4.4
Finished goods	47.8	48.2	5.8	5.4
Consumable stores	187.8	149.7	124.9	113.5
Land and other assets held as inventory ^(a)	546.2	598.6	40.3	60.3
At net realisable value				
Raw materials	..	..	..	..
Finished goods	2.2	7.9	0.1	0.1
Consumable stores	5.1	4.9	..	..
Land and other assets held as inventory	..	3.8	..	3.8
Total inventories	832.0	871.0	183.9	192.1

Note:

(a) Include inventory held for distribution.

Note 17. Non-financial assets classified as held for sale

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Land	89.5	87.9	63.8	68.7
Buildings	5.3	12.5	5.3	0.9
Infrastructure, plant, equipment and vehicles	..	3.2	..	3.2
Other	0.1	69.3	0.1	69.3
Total non-financial assets held for sale	94.8	173.0	69.2	142.1

Note 18. Land, buildings, infrastructure, plant and equipment

(a) Total land, buildings, infrastructure, plant and equipment

(\$ million)

	Public Administration			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Buildings (written down value)	2 080.0	2 059.8	983.9	1 032.1
Land and national parks	1 425.6	1 402.1	965.0	946.6
Buildings leasehold (written down value)	68.8	72.5	36.4	39.1
Infrastructure systems (written down value)	82.8	81.5	74.1	74.6
Plant, equipment and vehicles (written down value)	404.0	406.2	229.0	235.2
Roads and road networks (written down value)	24.8	22.6	..	..
Earthworks	0.1	0.5	..	..
Cultural assets (written down value)	358.1	200.7	358.1	200.7
Total land, buildings, infrastructure, plant and equipment	4 444.2	4 245.8	2 646.6	2 528.3

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Buildings (written down value)	8 503.6	8 486.5	..	..
Land and national parks	9 488.5	9 511.6	..	..
Buildings leasehold	4.1	4.1	..	..
Infrastructure systems (written down value)	..	..	..	..
Plant, equipment and vehicles (written down value)	0.4	0.5	..	..
Roads (written down value)	..	..	..	..
Earthworks	..	..	..	..
Cultural assets (written down value)	..	..	..	..
Total land, buildings, infrastructure, plant and equipment	17 996.6	18 002.7	..	..

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Buildings (written down value)	37 161.5	36 004.9	21 871.2	21 708.8
Land and national parks	54 425.3	55 437.0	37 559.6	37 465.7
Buildings leasehold	2 299.2	2 339.1	2 252.0	2 291.9
Infrastructure systems (written down value)	54 227.2	53 370.7	2 292.7	2 291.0
Plant, equipment and vehicles (written down value)	8 234.6	8 070.0	3 043.8	2 921.3
Roads (written down value)	21 166.4	21 097.9	21 111.8	21 027.9
Earthworks	7 638.9	7 639.2	7 638.8	7 638.8
Cultural assets (written down value)	5 604.5	5 514.1	5 549.1	5 458.7
Total land, buildings, infrastructure, plant and equipment	190 757.5	189 473.0	101 318.8	100 804.0

<i>Education</i>				<i>Health and Welfare</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
8 384.8	8 423.1	8 384.8	8 423.1	6 915.0	6 797.0	6 899.7	6 781.6
7 846.3	7 784.5	7 846.3	7 784.5	1 961.9	1 967.1	1 958.1	1 963.2
205.9	216.1	205.9	216.1	1 141.0	1 154.2	1 141.0	1 154.2
..
629.5	631.2	629.5	631.2	1 047.0	1 020.9	1 046.9	1 020.9
..
..
10.1	9.5	10.1	9.5	5.5	5.5	5.5	5.5
17 076.6	17 064.4	17 076.6	17 064.4	11 070.3	10 944.7	11 051.1	10 925.4

<i>Transportation and Communication</i>				<i>Public Safety and Environment</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
4 578.0	4 728.9	508.8	521.1	6 700.1	5 509.6	5 093.9	4 950.8
21 332.5	21 315.1	17 493.5	17 473.9	12 370.5	13 456.6	9 296.7	9 297.5
39.1	42.6	36.4	39.8	840.4	849.5	832.3	842.6
15 077.0	14 252.0	402.4	370.2	39 067.4	39 037.3	1 816.1	1 846.2
5 040.3	4 852.6	295.1	143.2	1 113.4	1 158.7	843.3	890.9
21 111.8	21 027.9	21 111.8	21 027.9	29.9	47.5	..	..
7 638.8	7 638.8	7 638.8	7 638.8	..	..	..	..
1.7	1.7	1.2	1.2	5 229.1	5 296.6	5 174.2	5 241.7
74 819.0	73 859.5	47 488.0	47 216.1	65 350.8	65 355.8	23 056.6	23 069.8

Note 18. Land, buildings, infrastructure, plant and equipment (*continued*)

(b) Land and buildings

(\$ million)

	Public Administration			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Buildings	2 153.5	2 178.6	1 019.5	1 125.9
Accumulated depreciation	(73.5)	(118.8)	(35.6)	(93.8)
Buildings (written down value)	2 080.0	2 059.8	983.9	1 032.1
Buildings leasehold (written down value)	68.8	72.5	36.4	39.1
Land	1 425.6	1 402.1	965.0	946.6
National parks and other 'land only' holdings	..	..	..	..
Land and national parks	1 425.6	1 402.1	965.0	946.6
Total land and buildings	3 574.4	3 534.5	1 985.4	2 017.8

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Buildings	9 191.1	9 093.5	..	..
Accumulated depreciation	(687.4)	(607.1)	..	..
Buildings (written down value)	8 503.6	8 486.5	..	..
Buildings leasehold	4.1	4.1	..	..
Land	9 488.5	9 511.6	..	..
National parks and other 'land only' holdings	..	..	..	..
Land and national parks	9 488.5	9 511.6	..	..
Total land and buildings	17 996.2	18 002.2	..	..

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Buildings	41 455.9	39 753.0	24 962.7	24 421.3
Accumulated depreciation	(4 294.4)	(3 748.2)	(3 091.5)	(2 712.5)
Buildings (written down value)	37 161.5	36 004.9	21 871.2	21 708.8
Buildings leasehold	2 299.2	2 339.1	2 252.0	2 291.9
Land	52 739.8	53 751.5	35 874.1	35 780.2
National parks and other 'land only' holdings	1 685.5	1 685.5	1 685.5	1 685.5
Land and national parks	54 425.3	55 437.0	37 559.6	37 465.7
Total land and buildings	93 886.0	93 781.0	61 682.7	61 466.4

<i>Education</i>				<i>Health and Welfare</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
8 503.5	8 423.1	8 503.5	8 423.1	9 426.7	9 081.6	9 411.1	9 066.0
(118.7)	..	(118.7)	..	(2 511.7)	(2 284.7)	(2 511.4)	(2 284.4)
8 384.8	8 423.1	8 384.8	8 423.1	6 915.0	6 797.0	6 899.7	6 781.6
205.9	216.1	205.9	216.1	1 141.0	1 154.2	1 141.0	1 154.2
7 846.3	7 784.5	7 846.3	7 784.5	1 961.9	1 967.1	1 958.1	1 963.2
..
7 846.3	7 784.5	7 846.3	7 784.5	1 961.9	1 967.1	1 958.1	1 963.2
16 437.0	16 423.7	16 437.0	16 423.7	10 017.9	9 918.3	9 998.7	9 899.1

<i>Transportation and Communication</i>				<i>Public Safety and Environment</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
4 830.1	4 926.2	536.1	538.4	7 351.1	6 050.0	5 492.5	5 267.8
(252.1)	(197.3)	(27.3)	(17.3)	(651.0)	(540.4)	(398.6)	(317.0)
4 578.0	4 728.9	508.8	521.1	6 700.1	5 509.6	5 093.9	4 950.8
39.1	42.6	36.4	39.8	840.4	849.5	832.3	842.6
21 332.5	21 315.1	17 493.5	17 473.9	10 685.0	11 771.1	7 611.2	7 612.0
..	..	..	..	1 685.5	1 685.5	1 685.5	1 685.5
21 332.5	21 315.1	17 493.5	17 473.9	12 370.5	13 456.6	9 296.7	9 297.5
25 949.5	26 086.6	18 038.7	18 034.9	19 911.0	19 815.7	15 222.9	15 090.9

Note 18. Land, buildings, infrastructure, plant and equipment (continued)

(c) Plant, equipment and infrastructure systems

(\$ million)

	Public Administration			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Infrastructure systems	90.3	84.5	75.8	75.7
Accumulated depreciation	(7.5)	(3.0)	(1.7)	(1.1)
Leased infrastructure systems	..	..	..	..
Accumulated depreciation	..	..	..	..
Infrastructure systems (written down value)	82.8	81.5	74.1	74.6
Plant, equipment and vehicles	715.1	693.7	414.4	409.2
Accumulated depreciation	(311.0)	(287.5)	(185.4)	(174.0)
Leased plant, equipment and vehicles	..	..	..	..
Accumulated depreciation	..	..	..	..
Plant, equipment and vehicles (written down value)	404.0	406.2	229.0	235.2
Total plant, equipment and vehicles, and infrastructure systems	486.9	487.7	303.1	309.8

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Infrastructure systems	..	..	..	..
Accumulated depreciation	..	..	..	..
Leased infrastructure systems	..	..	..	..
Accumulated depreciation	..	..	..	..
Infrastructure systems (written down value)	..	..	..	..
Plant, equipment and vehicles	8.1	8.1	..	..
Accumulated depreciation	(7.6)	(7.6)	..	..
Leased plant, equipment and vehicles	..	..	..	..
Accumulated depreciation	..	..	..	..
Plant, equipment and vehicles (written down value)	0.4	0.5	..	..
Total plant, equipment and vehicles, and infrastructure systems	0.4	0.5	..	..

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Infrastructure systems	53 665.4	52 191.5	2 761.5	2 744.4
Accumulated depreciation	(4 108.0)	(3 547.1)	(468.8)	(453.3)
Leased infrastructure systems	4 794.3	4 809.1	..	..
Accumulated depreciation	(124.5)	(82.8)	..	..
Infrastructure systems (written down value)	54 227.2	53 370.7	2 292.7	2 291.0
Plant, equipment and vehicles	11 414.0	10 968.9	6 252.3	5 991.0
Accumulated depreciation	(4 380.0)	(4 001.5)	(3 448.0)	(3 194.2)
Leased plant, equipment and vehicles	1 481.2	1 345.2	436.5	300.6
Accumulated depreciation	(280.6)	(242.7)	(197.1)	(176.1)
Plant, equipment and vehicles (written down value)	8 234.6	8 070.0	3 043.8	2 921.3
Total plant, equipment and vehicles, and infrastructure systems	62 461.8	61 440.7	5 336.5	5 212.4

<i>Education</i>				<i>Health and Welfare</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
..
..
..
..
..
1 463.1	1 414.0	1 463.1	1 414.0	2 468.0	2 308.7	2 467.6	2 308.1
(838.5)	(782.8)	(838.5)	(782.8)	(1 513.9)	(1 377.2)	(1 513.5)	(1 376.8)
12.1	..	12.1	..	122.4	118.4	122.4	118.4
(7.2)	..	(7.2)	..	(29.6)	(29.0)	(29.6)	(29.0)
629.5	631.2	629.5	631.2	1 047.0	1 020.9	1 046.9	1 020.9
629.5	631.2	629.5	631.2	1 047.0	1 020.9	1 046.9	1 020.9

<i>Transportation and Communication</i>				<i>Public Safety and Environment</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>	<i>Dec 2013</i>	<i>Jun 2013</i>
16 008.4	14 992.2	424.1	384.2	37 566.7	37 114.9	2 261.6	2 284.4
(934.5)	(743.6)	(21.7)	(14.0)	(3 166.0)	(2 800.6)	(445.4)	(438.2)
6.7	6.6	..	..	4 787.6	4 802.4	..	..
(3.6)	(3.3)	..	..	( 120.9)	(79.5)	..	..
15 077.0	14 252.0	402.4	370.2	39 067.4	39 037.3	1 816.1	1 846.2
4 403.5	4 230.3	232.4	184.7	2 356.2	2 314.2	1 674.7	1 674.9
(431.6)	(355.6)	(44.7)	(41.5)	(1 277.4)	(1 190.8)	(865.9)	(819.0)
1 155.4	1 044.4	111.0	..	191.3	182.4	191.0	182.1
(87.0)	(66.6)	(3.7)	..	(156.7)	(147.2)	(156.7)	(147.1)
5 040.3	4 852.6	295.1	143.2	1 113.4	1 158.7	843.3	890.9
20 117.2	19 104.6	697.6	513.4	40 180.8	40 195.9	2 659.4	2 737.1

Note 18. Land, buildings, infrastructure, plant and equipment (continued)

(d) Road networks and earthworks

(\$ million)

	<i>Public Administration</i>			
	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Roads and roads infrastructure	29.0	25.9	..	..
<i>Accumulated depreciation</i>	(4.2)	(3.3)	..	..
Roads (written down value)	24.8	22.6	..	..
Earthworks	0.1	0.5	..	..
Total road networks and earthworks	24.8	23.0	..	..

	<i>Community Housing</i>			
	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Roads and roads infrastructure
<i>Accumulated depreciation</i>
Roads (written down value)
Earthworks
Total road networks and earthworks

	<i>Total</i>			
	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Roads and roads infrastructure	36 648.0	36 295.8	36 583.8	36 219.2
<i>Accumulated depreciation</i>	(15 481.6)	(15 197.9)	(15 472.0)	(15 191.3)
Roads (written down value)	21 166.4	21 097.9	21 111.8	21 027.9
Earthworks	7 638.9	7 639.2	7 638.8	7 638.8
Total road networks and earthworks	28 805.3	28 737.2	28 750.5	28 666.6

<i>Education</i>				<i>Health and Welfare</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
..
..
..
..
..

<i>Transportation and Communication</i>				<i>Public Safety and Environment</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
36 583.8	36 219.2	36 583.8	36 219.2	35.2	50.8	..	..
(15 472.0)	(15 191.3)	(15 472.0)	(15 191.3)	(5.3)	(3.3)	..	..
21 111.8	21 027.9	21 111.8	21 027.9	29.9	47.5	..	..
7 638.8	7 638.8	7 638.8	7 638.8	..	..	..	..
28 750.5	28 666.6	28 750.5	28 666.6	29.9	47.5	..	..

Note 18. Land, buildings, infrastructure, plant and equipment (continued)

(e) Cultural assets

(\$ million)

	<i>Public Administration</i>			
	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Cultural assets	375.6	212.3	375.6	212.3
<i>Accumulated depreciation</i>	(17.5)	(11.6)	(17.5)	(11.6)
Total cultural assets	358.1	200.7	358.1	200.7

	<i>Community Housing</i>			
	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Cultural assets
<i>Accumulated depreciation</i>
Total cultural assets

	<i>Total</i>			
	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
Cultural assets	5 723.0	5 625.2	5 667.6	5 569.8
<i>Accumulated depreciation</i>	(118.5)	(111.1)	(118.5)	(111.1)
Total cultural assets	5 604.5	5 514.1	5 549.1	5 458.7

<i>Education</i>				<i>Health and Welfare</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
30.3	31.9	30.3	31.9	5.5	5.5	5.5	5.5
(20.2)	(22.4)	(20.2)	(22.4)	..	..	..	..
10.1	9.5	10.1	9.5	5.5	5.5	5.5	5.5

<i>Transportation and Communication</i>				<i>Public Safety and Environment</i>			
<i>State of Victoria</i>		<i>General government sector</i>		<i>State of Victoria</i>		<i>General government sector</i>	
<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>	<i>Dec</i>	<i>Jun</i>
<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2013</i>
2.0	2.0	1.4	1.4	5 309.6	5 373.5	5 254.7	5 318.7
(0.3)	(0.2)	(0.3)	(0.2)	(80.5)	(76.9)	(80.5)	(76.9)
1.7	1.7	1.2	1.2	5 229.1	5 296.6	5 174.2	5 241.7

Note 19. Other non-financial assets

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Intangible produced assets	1 902.6	1 799.1	1 126.2	1 062.1
<i>Accumulated depreciation</i>	(872.0)	(799.0)	(510.9)	(476.3)
Intangible non-produced assets	805.4	813.7	136.8	168.1
<i>Accumulated amortisation</i>	(192.3)	(178.3)	(98.5)	(90.0)
Total intangibles	1 643.8	1 635.4	653.6	663.8
Investment properties	173.9	70.6	156.9	53.5
Biological assets ^(a)	56.4	63.8	3.6	41.8
Other assets	556.4	283.2	448.0	195.1
Total other non-financial assets	2 430.5	2 053.1	1 262.0	954.3

Note:

(a) The majority of biological assets comprises commercial forests and also includes any living animal, plant or agricultural produce which is the harvested product of biological assets.

Note 20. Assets by government purpose and by department

(a) Purchases of non-financial assets by purpose^(a)

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
General public services	28.2	188.2	10.4	11.2
Public order and safety	225.0	180.7	225.0	180.7
Education	215.1	307.8	215.1	307.8
Health	529.6	306.7	529.6	306.7
Social security and welfare	37.1	29.7	37.1	29.7
Housing and community amenities	802.1	1 012.3	54.9	11.0
Recreation and culture	123.4	117.5	38.8	6.9
Fuel and energy	13.5	0.6	13.5	0.6
Agriculture, forestry, fishing, and hunting	6.2	7.5	6.2	11.7
Mining, manufacturing, and construction	..	..	..	..
Transport and communications	1 571.7	1 225.9	792.7	721.6
Other economic affairs	19.2	17.4	19.2	17.4
Other purposes	0.4	0.1	0.1	0.1
Total purchases of non-financial assets	3 571.6	3 394.5	1 942.5	1 605.5

Note:

(a) Note 40 of the 2012-13 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.

Note 20. Assets by government purpose and by department (continued)

(b) Purchases of non-financial assets by department

(\$ million)

	State of Victoria		General government sector	
	2013	2012	2013	2012
Education and Early Childhood Development	253.7	333.1	253.7	333.1
Environment and Primary Industries ^(a)	655.4	954.9	34.4	53.7
Health	526.6	327.4	520.2	331.8
Human Services	180.1	137.4	11.1	3.2
Justice	240.8	153.6	240.3	150.7
Parliament	6.8	4.1	6.8	4.1
Premier and Cabinet	9.4	12.5	5.4	13.7
State Development, Business and Innovation ^(a)	25.6	35.1	20.6	29.3
Transport, Planning and Local Infrastructure ^(a)	1 575.7	1 325.9	752.5	721.6
Treasury and Finance	22.9	22.7	2.9	25.8
Regulatory bodies and other part budget funded agencies	95.7	32.8	95.7	32.8
Planning and Community Development ^(b)	..	153.5	..	14.7
Primary Industries ^(b)	..	7.5	..	11.7
Adjustments ^(c)	(21.0)	(106.1)	(0.9)	(120.6)
Total	3 571.6	3 394.5	1 942.5	1 605.5

Notes:

(a) Effective 9 April 2013, several departments were renamed due to machinery of government changes:

- the Department of Sustainability and Environment became the Department of Environment and Primary Industries;
- the Department of Business and Innovation became the Department of State Development, Business and Innovation; and
- the Department of Transport became the Department of Transport, Planning and Local Infrastructure.

(b) Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:

- Department of Planning and Community Development; and
- Department of Primary Industries.

(c) Represents adjustments for transfers between portfolio departments.

(c) Total assets classified by government purpose ^(a)

(\$ million)

	State of Victoria		General government sector	
	Dec 2013	Jun 2013	Dec 2013	Jun 2013 ^(b)
General public services	1 185.9	1 414.6	1 106.5	1 256.0
Public order and safety	7 103.0	6 893.2	7 103.0	6 893.2
Education	17 329.5	17 352.8	17 329.5	17 352.8
Health	10 674.0	10 398.1	10 654.8	10 378.9
Social security and welfare	854.7	855.1	854.7	855.1
Housing and community amenities	67 286.2	67 806.2	7 925.2	7 924.0
Recreation and culture	12 733.2	12 034.7	8 426.6	8 438.3
Fuel and energy	32.2	16.2	14.4	..
Agriculture, forestry, fishing, and hunting	868.1	895.5	804.4	836.2
Mining, manufacturing, and construction	..	..	..	..
Transport and communications	75 098.1	74 044.7	47 669.5	47 304.2
Other economic affairs	943.3	851.4	943.3	851.4
Other purposes	6.7	7.6	2.2	2.5
Not allocated by purpose ^(c)	46 665.6	43 486.5	88 687.5	86 783.0
Total assets	240 780.4	236 056.6	191 521.5	188 875.5

Notes:

(a) Note 40 of the 2012-13 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.

(b) June 2013 comparative figures have been restated to reflect the correction of balances between deferred tax liability accounts.

(c) Represents financial assets not able to be allocated by purpose.

Note 21. Borrowings

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Current borrowings				
Domestic borrowings	2 766.7	1 046.6	2 766.9	2 599.8
Foreign currency borrowings	536.2	432.7	..	..
Finance lease liabilities	137.2	135.8	71.2	74.9
Derivative financial instruments	842.9	695.0	..	..
Total current borrowings	4 282.9	2 310.2	2 838.2	2 674.7
Non-current borrowings				
Domestic borrowings	36 865.2	35 950.1	22 843.0	20 703.2
Foreign currency borrowings	97.4	98.2	..	..
Finance lease liabilities	8 722.5	8 724.5	8 021.3	7 958.4
Derivative financial instruments	299.5	354.0	(7.2)	9.0
Total non-current borrowings	45 984.7	45 126.8	30 857.1	28 670.6
Total borrowings	50 267.6	47 437.0	33 695.2	31 345.3

Note 22. Employee benefits

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2013	2013	2013	2013
Current				
Accrued salaries and wages ^(a)	1 674.9	1 801.4	1 527.0	1 622.3
Long service leave	2 900.6	3 150.0	2 722.8	2 962.2
Total current employee benefits	4 575.4	4 951.4	4 249.8	4 584.6
Non-current				
Long service leave	933.2	673.3	874.9	624.3
Total non-current employee benefits	933.2	673.3	874.9	624.3
Total employee benefits	5 508.6	5 624.7	5 124.7	5 208.8

Note:

(a) Includes accrued annual leave, payroll tax and other similar on-costs.

Note 23. Other provisions

(\$ million)

	State of Victoria		General government sector	
	Dec 2013	Jun 2013	Dec 2013	Jun 2013
Provision for insurance claims				
Victorian WorkCover Authority	1 922.2	1 891.8	..	..
Transport Accident Commission	1 081.3	1 063.6	..	..
Victorian Managed Insurance Authority	348.1	375.0	..	..
Other agencies	16.2	17.4	12.0	12.9
Current provision for insurance claims	3 367.9	3 347.8	12.0	12.9
Onerous contracts	47.2	126.4	..	..
Other provisions	312.3	297.4	207.1	180.3
Total current other provisions	3 727.4	3 771.6	219.2	193.2
Non-current provision for insurance claims				
Victorian WorkCover Authority	8 570.5	8 545.0	..	..
Transport Accident Commission	8 807.0	8 966.8	..	..
Victorian Managed Insurance Authority	1 551.9	1 589.4	..	..
Other agencies	28.9	30.0	27.6	28.5
Non-current provision for insurance claims	18 958.3	19 131.2	27.6	28.5
Onerous contracts	207.4	211.5	..	..
Other provisions	433.9	428.2	377.3	381.6
Total non-current other provisions	19 599.7	19 770.9	404.9	410.1
Total other provisions	23 327.1	23 542.4	624.0	603.3

Note 24. Cash flow information

(a) Reconciliation of cash

(\$ million)

	State of Victoria		General government sector	
	Dec	Dec	Dec	Dec
	2013	2012	2013	2012
Cash	1 924.9	2 161.4	1 567.0	1 862.0
Deposits at call ^(a)	5 073.6	4 548.8	1 865.7	2 988.8
Cash and cash equivalents ^(a)	6 998.5	6 710.1	3 432.7	4 850.8
Bank overdraft	..	(1.4)	..	..
Balances as per cash flow statement ^(a)	6 998.5	6 708.8	3 432.7	4 850.8

Note:

(a) December 2012 comparative figures have been restated due to a correction for deposits at call.

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

(\$ million)

	State of Victoria		General government sector	
	Dec	Dec	Dec	Dec
	2013	2012	2013	2012
Net result ^(a)	2 160.2	(361.7)	(460.3)	(821.2)
Non-cash movements				
Depreciation and amortisation	2 142.6	2 036.0	1 179.0	1 100.4
Revaluation of investments	(1 457.9)	(915.8)	(40.1)	(1.2)
Assets (received)/provided free of charge	(62.8)	(78.2)	2.4	(1.0)
Assets not previously recognised	(5.3)	(3.1)	(5.0)	(3.1)
Revaluation of assets	31.7	13.2	30.2	11.6
Discount/premium on other financial assets/borrowings	(44.6)	(37.8)	3.6	3.6
Bad/doubtful debts	0.1	..	..	..
Foreign currency dealings	0.1	(0.2)	0.1	(0.1)
Unrealised (gains)/losses on borrowings	(452.5)	(45.7)	..	..
Discounting of assets and liabilities	..	(0.6)	..	..
Movements included in investing and financing activities				
Net gain/loss from sale of investments	(216.2)	(209.9)	(0.7)	0.4
Net revenues from sale of non-financial assets	(24.4)	13.7	(20.3)	(22.2)
Net revenues from sale of investments	65.2	6.1	..	..
Movements in assets and liabilities				
Increase/(decrease) in provision for doubtful debts	34.9	105.4	34.9	103.0
Increase/(decrease) in payables	452.8	1 099.7	(437.2)	258.9
Increase/(decrease) in employee benefits	(116.1)	(22.2)	(84.2)	(8.8)
Increase/(decrease) in superannuation ^(a)	131.2	242.2	133.4	249.0
Increase/(decrease) in other provisions	(210.4)	(116.0)	25.7	(49.2)
(Increase)/decrease in receivables	263.8	(84.7)	158.5	(691.4)
(Increase)/decrease in other non-financial assets	(307.5)	(331.6)	(260.4)	(299.5)
Net cash flows from operating activities	2 384.8	1 308.8	259.5	(170.8)

Note:

(a) December 2012 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

Note 25. Financial instruments

The *2012-13 Financial Report for the State of Victoria* (Note 32) contains a comprehensive disclosure of the State's (including the general government sector's) financial risk management objectives and policies.

There has been no substantive change to the accounting classification of financial assets and liabilities reported in the *2012-13 Financial Report for the State of Victoria*.

Note 26. Commitments

Commitments include those operating, capital and other commitments contracted as at balance date but not recognised as liabilities, arising from non-cancellable, contractual or statutory sources, and which embody obligations to sacrifice future economic benefits.

Reference to the *2012-13 Financial Report for the State of Victoria* (Note 33) should be made for details of commitments as at 30 June 2013.

As at 31 December 2013, the following additional material commitments were recorded for the State of Victoria:

- Contracts for the Roads and Services works package (around \$76 million excluding GST) and Maritime works package (around \$400 million excluding GST) were executed, representing key components of the Port Capacity Project (\$1.6 billion). The roads and services contract will deliver to the Webb Dock precinct important 'backbone' infrastructure that will enable the fast tracking of additional container capacity for Victoria. The maritime works contract will deliver improved waterside infrastructure to Webb Dock including a new 920 metre wharf at Webb Dock West.
- Transport related commitments to Metro Trains and Yarra Trams have increased by an estimated \$780 million to recognise the introduction of the revenue reset payments from 1 January 2014 to November 2017. These arrangements replace the previous payment arrangements where operators were paid the New Ticketing System guarantee payments and do not represent a net increase in costs. Under the new revenue sharing agreements, Metro Trains and Yarra Trams will receive a share of the actual farebox revenue. The State will also make a revenue reset payment based on the gap between the operators' contracted revenue and the actual revenue measured in the calendar year 2013. This will be reset on 1 July 2015 based on the 2014-15 actual revenue result.

There was no other material change in commitments for the State during this mid-year reporting period.

Note 27. Contingent assets and contingent liabilities

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Reference to the *2012-13 Financial Report for the State of Victoria* (Note 34) should be made for details of contingent assets as at 30 June 2013.

There was no material change in contingent assets for the State during this mid-year reporting period.

Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

Reference to the *2012-13 Financial Report for the State of Victoria* (Note 34) should be made for details of contingent liabilities as at 30 June 2013.

The following item has changed materially with regards to the contingent liabilities disclosed at 30 June 2013:

- VicRoads has received a contract variation claim from the contractor of the Western Highway project for additional costs of up to \$52 million, which is disputed by the State.

There was no other material change in contingent liabilities for the State during this mid-year reporting period.

Note 28. Public Account disclosure

(a) Consolidated fund receipts and payments

(\$ million)

2012-13 Actual to Dec		2013-14 Actual to Dec	Revised Budget
Receipts			
7 415.1	Taxation	8 304.9	16 830.0
343.2	Fines and regulatory fees	288.4	836.9
8 108.7	Grants received	7 829.9	16 237.9
2 579.2	Sales of goods and services	2 652.6	5 262.2
83.3	Interest received	271.1	523.7
730.9	Public authority receipts	382.8	610.2
226.0	Other receipts	213.2	361.2
19 486.2	Total operating activities	19 942.9	40 662.1
2 877.5	Total inflows from investing and financing	2 460.7	4 532.5
22 363.7	Total receipts	22 403.6	45 194.6
Payments to departments			
5 615.5	Education and Early Childhood Development	5 534.6	10 388.3
580.6	Environment and Primary Industries ^(a)	1 348.8	2 482.7
5 998.8	Health	5 304.8	9 539.9
1 927.7	Human Services	1 851.4	3 726.5
2 302.0	Justice	2 729.9	5 795.0
77.4	Parliament	84.1	156.7
344.1	Planning and Community Development ^(b)	..	..
281.1	Premier and Cabinet	300.3	599.4
240.5	Primary Industries ^(b)	..	..
293.8	State Development, Business and Innovation ^(a)	380.7	984.0
3 638.4	Transport, Planning and Local Infrastructure ^(a)	4 101.5	8 137.4
1 972.7	Treasury and Finance	1 681.5	4 818.6
23 272.6	Total payments	23 317.5	46 628.4
(908.9)	Net receipts/(payments)	(913.9)	(1 433.8)

Notes:

(a) Effective 9 April 2013, several departments were renamed due to machinery of government changes:

- Department of Sustainability and Environment became the Department of Environment and Primary Industries;
- Department of Business and Innovation became the Department of State Development, Business and Innovation; and
- Department of Transport became the Department of Transport, Planning and Local Infrastructure.

(b) Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:

- Department of Planning and Community Development; and
- Department of Primary Industries.

Note 28. Public Account disclosure (*continued*)

(b) Trust fund statement cash flows

(\$ million)

2012-13 Actual to Dec ^(a)		2013-14 Actual to Dec	Revised Budget
	Cash flows from operating activities		
	Receipts		
207.6	Taxation	250.4	292.4
26.5	Regulatory fees and fines	21.4	49.1
3 645.9	Grants received	6 033.6	10 730.8
374.3	Sale of goods and services	407.0	652.9
53.1	Interest received	46.1	91.1
5 845.9	Net transfers from consolidated fund	5 486.8	9 541.6
32.4	Other receipts	49.7	149.8
10 185.7	Total receipts	12 295.1	21 507.6
	Payments		
(75.9)	Employee benefits	(69.5)	(166.4)
(6.9)	Superannuation	(5.9)	(12.3)
(9 173.2)	Grants paid	(11 238.5)	(19 383.2)
(924.9)	Supplies and consumables	(984.9)	(2 007.7)
(6.2)	Interest paid	(4.7)	(14.7)
(10 187.1)	Total payments	(12 303.6)	(21 584.3)
(1.4)	Net cash flows from operating activities	(8.6)	(76.6)
	Cash flows from investing activities		
28.0	Proceeds from sale of property, plant and equipment	19.7	33.9
(27.7)	Purchases of property, plant and equipment	(18.3)	(29.8)
(33.3)	Other investing activities	(2.3)	(73.8)
(32.7)	Net cash flows from investing activities	(0.9)	(69.8)
	Cash flows from financing activities		
(268.1)	Net proceeds (repayments) from borrowings	(467.7)	(17.3)
(268.1)	Net cash flows from financing activities	(467.7)	(17.3)
(302.2)	Net cash inflow/(outflow)	(477.1)	(163.7)

Note:

(a) December 2012 comparative figures have been restated due to a reclassification of deposits and advances.

Note 28. Public Account disclosure (*continued*)

(c) Reconciliation of cash flows to balances held

(\$ million)

	Balances held at 30 Jun 2013	Dec movement YTD	Balances held at 30 Dec 2013
Cash and deposits			
Cash balances outside the Public Account	(0.2)	1.8	1.6
Deposits held with the Public Account – specific trusts	544.9	172.3	717.2
Other balances held in the Public Account	2 763.3	(1 581.5)	1 181.8
Total cash and deposits	3 308.1	(1 407.4)	1 900.6
Investments			
Investments held with the Public Account – specific trusts	586.8	11.1	597.9
Total investments	586.8	11.1	597.9
Total fund balances	3 894.9	(1 396.4)	2 498.5
Less funds held outside the Public Account			
Cash	(0.2)	1.8	1.6
Total fund balances held outside the Public Account	(0.2)	1.8	1.6
Total funds held in the Public Account ^(a)	3 895.0	(1 394.6)	2 500.1

Note:

(a) See Note 28 (d) below for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

(d) Details of securities held in the Public Account

(\$ million)

2012-13 Actual to Dec		2013-14	
		Opening 1 Jul	Actual 30 Dec
1 196.1	Amounts invested on behalf of specific trust accounts	1 131.7	1 315.1
1 421.4	General account balances	2 763.3	1 185.0
2 617.5	Total public account	3 895.0	2 500.1
	Represented by:		
1 196.1	Stocks and securities	1 131.7	1 315.1
1 222.9	Cash and investments	2 269.1	954.8
2 419.0	Total stock, securities, cash and investments	3 400.9	2 269.9
	Add cash advanced for:		
198.6	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	494.2	230.2
2 617.5	Total public account	3 895.0	2 500.1

Note 29. Controlled entities

Note 41 *Controlled Entities* in the *Annual Financial Report* of the *2012-13 Financial Report* for the State of Victoria contains a list of significant controlled entities which have been consolidated for the purposes of the financial report.

The following is a list of changes from 1 July 2013, of general government sector entities which have been consolidated for the purposes of the estimated financial statements.

Controlled entities ^(a)	Entities included as investments in other sectors		
	General government	Public non-financial corporation	Public financial corporation
Department of Education and Early Childhood Development ^(b)			
Department of Environment and Primary Industries			
Veterinary Practitioners Registration Board of Victoria ^(c)	*		
Agriculture Victoria Services Pty Ltd ^(c)		*	
Dairy Food Safety Victoria ^(c)		*	
Murray Valley Citrus Board ^(c)		*	
Murray Valley Wine Grape Industry Development Committee ^(c)		*	
Northern Victorian Fresh Tomato Industry Development Committee ^(c)		*	
Phytogene Pty Ltd ^(c)		*	
PrimeSafe ^(c)		*	
VicForests ^(c)		*	
Victorian Strawberry Industry Development Committee ^(c)		*	
Department of Premier and Cabinet			
Shrine of Remembrance Trustees ^(d)	*		
Victorian Aboriginal Heritage Council ^(d)	*		
Victorian Veterans Council ^(d)	*		
Department of State Development, Business and Innovation			
CenITex ^(e)	*		
Energy Safe Victoria ^(f)	*		
Regional Development Victoria ^(g)	*		
Department of Transport, Planning and Local Infrastructure ^{(h)(i)}			
Architects Registration Board of Victoria ^(j)	*		
Metropolitan Planning Authority ^(k)	*		
Heritage Council ^(j)	*		
Melbourne Cricket Ground Trust ^(j)	*		
Victorian Building Authority ^{(j)(l)}	*		
Victorian Institute of Sport Limited ^(j)	*		
Victorian Institute of Sport Trust ^(j)	*		
Melbourne and Olympic Parks Trust ^(j)		*	
State Sport Centres Trust ^(j)		*	
Urban Renewal Authority Victoria (Places Victoria) ^(j)		*	

Notes:

- (a) *Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:*
 - *Department of Planning and Community Development; and*
 - *Department of Primary Industries.*
- (b) *The Education and Training Reform Amendment (Dual Sector Universities) Bill 2013 was enacted and gave effect to the deconsolidation of the four dual sector TAFE divisions of universities from 1 January 2014:*
 - *Royal Melbourne Institute of Technology;*
 - *Swinburne University of Technology;*
 - *University of Ballarat ; and*
 - *Victoria University.*
- (c) *Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Primary Industries to the Department of Environment and Primary Industries.*
- (d) *Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of Premier and Cabinet.*
- (e) *Effective from 29 August 2013, CenITex was transferred from the Department of Treasury and Finance to the Department of State Development, Business and Innovation.*
- (f) *Entity moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Primary Industries to the Department of State Development, Business and Innovation.*
- (g) *Entity moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of State Development, Business and Innovation.*
- (h) *At 30 June 2013, the Public Transport Ticketing Body ceased to exist and its operations transferred to Public Transport Victoria, a general government entity.*
- (i) *Effective 1 July 2013, the Building Commission and Plumbing Industry Commission ceased to exist and operations were transferred to the Victorian Building Authority.*
- (j) *Entity moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of Transport, Planning and Local Infrastructure.*
- (k) *Effective 9 October, the Growth Areas Authority was renamed the Metropolitan Planning Authority.*
- (l) *On 1 July 2013, the Victorian Building Authority commenced operations.*

APPENDIX A – GENERAL GOVERNMENT SECTOR QUARTERLY FINANCIAL REPORT

Table A.1: Operating statement for the past five quarters

(\$ million)

	2012-13		2013-14		
	Dec	Mar	Jun	Sept	Dec
Revenue from transactions					
Taxation revenue	3 558.0	4 791.6	3 546.4	4 300.5	3 803.3
Interest revenue	160.7	229.0	214.6	204.3	216.5
Dividends and income tax equivalent and rate equivalent revenue	648.8	36.7	607.3	64.5	158.6
Sales of goods and services	2 023.1	1 598.7	1 678.9	1 727.2	1 698.0
Grants	5 540.4	5 976.2	5 345.8	5 453.1	5 829.1
Other revenue	522.9	501.7	726.2	521.5	512.3
Total revenue from transactions	12 453.9	13 133.7	12 119.2	12 271.0	12 217.8
Expenses from transactions					
Employee expenses	4 555.9	4 279.6	4 619.0	4 388.4	4 493.9
Net superannuation interest expense ^(a)	238.9	266.1	269.0	266.7	263.6
Other superannuation	500.1	491.0	474.2	478.7	501.6
Depreciation	540.4	556.9	604.7	611.6	560.1
Interest expense	426.4	488.3	534.0	525.9	536.0
Grants and other transfers	2 115.9	2 315.4	1 839.7	2 060.2	1 846.1
Other operating expenses	3 937.1	3 760.4	4 403.4	4 189.1	4 117.9
Total expenses from transactions ^(a)	12 314.6	12 157.7	12 744.1	12 520.6	12 319.3
Net result from transactions – net operating balance ^(a)	139.2	976.0	(624.9)	(249.6)	(101.5)
Other economic flows included in net result					
Net gain/(loss) on sale of non-financial assets	17.8	2.8	(2.0)	(4.4)	24.8
Net gain/(loss) on financial assets or liabilities at fair value	..	1.5	17.1	22.2	18.4
Share of net profit/(loss) from associates/joint venture entities, excluding dividends	0.2	..	4.6	..	0.1
Other gains/(losses) from other economic flows	(87.1)	(120.5)	32.6	(96.5)	(73.7)
Total other economic flows included in net result ^(a)	(69.2)	(116.2)	52.3	(78.7)	(30.4)
Net result ^(a)	70.0	859.8	(572.5)	(328.4)	(131.9)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	(2.1)	0.1	689.9	(72.9)	(224.7)
Remeasurement of superannuation defined benefit plans ^(a)	2 167.4	2 855.6	3 880.7	1 428.4	1 000.8
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets ^(b)	158.1	1 150.4	(2 118.8)	..	1 110.9
Other movements in equity	148.8	(8.6)	907.2	103.5	172.6

Table A.1: Operating statement for the past five quarters (continued)

(\$ million)

	2012-13		2013-14		
	Dec	Mar	Jun	Sept	Dec
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	(6.2)	2.8	21.6	3.4	25.8
Total other economic flows – other comprehensive income ^(a)	2 466.0	4 000.4	3 380.6	1 462.4	2 085.5
Comprehensive result – total change in net worth	2 536.0	4 860.2	2 808.0	1 134.0	1 953.5
FISCAL AGGREGATES					
Net operating balance	139.2	976.0	(624.9)	(249.6)	(101.5)
Less: Net acquisition of non-financial assets from transactions	422.6	1 035.4	1 039.8	263.7	559.7
Net lending/(borrowing)	(283.3)	(59.4)	(1 664.6)	(513.4)	(661.2)

Note:

(a) December 2013 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1.

Table A.2: Balance sheet as at the end of the quarter, 31 December 2013

(\$ million)

	2012-13			2013-14	
	Dec	Mar	Jun	Sept	Dec
Assets					
Financial assets					
Cash and deposits	4 850.8	4 004.6	3 962.0	3 286.6	3 432.7
Advances paid	4 640.1	4 631.9	4 626.8	4 644.1	4 600.8
Receivables	4 792.8	5 730.3	5 061.0	4 954.7	4 866.2
Investments, loans and placements	2 389.2	2 468.9	3 383.4	3 672.7	3 820.5
Investments accounted for using equity method	45.6	45.6	49.4	49.4	49.4
Investments in other sector entities ^(a)	69 168.5	70 593.6	69 700.4	70 051.7	71 917.9
Total financial assets ^(a)	85 887.1	87 474.9	86 783.0	86 659.2	88 687.5
Non-financial assets					
Inventories	235.8	236.4	192.1	212.6	183.9
Non-financial assets held for sale	127.2	123.6	142.1	72.2	69.2
Land, buildings, infrastructure, plant and equipment	98 036.4	99 254.6	100 804.0	101 082.5	101 318.8
Other non-financial assets	1 045.3	933.2	954.3	1 196.4	1 262.0
Total non-financial assets	99 444.7	100 547.8	102 092.5	102 563.7	102 834.0
Total assets ^(a)	185 331.9	188 022.7	188 875.5	189 222.9	191 521.5
Liabilities					
Deposits held and advances received	380.1	402.3	449.0	422.6	505.8
Payables	5 774.8	5 329.5	5 958.4	5 357.8	5 469.6
Borrowing	29 414.0	30 161.3	31 345.3	32 688.2	33 695.2
Employee benefits	5 034.3	5 152.9	5 208.8	5 273.7	5 124.7
Superannuation	31 635.1	28 902.2	25 142.5	23 782.8	22 846.7
Other provisions	593.6	714.4	603.3	606.6	624.0
Total liabilities	72 831.9	70 662.6	68 707.4	68 131.9	68 266.0
Net assets ^(a)	112 499.9	117 360.1	120 168.1	121 091.0	123 255.5
Accumulated surplus/(deficit) ^(a)	35 161.0	38 855.7	43 174.7	44 361.2	45 457.6
Reserves ^(a)	77 288.9	78 454.4	76 943.4	76 679.8	77 747.9
Non-controlling interest	50.0	50.0	50.0	50.0	50.0
Net worth ^(a)	112 499.9	117 360.1	120 168.1	121 091.0	123 255.5
FISCAL AGGREGATES					
Net financial worth	13 055.2	16 812.3	18 075.6	18 527.3	20 421.5
Net financial liabilities	56 113.3	53 781.3	51 624.7	51 524.3	51 496.4
Net debt	17 914.0	19 458.1	19 822.1	21 507.4	22 347.0

Note:

(a) June 2013 comparative figures have been restated due to the reclassification of deferred tax liability balances.

Table A.3: Statement of cash flows for the past five quarters

(\$ million)

	2012-13		2013-14		
	Dec	Mar	Jun	Sept	Dec
Cash flows from operating activities					
Receipts					
Taxes received	3 662.9	3 471.2	4 128.0	4 120.9	4 151.7
Grants	5 538.5	5 976.8	5 465.1	5 430.9	5 849.1
Sales of goods and services ^(a)	1 796.4	1 674.2	1 947.0	1 955.8	1 994.9
Interest received	150.7	204.4	221.6	209.7	202.1
Dividends and income tax equivalent and rate equivalent receipts	660.3	31.1	434.9	209.0	177.9
Other receipts	494.4	799.4	152.8	482.1	81.4
Total receipts	12 303.2	12 157.0	12 349.4	12 408.3	12 457.1
Payments					
Payments for employees	(4 795.5)	(4 150.3)	(4 532.1)	(4 313.6)	(4 611.1)
Superannuation	(621.5)	(634.4)	(622.2)	(676.6)	(700.6)
Interest paid	(400.5)	(476.0)	(500.5)	(497.3)	(523.6)
Grants and subsidies	(2 144.6)	(2 675.4)	(1 335.6)	(2 325.4)	(1 732.9)
Goods and services ^(a)	(3 809.8)	(3 380.2)	(4 069.7)	(4 915.3)	(3 975.2)
Other payments	(153.1)	(133.8)	(133.1)	(181.9)	(152.3)
Total payments	(11 925.0)	(11 450.0)	(11 193.3)	(12 910.1)	(11 695.7)
Net cash flows from operating activities	378.2	707.0	1 156.1	(501.9)	761.4
Cash flows from investing activities					
Purchases of non-financial assets	(840.9)	(872.5)	(1 655.2)	(769.6)	(1 172.9)
Sales of non-financial assets	46.4	44.9	130.8	24.3	64.1
Cash flows from investments in non-financial assets	(794.5)	(827.6)	(1 524.5)	(745.3)	(1 108.8)
Net cash flows from investments in financial assets for policy purposes	(346.4)	(667.7)	147.8	(417.9)	(491.5)
Sub-total	(1 141.0)	(1 495.2)	(1 376.7)	(1 163.2)	(1 600.3)
Net cash flows from investments in financial assets for liquidity management purposes	(159.2)	(81.1)	(905.7)	(209.1)	(102.4)
Net cash flows from investing activities	(1 300.2)	(1 576.4)	(2 282.3)	(1 372.3)	(1 702.6)
Cash flows from financing activities					
Advances received (net)	(4.8)	(1.9)	(3.0)	..	..
Net borrowings	2 449.2	(0.4)	1 036.9	1 215.3	1 014.2
Deposits received (net)	(19.9)	24.1	49.7	(26.4)	83.1
Other financing (net)	..	1.4	..	..	..
Net cash flows from financing activities	2 424.5	23.2	1 083.6	1 188.8	1 097.3
Net increase/(decrease) in cash and cash equivalents	1 502.5	(846.2)	(42.6)	(685.4)	156.1
Cash and cash equivalents at beginning of reporting period	3 348.3	4 850.8	4 004.6	3 962.0	3 276.6
Cash and cash equivalents at end of reporting period	4 850.8	4 004.6	3 962.0	3 276.6	3 432.7
FISCAL AGGREGATES					
Net cash flows from operating activities	378.2	707.0	1 156.1	(501.9)	761.4
Net cash flows from investments in non-financial assets	(635.5)	(986.6)	(1 524.5)	(745.3)	(1 108.8)
Cash surplus/(deficit)	(257.4)	(279.6)	(368.4)	(1 247.2)	(347.4)

Note:

(a) Inclusive of goods and services tax.

APPENDIX B – FINANCIAL MANAGEMENT ACT 1994 COMPLIANCE INDEX

The *Financial Management Act 1994* requires of the Minister to prepare a *Mid-Year Financial Report* and a *Quarterly Financial Report* for tabling in Parliament. These reports have been prepared in accordance with applicable Australian Accounting Standards and the *Financial Management Act 1994*.

The *Financial Management Act 1994* specifies that these reports must meet certain requirements. The following compliance index explains how these requirements are met, together with appropriate references in this document.

<i>Financial Management Act Reference</i>	<i>Requirement</i>	<i>Comments/reference</i>
Section 25(1)	The Minister must prepare a mid-year report for each financial year.	Refer to Chapter 2
Section 25(2)	<p>The mid-year report:</p> <p>(a) must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks;</p> <p>(b) must present fairly the financial position of the State and the Victorian general government sector at midnight on 31 December in the financial year and:</p> <p>(i) the transactions on the Public Account;</p> <p>(ii) the transactions of the Victorian general government sector; and</p> <p>(iii) other financial transactions of the State</p> <p>in respect of the period of six months ending on that day.</p>	<p>Manner is in accordance with Australian Accounting Standards and Ministerial Directions. Form is Operating Statement, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes. Refer to Chapter 2</p> <p>Refer Chapter 2, Balance Sheet, page 13</p> <p>Refer Chapter 2, Note 28, pages 61-63</p> <p>Refer Chapter 2, Operating Statement, pages 11-12, Statement of Cash Flows, pages 14-15, Notes 2-7, pages 24-36, Notes 9-24, pages 38-58</p> <p>Refer Chapter 2, Operating Statement, pages 11-12, Statement of Cash Flows, pages 14-15 and Notes 2-24, pages 24-58</p>
Section 26(1)	The Minister must prepare a quarterly financial report for each quarter of each financial year.	Refer Appendix A, pages 67-70

<i>Financial Management Act Reference</i>	<i>Requirement</i>	<i>Comments/reference</i>
Section 26(2)	<p>A quarterly financial report comprises:</p> <p>(a) a statement of financial performance of the Victorian general government sector for the quarter;</p> <p>(b) a statement of the financial position of the Victorian general government sector at the end of the quarter;</p> <p>(c) a statement of cash flows of the Victorian general government sector for the quarter; and</p> <p>(d) a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based.</p>	<p>Refer Appendix A, Operating statement, Table A.1 pages 67-68</p> <p>Refer Appendix A, Balance sheet, Table A.2 page 69</p> <p>Refer Appendix A, Statement of cash flows, Table A.3 page 70</p> <p>Refer Chapter 2, Note 1, pages 19-23</p>
Section 26(2A)	A quarterly financial report must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks.	Manner is a financial report for the general government sector. Form is Operating Statement, Balance Sheet, Statement of Cash Flows. Refer to Appendix A
Section 26(2B)	The quarterly financial report for the quarter ending on 31 December in a financial year must include, in addition to the statements referred to in subsection (2)(a) to (d) for that quarter, those statements for the period of six months ending on that 31 December.	Refer to Chapter 2, Operating Statement, pages 11-12, Balance Sheet, page 13 and Statement of Cash Flows, pages 14-15

STYLE CONVENTIONS

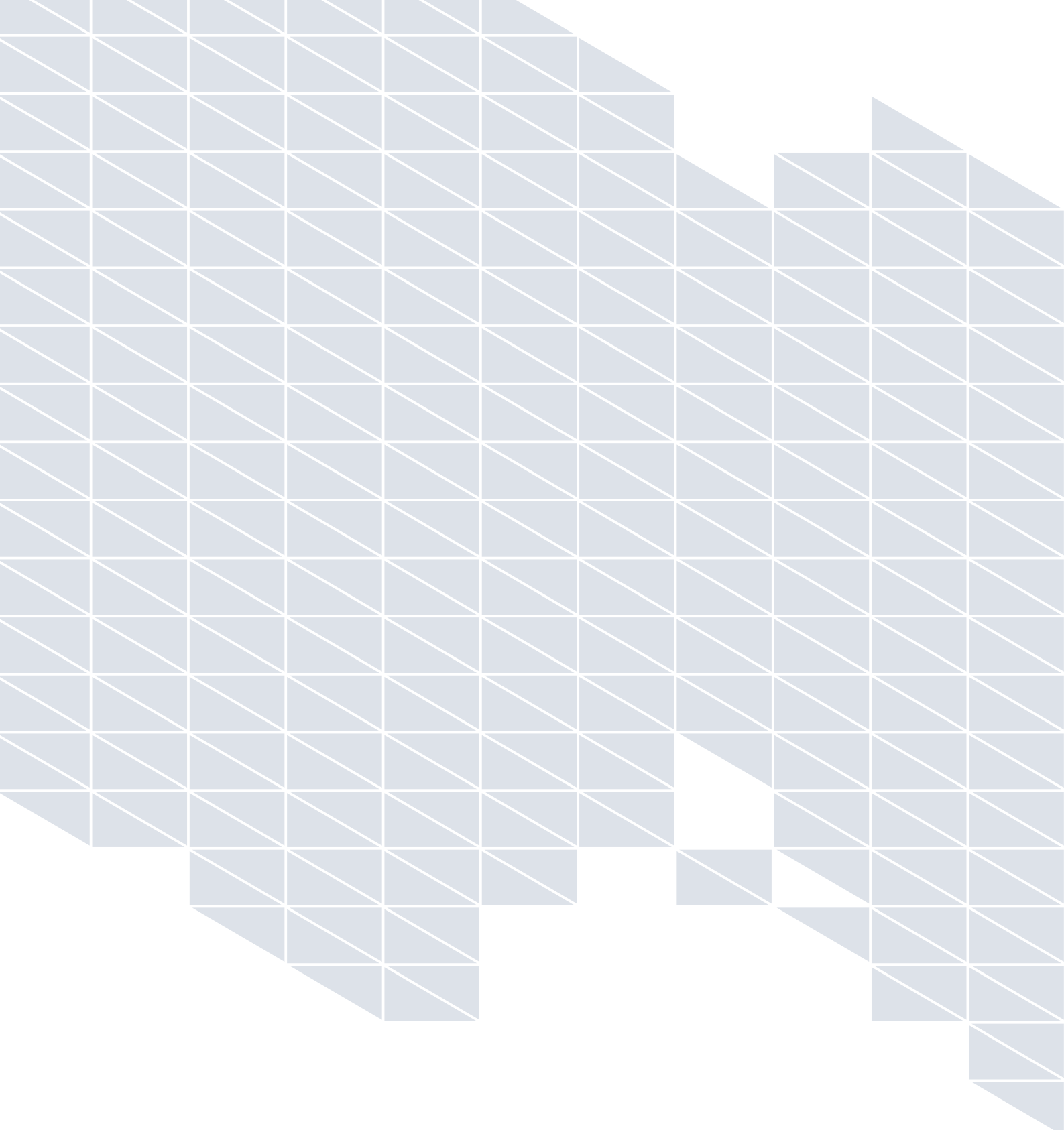
Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage changes in all tables are based on the underlying unrounded amounts.

The notation used in the tables and charts is as follows:

n.a. or na	not available or not applicable
Cat. No.	catalogue number
1 billion	1 000 million
1 basis point	0.01 per cent
..	zero, or rounded to zero
ongoing	continuing output, program, project etc.
tbd	to be determined
(xxx.x)	negative numbers
ytd	year to date

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