



2014-15 Mid-Year Financial Report

(incorporating Quarterly Financial Report No. 2)

March 2015

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Treasurer of the State of Victoria

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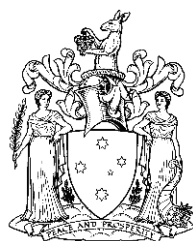
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CHAPTER 1 – MID-YEAR RESULTS FOR THE STATE OF VICTORIA, INCLUDING THE GENERAL GOVERNMENT SECTOR

The *2014-15 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 2014. The 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 *2014-15 Budget Update*. The likely 2014-15 full year results cannot be extrapolated from the half year results due to seasonal and other factors impacting on the timing of activity and transactions. 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.

Victorian employment growth picked up towards the end of 2014, however the unemployment rate still remains high compared with recent history. Business investment has generally been soft, with businesses waiting for sustained growth in demand before committing investment spending. However, Victoria's population remains one of the fastest growing of the states, and continues to receive a positive net inflow of interstate migrants. Latest data for 2014 shows that Victoria gained more people from interstate migration than any other state. Activity in the property sector continued to be strong at the end of 2014, and the recent strength in house prices and building approvals, as well as continued population growth are also likely to support dwelling investment in 2014-15. The recent sharp depreciation of the Australian dollar, if sustained, is likely to have a positive impact on Victoria's exports of goods and services.

For the period to 31 December 2014, the general government sector recorded a positive net result from transactions of \$486.2 million and remains on track to achieve a net operating surplus consistent with the estimates presented in the *2014-15 Budget Update*.

The State recorded a net result from transactions of a deficit of \$294.6 million. After taking into account other economic flows which mainly relate to asset and liability revaluation movements in the period resulting from financial market volatility, the net result of the State was a deficit of \$1.7 billion.

Victoria maintains a stable triple-A credit rating from both major ratings agencies. The Government is committed to strong financial management, supporting a continuing stable triple-A credit rating into the future.

STATE OF VICTORIA – OVERVIEW

The State comprises the general government sector, the public non-financial corporations (PNFC) sector and the public financial corporations (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 to other areas of government, such as the Treasury Corporation of Victoria.

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

The material level of investment in infrastructure within the non-financial public sector (NFPS) makes the sector significant to the overall State. The NFPS represents the general government sector plus the PNFC sector after eliminating transactions between the two sectors.

Net infrastructure investment for the State for the period to 31 December 2014 was \$1.3 billion, driven mainly by the general government and the PNFC sector. After adjusting for the proceeds received from the sale of Rural Finance Corporation, the total investment in non-financial assets for the State was \$3 billion. Cash surpluses generated from operating activities are applied, in the first instance, to the funding of infrastructure investment. Cash flow from operating activities for the State was \$3.3 billion for 2014-15.

Net debt for the NFPS was \$36 billion, or 9.9 per cent of gross state product (GSP), at 31 December 2014, largely reflecting the significant amount of infrastructure investment in the general government and PNFC sectors.

FINANCIAL PERFORMANCE

For the six months to 31 December 2014, the general government sector recorded a positive net result from transactions of \$486.2 million and remains on track to achieve a net operating surplus consistent with the estimates presented in the *2014-15 Budget Update*. The movement in the result compared to the same time last year largely reflects higher revenues, mainly due to higher taxation revenue from payroll tax and land transfer duties, and revenue from grants. The net result for the State after including other economic flows mainly relating to asset and revaluation movements driven by financial market volatility was a deficit of \$1.7 billion.

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

(\$ million)

	State of Victoria				General government			
	2013-14 Actual to Dec	2014-15 Actual to Dec	2014-15 Revised estimate	%	2013-14 Actual to Dec	2014-15 Actual to Dec	2014-15 Revised estimate	%
Revenue from transactions								
Taxation revenue	7 940.1	8 555.3	17 469.4	49.0	8 103.8	8 764.3	17 912.5	48.9
Interest revenue	460.2	461.6	1 002.4	46.0	420.8	405.1	834.4	48.5
Dividends ^(b)	383.5	524.0	617.5	84.9	223.1	666.8	1 091.5	61.1
Sales of goods and services	7 061.7	6 853.6	13 914.3	49.3	3 425.2	3 332.3	6 558.5	50.8
Grants	11 249.1	11 664.4	24 533.9	47.5	11 282.2	11 721.7	24 664.9	47.5
Other revenue	1 244.3	1 414.9	2 589.0	54.6	1 033.8	1 154.7	2 141.7	53.9
Total revenue	28 338.9	29 473.8	60 126.5	49.0	24 488.8	26 044.9	53 203.5	49.0
Expenses								
Employee expenses	9 373.1	9 802.5	19 507.9	50.2	8 882.3	9 319.0	18 504.1	50.4
Superannuation ^(c)	1 568.3	1 605.2	3 061.3	52.4	1 510.6	1 546.4	2 952.6	52.4
Depreciation	2 129.7	2 176.7	4 476.6	48.6	1 171.8	1 176.7	2 455.0	47.9
Interest expense	1 474.4	1 423.8	2 883.6	49.4	1 061.9	1 048.2	2 115.2	49.6
Grants and other transfers	2 444.8	2 721.0	5 402.2	50.4	3 906.3	4 130.1	8 027.5	51.4
Other operating expenses	12 153.3	12 039.1	25 900.2	46.5	8 307.0	8 338.3	18 007.3	46.3
Total expenses	29 143.4	29 768.5	61 231.9	48.6	24 839.9	25 558.7	52 061.7	49.1
Net result from transactions – net operating balance	(804.5)	(294.6)	(1 105.4)	n.a	(351.1)	486.2	1 141.8	n.a
Total other economic flows included in net result	2 964.7	(1 419.8)	1 432.9	n.a	(109.2)	(272.6)	(217.8)	n.a
Net result	2 160.2	(1 714.4)	327.4	n.a	(460.3)	213.6	924.0	n.a
Total other economic flows – other comprehensive income	2 442.7	(2 478.4)	8 136.4	n.a	3 547.9	(2 444.3)	6 611.7	n.a
Comprehensive result – total change in net worth	4 602.9	(4 192.8)	8 463.8	n.a	3 087.6	(2 230.7)	7 535.6	n.a

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.

General government sector

Revenue

Revenue for the period totalled \$26.0 billion, which is 49 per cent of the revised budget revenue.

Total taxation revenue was \$8.8 billion, or 49 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 the recognition of the Fire Services Property Levy in the first quarter of the financial year. Aside from these timing factors, revenues from land transfer duties have also been strong for the first half of the year, a \$463 million increase compared to the same time last year. This is due to the continued strength in the property market and a higher level of commercial transactions compared with the same time last year.

Grants revenue was \$11.7 billion, 47.5 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 for the Regional Rail Link project.

Dividends and income tax equivalent revenue for the half year was 61 per cent of the revised budget estimate which primarily reflects the timing of PFC dividends. Stronger than expected results also occurred in the PFC sector in 2013-14, where interim dividends were paid in 2014-15 rather than 2013-14.

Revenue from the sale of goods and services for the half year was \$3.3 billion, or 51 per cent of the revised budget estimate and is in line with expectations for this time of year.

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

Expenses

Total expenses were \$25.6 billion, or 49 per cent of the revised budget estimate.

Other operating expenses, which is mainly expenditure supporting the Government's service delivery, were \$8.3 billion or 46.3 per cent of the revised budget estimate. This is lower than pro-rata due to the timing of expenditure on supplies and consumables, where the majority of these operating expenses is expected in the second half of the year.

All other 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 was \$29.5 billion, of which \$26 billion 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 4 per cent higher than the corresponding period in 2013-14. Within the PNFC sector, revenue decreased by 1.6 per cent to \$4.6 billion mainly due to a 1.9 per cent decline in sale of goods and services predominantly as a result of rebates provided by the metropolitan water retailers to households.

The PFC sector recorded a 6.3 per cent or \$220 million increase in revenue to \$3.7 billion compared to 2013-14. This was mainly due to a \$56.5 million increase in sale of goods and services as a result of small increases in premium revenues for the State's insurance agencies driven by growth in registered motor vehicles, wages growth and inflation and a \$148.7 million increase in dividends and income tax equivalents.

Expenses

Total expenses for the State increased by 2.1 per cent to \$29.8 billion for the six months to 31 December 2014. Of this, \$25.6 billion was incurred by the general government sector as previously highlighted.

Within the PNFC sector, total expenses decreased by 0.7 per cent to \$4.5 billion compared with the corresponding six month period to 31 December 2013. This decrease was mainly due to lower expenses associated with efficiency initiatives in the metropolitan water businesses.

Within the PFC sector, total expenses increased by 1.8 per cent. The increase compared with the period to 31 December 2013 was largely due to an increase in claims liabilities as a result of unfavourable movements in bond rates used to value these liabilities.

Other economic flows and net result

In addition to the net result from transactions, there are a number of other economic flows included in the net result. These include a number of accounting and actuarial revaluations which impact on the valuation of assets and liabilities comprising:

- general government sector other economic flows totalling \$273 million, primarily due to:
 - movements in provisions for doubtful receivables; and
 - revaluation of Linking Melbourne Authority assets.
- whole of State other economic flows totalling \$1.4 billion, due to:
 - continued volatility in financial markets and the resulting impact on investment valuations; and
 - increases in the valuation of financial liabilities due to a fall in interest rates and changes in actuarial assumptions used to value these liabilities.

FINANCIAL POSITION

Comparative analysis on the financial position of the State and general government sector is based on movements between 30 June 2014 and 31 December 2014.

Table 1.2: Summary balance sheet as at 31 December 2014^(a)

	(\$ million)					
	State of Victoria			General government		
	Jun 2014	Dec 2014	Actual movement	Jun 2014	Dec 2014	Actual movement
Assets						
Non-financial assets	200 563.9	201 490.2	926.3	105 168.0	105 778.7	610.6
Financial assets	47 716.2	48 858.4	1 142.2	93 059.4	93 319.2	259.8
Total assets	248 280.1	250 348.6	2 068.5	198 227.4	199 097.9	870.5
Liabilities						
Superannuation	25 729.0	28 317.8	2 588.8	25 680.7	28 271.4	2 590.7
Borrowings	51 277.4	51 923.4	646.0	32 953.6	33 018.1	64.6
Other liabilities	40 181.0	43 207.5	3 026.5	12 106.3	12 552.2	445.9
Total liabilities	117 187.4	123 448.7	6 261.3	70 740.6	73 841.7	3 101.2
Net assets	131 092.7	126 899.8	(4 192.8)	127 486.9	125 256.2	(2 230.7)

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 decreased by \$4.2 billion during the period to 31 December 2014. This includes a \$2.6 billion increase in the valuation of the State's superannuation liability, primarily attributable to lower than expected investment returns on superannuation assets and a decrease in the bond rates that are used to value the superannuation liability.

Total assets of the State increased by \$2.1 billion to \$250.3 billion, comprising growth in financial assets and land, buildings, infrastructure, plant and equipment. The State's financial assets benefited from continued capital growth associated with favourable financial market conditions.

Total liabilities for the State increased by \$6.3 billion to \$123.4 billion. Superannuation liabilities increased by \$2.6 billion and other liabilities increased by \$3.0 billion. This was primarily driven by the impact of lower interest rates on the valuation of financial liabilities of the Treasury Corporation of Victoria (TCV) and the State's insurance agencies. The increase in State borrowings is largely attributable to the funding of the PNFC sector capital expenditure program.

CASH FLOWS

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

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

(\$ million)

	2014-15	
	Actual to Dec	Revised estimate
Net result from transactions – net operating balance	486.2	1 141.8
Add back: Non-cash revenues and expenses (net) ^(a)	1 310.3	2 874.1
Net cash flow from operating activities	1 796.5	4 015.9
Less:		
Net investment in fixed assets ^(b)		
Purchases of non-financial assets	2 117.9	4 729.5
Net cash flows from investments in financial assets for policy purposes	(44.3)	125.4
Sale of non-financial assets	(122.1)	(395.2)
Net investment in fixed assets	1 951.5	4 459.7
Finance leases ^(c)	..	36.4
Other investment activities (net)	13.1	32.3
Decrease/(increase) in net debt	(168.1)	(512.6)

Notes:

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

(b) Net investment in fixed assets is net of return of capital from the Rural Finance Corporation sale.

(c) 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 infrastructure program to support growing community needs and ongoing productivity improvement. For the six months to 31 December 2014, net investment in fixed assets for the State totalled \$1.3 billion. After adjusting for the proceeds received from the sale of Rural Finance Corporation, the total investment in non-financial assets for the State was \$3 billion for the six months to 31 December 2014.

For the general government sector and the State net infrastructure investment represents 43.8 per cent and 23.7 per cent of the revised budget estimates respectively.

Infrastructure investment to mid-year 2014-15

Major projects completed so far this year include:

- Shrine of Remembrance;
- State Coronial Services Centre; and
- M80 upgrade.

Major projects in progress include:

- Box Hill Hospital;
- Bendigo Hospital;
- Victorian Comprehensive Cancer Centre;
- Monash Children's Hospital;
- Royal Victorian Eye and Ear Hospital;
- redevelopment of Melbourne Park;
- new trains, trams and associated infrastructure for Melbourne commuters;
- regional rolling stock;
- Regional Rail Link;
- 50 level crossings removal program;
- Koo Wee Rup bypass; and
- Ravenhall Prison.

Major projects that commenced procurement in 2014-15 include:

- New schools public private partnership (PPP).

FINANCIAL SUSTAINABILITY

General government sector

Table 1.4 shows general government sector net debt increased marginally by \$168.1 million to \$21.3 billion at 31 December 2014. The ratio on net debt to GSP has improved slightly to 5.9 per cent. Overall, net financial liabilities increased during the six month period due to the \$2.6 billion increase in the superannuation liability which was caused by a significant reduction in the bond yields that underlie the key superannuation valuation assumption. As a result, the ratio of net financial liabilities to GSP increased from 15.3 per cent to 15.6 per cent during the six month period.

Table 1.4: General government sector net debt and net financial liabilities as at 31 December 2014

	(\$ million)			
	Opening 1 Jul 2014	Closing 31 Dec 2014	Actual movement	% change
Assets				
Cash and deposits	4 500.9	4 089.5	(411.4)	(9.1)
Advances paid	4 586.9	4 577.9	(9.0)	(0.2)
Investments, loans and placements	3 117.6	3 432.0	314.4	10.1
Total	12 205.4	12 099.3	(106.1)	(0.9)
Liabilities				
Deposits held and advances received	426.5	423.9	(2.6)	(0.6)
Borrowings	32 953.6	33 018.1	64.6	0.2
Total	33 380.1	33 442.0	62.0	0.2
Net debt ^(a)	21 174.6	21 342.7	168.1	0.8
Superannuation liability	25 680.7	28 271.4	2 590.7	10.1
Net debt plus superannuation liabilities	46 855.4	49 614.1	2 758.8	5.9
Other liabilities (net) ^(b)	6 695.1	7 077.9	382.9	5.7
Net financial liabilities ^(c)	53 550.4	56 692.0	3 141.6	5.9
	(per cent)			
Net debt to GSP ^(d)	6.0	5.9		
Net debt plus superannuation liabilities to GSP ^(d)	13.4	13.6		
Net financial liabilities to GSP ^(d)	15.3	15.6		

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. Net debt increased by \$122 million which together with an increase in the valuation of the superannuation liability has resulted in an increase in net financial liabilities.

As a result, the ratio of net financial liabilities to GSP increased from 19.4 per cent to 19.5 per cent during the six month period.

Table 1.5: Non-financial public sector net debt and net financial liabilities as at 31 December 2014

(\$ million)				
	Opening 1 Jul 2014	Closing 31 Dec 2014	Actual movement	% change
Assets				
Cash and deposits	5 485.4	5 124.7	(360.7)	(6.6)
Advances paid	86.1	85.0	(1.1)	(1.3)
Investments, loans and placements	4 096.6	4 523.9	427.3	10.4
Total	9 668.1	9 733.6	65.5	0.7
Liabilities				
Deposits held and advances received	541.5	559.3	17.7	3.3
Borrowings	45 052.5	45 222.2	169.7	0.4
Total	45 594.0	45 781.5	187.5	0.4
Net debt ^(a)	35 925.9	36 047.9	122.0	0.3
Superannuation liability	25 729.0	28 317.8	2 588.8	10.1
Net debt plus superannuation liabilities	61 654.9	64 365.6	2 710.8	4.4
Other liabilities (net) ^(b)	6 346.6	6 536.6	190.0	3.0
Net financial liabilities ^(c)	68 001.5	70 902.2	2 900.7	4.3
(per cent)				
Net debt to GSP ^(d)	10.3	9.9		
Net debt plus superannuation liabilities to GSP ^(d)	17.6	17.7		
Net financial liabilities to GSP ^(d)	19.4	19.5		

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)

		State of Victoria		General government sector	
	Notes	2014	2013	2014	2013
Revenue from transactions					
Taxation revenue	3	8 555.3	7 940.1	8 764.3	8 103.8
Interest revenue		461.6	460.2	405.1	420.8
Dividends and income tax equivalent and rate equivalent revenue	4	524.0	383.5	666.8	223.1
Sales of goods and services	5	6 853.6	7 061.7	3 332.3	3 425.2
Grants	6	11 664.4	11 249.1	11 721.7	11 282.2
Other revenue	7	1 414.9	1 244.3	1 154.7	1 033.8
Total revenue from transactions		29 473.8	28 338.9	26 044.9	24 488.8
Expenses from transactions					
Employee expenses		9 802.5	9 373.1	9 319.0	8 882.3
Net superannuation interest expense	8a	511.6	530.3	511.6	530.3
Other superannuation	8a	1 093.6	1 037.9	1 034.8	980.2
Depreciation	9	2 176.7	2 129.7	1 176.7	1 171.8
Interest expense	10	1 423.8	1 474.4	1 048.2	1 061.9
Grants and other transfers	11	2 721.0	2 444.8	4 130.1	3 906.3
Other operating expenses		12 039.1	12 153.3	8 338.3	8 307.0
Total expenses from transactions	12	29 768.5	29 143.4	25 558.7	24 839.9
Net result from transactions – net operating balance		(294.6)	(804.5)	486.2	(351.1)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		21.1	18.6	26.1	20.3
Net gain/(loss) on financial assets or liabilities at fair value		(174.3)	2 064.2	34.6	40.6
Share of net profit/(loss) from associates/joint venture entities, excluding dividends		0.1	0.1	0.1	0.1
Other gains/(losses) from other economic flows	13	(1 266.7)	881.8	(333.4)	(170.2)
Total other economic flows included in net result		(1 419.8)	2 964.7	(272.6)	(109.2)
Net result		(1 714.4)	2 160.2	213.6	(460.3)

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

(\$ million)

	Notes	State of Victoria		General government sector	
		2014	2013	2014	2013
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus		(325.6)	(342.5)	(332.9)	(297.6)
Remeasurement of superannuation defined benefits plans	8a	(2 464.4)	2 444.4	(2 464.4)	2 429.2
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		..	..	2.7	1 110.9
Other movements in equity ^(a)		365.2	289.0	384.5	276.1
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value		(53.6)	51.8	(34.1)	29.2
Total other economic flows – other comprehensive income		(2 478.4)	2 442.7	(2 444.3)	3 547.9
Comprehensive result – total change in net worth		(4 192.8)	4 602.9	(2 230.7)	3 087.6
KEY FISCAL AGGREGATES					
Net operating balance		(294.6)	(804.5)	486.2	(351.1)
Less: Net acquisition of non-financial assets from transactions ^(b)	2	900.2	1 439.8	485.2	586.4
Net lending/(borrowing)		(1 194.9)	(2 244.4)	1.0	(937.6)

The accompanying notes form part of these financial statements.

Notes:

(a) The December 2013 comparative figure has been updated to reflect more current information.

(b) The December 2013 comparative figures have been restated to include the fixed asset transfers to and from the general government sector.

Consolidated balance sheet as at 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		Dec	Jun	Dec	Jun
		2014	2014	2014	2014
Assets					
Financial assets					
Cash and deposits		8 114.2	8 200.7	4 089.5	4 500.9
Advances paid	15	109.7	1 795.1	4 577.9	4 586.9
Receivables	14	6 846.6	6 396.5	5 003.4	4 940.6
Investments, loans and placements	15	32 229.9	29 768.8	3 432.0	3 117.6
Investments accounted for using the equity method	16	1 558.0	1 555.1	47.0	44.1
Investments in other sector entities		..	..	76 169.5	75 869.2
Total financial assets		48 858.4	47 716.2	93 319.2	93 059.4
Non-financial assets					
Inventories	17	746.3	802.2	148.1	176.6
Non-financial assets held for sale	18	169.5	166.6	166.9	142.5
Land, buildings, infrastructure, plant and equipment	19a	197 911.4	197 137.0	103 983.4	103 644.2
Other non-financial assets	20	2 663.0	2 458.1	1 480.3	1 204.8
Total non-financial assets		201 490.2	200 563.9	105 778.7	105 168.0
Total assets	21	250 348.6	248 280.1	199 097.9	198 227.4
Liabilities					
Deposits held and advances received		2 047.2	2 070.7	423.9	426.5
Payables	22	8 980.9	7 732.2	6 004.3	5 746.5
Borrowings	23	51 923.4	51 277.4	33 018.1	32 953.6
Employee benefits	24	5 854.6	5 745.1	5 436.0	5 302.7
Superannuation	8b	28 317.8	25 729.0	28 271.4	25 680.7
Other provisions	25	26 324.8	24 632.9	688.0	630.6
Total liabilities		123 448.7	117 187.4	73 841.7	70 740.6
Net assets		126 899.8	131 092.7	125 256.2	127 486.9
Accumulated surplus/(deficit)		42 511.6	46 211.3	42 520.6	44 410.0
Reserves		84 338.2	84 831.3	82 685.6	83 026.9
Non-controlling interest		50.0	50.0	50.0	50.0
Net worth		126 899.8	131 092.7	125 256.2	127 486.9
FISCAL AGGREGATES					
Net financial worth		(74 590.3)	(69 471.2)	19 477.5	22 318.8
Net financial liabilities		74 590.3	69 471.2	56 692.0	53 550.4
Net debt		13 516.8	13 583.6	21 342.7	21 174.6

The accompanying notes form part of these financial statements.

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

(\$ million)

	Notes	State of Victoria		General government sector	
		2014	2013	2014	2013
Cash flows from operating activities					
Receipts					
Taxes received		9 157.2	8 108.8	9 366.2	8 272.5
Grants		11 660.4	11 343.8	11 719.9	11 280.0
Sales of goods and services ^(a)		8 680.4	8 799.3	3 907.1	3 950.7
Interest received		406.3	408.7	385.0	411.8
Dividends and income tax equivalent and rate equivalent receipts		524.3	543.8	676.2	386.9
Other receipts ^(b)		1 223.7	952.7	1 002.2	564.2
Total receipts		31 652.2	30 157.2	27 056.6	24 866.2
Payments					
Payments for employees		(9 738.8)	(9 446.3)	(9 230.2)	(8 924.7)
Superannuation		(1 480.8)	(1 437.1)	(1 420.1)	(1 377.2)
Interest paid		(1 427.7)	(1 435.4)	(1 020.3)	(1 020.9)
Grants and subsidies		(2 887.8)	(2 619.4)	(4 316.0)	(4 058.3)
Goods and services ^(a)		(12 490.5)	(12 499.7)	(8 934.7)	(8 890.5)
Other payments		(341.1)	(334.4)	(338.8)	(334.2)
Total payments		(28 366.7)	(27 772.3)	(25 260.1)	(24 605.9)
Net cash flows from operating activities	26b	3 285.5	2 384.8	1 796.5	260.3
Cash flows from investing activities					
Purchases of non-financial assets		(3 242.0)	(3 571.6)	(2 117.9)	(1 942.5)
Sales of non-financial assets		222.2	208.3	122.1	88.3
Cash flows from investments in non-financial assets		(3 019.8)	(3 363.3)	(1 995.8)	(1 854.2)
Cash flows from investments in financial assets for policy purposes					
Cash inflows		1 713.9	348.0	333.0	18.8
Cash outflows		(6.1)	(397.8)	(288.8)	(928.8)
Net cash flows from investments in financial assets for policy purposes ^(b)		1 707.7	(49.8)	44.3	(910.1)
Sub-total		(1 312.1)	(3 413.1)	(1 951.5)	(2 764.2)
Net cash flows from investments in financial assets for liquidity management purposes ^(c)		(1 311.8)	(1 725.7)	(316.2)	(311.5)
Net cash flows from investing activities		(2 623.9)	(5 138.8)	(2 267.7)	(3 075.7)
Cash flows from financing activities					
Advances received		21.2	35.4	0.8	..
Advances repaid		(5.0)	(0.6)	..	..
Advances received (net)		16.2	34.8	0.8	..
Borrowings received		4 310.9	9 145.6	235.5	2 541.4
Borrowings repaid		(5 034.9)	(5 664.4)	(173.1)	(312.0)
Net borrowings ^(c)		(724.0)	3 481.2	62.4	2 229.5
Deposits received		409.7	467.9	257.3	170.3
Deposits paid		(449.4)	(487.3)	(260.7)	(113.6)
Deposits received (net)		(39.7)	(19.4)	(3.4)	56.7
Other financing inflows		..	3.0	..	..
Other financing outflows		..	..	..	..
Other financing (net)		..	3.0	..	..
Net cash flows from financing activities		(747.4)	3 499.6	59.8	2 286.1

		State of Victoria		General government sector	
	Notes	2014	2013	2014	2013
Net increase/(decrease) in cash and cash equivalents		(85.8)	745.7	(411.4)	(529.2)
Cash and cash equivalents at beginning of reporting period		8 199.9	6 252.9	4 500.9	3 962.0
Cash and cash equivalents at end of reporting period	26a	8 114.1	6 998.5	4 089.5	3 432.7
FISCAL AGGREGATES					
Net cash flows from operating activities ^(b)		3 285.5	2 384.8	1 796.5	260.3
Net cash flows from investments in non-financial assets		(3 019.8)	(3 363.3)	(1 995.8)	(1 854.2)
Cash surplus/(deficit) ^(b)		265.7	(978.4)	(199.3)	(1 593.9)

The accompanying notes form part of these financial statements.

Notes:

(a) Inclusive of goods and services tax.

(b) The December 2013 comparative figures for the general government sector have been updated to reflect more current information.

(c) The December 2013 comparatives for the State of Victoria have been restated to reflect the reclassification of cash flows from the insurance entities derivatives from borrowings to investments for liquidity management purposes.

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

(\$ million)

<i>State of Victoria</i>	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2014		
Balance at 1 July 2014	46 211.3	50.0
Net result for the six months	(1 714.4)	..
Other comprehensive income for the six months	(1 985.3)	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2014	42 511.6	50.0
2013		
Balance at 1 July 2013 ^(a)	43 565.1	50.0
Net result for the six months	2 160.2	..
Other comprehensive income for the six months ^(a)	2 696.5	..
Transactions with owners in their capacity as owners	..	..
Balance equity as at 31 December 2013 ^(a)	48 421.8	50.0

The accompanying notes form part of these financial statements.

Note:

(a) The December 2013 comparatives have been restated to reflect more current information.

(\$ million)

<i>General government sector</i>	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2014		
Balance at 1 July 2014	44 410.0	50.0
Net result for the six months	213.6	..
Other comprehensive income for the six months	(2 103.0)	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2014	42 520.6	50.0
2013		
Balance at 1 July 2013 ^(a)	43 174.7	50.0
Net result for the six months	(460.3)	..
Other comprehensive income for the six months	2 743.4	..
Transactions with owners in their capacity as owners	..	..
Balance equity as at 31 December 2013 ^(a)	45 457.7	50.0

The accompanying notes form part of the financial statements.

Note:

(a) The December 2013 comparatives have been restated to reflect more current information.

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
83 670.8	1 160.5	131 092.7
..	..	(1 714.4)
(325.6)	(167.5)	(2 478.4)
..
83 345.2	993.0	126 899.8
78 459.3	1 557.8	123 632.1
..	..	2 160.2
(342.4)	88.6	2 442.7
..
78 116.9	1 646.4	128 235.0

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
40 199.2	42 187.3	640.3	127 486.9
..	..	..	213.6
(332.9)	2.7	(11.0)	(2 444.3)
..
39 866.3	42 190.0	629.3	125 256.2
37 970.4	38 373.5	614.0	120 182.5
..	(460.3)
(297.6)	1 110.9	(8.9)	3 547.9
..
37 672.9	39 484.4	605.1	123 270.1

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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 2014.

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 *2013-14 Financial Report for the State of Victoria*, Chapter 4 *Annual Financial Report* (the AFR).

Since the issuance of the 2013-14 AFR, the following relevant Accounting Standards have become operative for the 2014-15 financial year:

- AASB 10 *Consolidated Financial Statements*

AASB 10 focuses on ‘control’ in determining whether an entity needs to consolidate another entity. 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.

At the reporting date, the State has assessed that no additional entities are required to be consolidated, in light of the control criteria set out in AASB 10.

- AASB 11 *Joint Arrangements*

AASB 11 prescribes two types of joint arrangements, i.e. joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangement. The most significant change arising from AASB 11 is that a joint venture must be accounted for using equity method, and proportional consolidation is no longer permitted.

The State has reviewed its current joint arrangements, and concluded that the joint arrangements that were previously classified as jointly controlled assets are now classified as joint operations in accordance with AASB 11, with no change to the current accounting treatment. For joint arrangements that were previously determined as joint ventures, there is no significant change to the classification and accounting treatment, as equity method has already been applied.

- AASB 12 *Disclosure of Interests in Other 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. The State will include the relevant disclosures in its year-end financial statements for 2014-15.

- AASB 127 *Separate Financial Statements*

This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements, which have not changed in substance.

- AASB 128 *Investments in Associates*

This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates, which have not changed in substance.

Note 1. Summary of significant accounting policies (continued)

(A) Statement of compliance

These financial statements have been prepared in the manner and form as determined by the Treasurer, 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 2014-15 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*.

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 2014-15 *Mid-Year Financial Report* was authorised for publication by the Secretary of the Department of Treasury and Finance on 25 February 2015.

(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'.

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

(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 (refer to Note 31 *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.

The primary function of entities within 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 providing financial intermediation services or auxiliary financial services, which 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.

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

Basis of consolidation

In accordance with AASB 1049 and AASB 10 *Consolidated 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 2014 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. Where the carrying amount of the entity's net assets before consolidation eliminations is less than zero, the amount is not included at the general government sector, but the net liabilities will be consolidated at the State level. 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*.

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

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 entities adopt dissimilar accounting policies 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 31 of these financial statements.

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

(D) Prospective accounting changes

Certain new and revised accounting standards have been published but are not effective for the 2014-15 reporting period. They include:

- AASB 15 *Revenue from Contracts with Customers*, operative from 1 January 2017. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. The State is reviewing its existing revenue recognition policy to assess the potential implications arising from AASB 15.
- AASB 9 *Financial Instruments*, operative for reporting periods beginning from 1 January 2018 as revised by AASB 2014-1 *Amendments to Australian Accounting Standards (Part E Financial Instruments)*. The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

Several other amending standards and AASB interpretations have been issued that are applicable for future reporting periods, but 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	
	2014	2013	2014	2013
Revenue from transactions				
Taxation revenue	8 764.3	8 103.8	..	..
Interest revenue	405.1	420.8	23.1	31.1
Dividends and income tax equivalent and rate equivalent revenue	666.8	223.1	25.9	40.0
Sales of goods and services	3 332.3	3 425.2	2 865.1	2 920.3
Grants	11 721.7	11 282.2	1 433.7	1 480.0
Other revenue	1 154.7	1 033.8	246.7	198.3
Total revenue	26 044.9	24 488.8	4 594.6	4 669.7
Expenses from transactions				
Employee expenses	9 319.0	8 882.3	529.1	519.3
Net superannuation interest expense	511.6	530.3	..	..
Other superannuation	1 034.8	980.2	47.3	45.7
Depreciation	1 176.7	1 171.8	975.8	938.0
Interest expense	1 048.2	1 061.9	570.3	595.6
Grants and other transfers	4 130.1	3 906.3	118.0	118.0
Other operating expenses	8 338.3	8 307.0	2 250.9	2 295.0
Other property expenses	..	..	57.4	70.4
Total expenses	25 558.7	24 839.9	4 548.8	4 582.0
Net result from transactions – net operating balance	486.2	(351.1)	45.7	87.7
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	26.1	20.3	(5.2)	(1.8)
Net gain/(loss) on financial assets or liabilities at fair value	34.6	40.6	44.7	(48.1)
Share of net profit/(loss) from associates/joint venture entities, excluding dividends	0.1	0.1	..	..
Other gains/(losses) from other economic flows	(333.4)	(170.2)	20.3	97.1
Total other economic flows included in net result	(272.6)	(109.2)	59.9	47.3
Net result	213.6	(460.3)	105.6	134.9
Other economic flows – other comprehensive income				
Items that will not be reclassified to net result				
Changes in non-financial assets revaluation surplus	(332.9)	(297.6)	(4.8)	(6.6)
Remeasurement of superannuation defined benefits plans	(2 464.4)	2 429.2	..	15.2
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	2.7	1 110.9	..	..
Other movements in equity ^(a)	384.5	276.1	3.2	(0.1)
Items that may be reclassified subsequently to net result				
Net gain/(loss) on financial assets at fair value	(34.1)	29.2	(19.5)	22.5
Total other economic flows – other comprehensive income	(2 444.3)	3 547.9	(21.1)	31.0
Comprehensive result – total change in net worth	(2 230.7)	3 087.6	84.5	165.9
FISCAL AGGREGATES				
Net operating balance	486.2	(351.1)	45.7	87.7
Net acquisition of non-financial assets				
Purchases of non-financial assets (including change in inventories)	2 117.9	1 942.5	1 131.7	1 622.9
Less: Sales of non-financial assets	(122.1)	(88.3)	(99.1)	(102.0)
Less: Depreciation and amortisation	(1 176.7)	(1 171.8)	(975.8)	(938.0)
Plus: Other movements in non-financial assets ^(b)	(333.9)	(95.9)	410.0	302.2
Less: Net acquisition of non-financial assets ^(b)	485.2	586.4	466.8	885.2
Net lending/(borrowing)	1.0	(937.6)	(421.1)	(797.5)

Notes:

(a) The December 2013 comparative figure has been updated to reflect more current information.

(b) The December 2013 comparative figures have been restated to include fixed asset transfer to and from the general government sector.

<i>Public</i>		<i>Inter-sector eliminations</i>		<i>Consolidated</i>	
<i>financial corporations</i>					
2014	2013	2014	2013	2014	2013
..	..	(209.0)	(163.7)	8 555.3	7 940.1
1 247.0	1 233.5	(1 213.6)	(1 225.1)	461.6	460.2
488.0	339.3	(656.7)	(218.9)	524.0	383.5
1 984.5	1 928.0	(1 328.3)	(1 211.8)	6 853.6	7 061.7
..	..	(1 491.0)	(1 513.0)	11 664.4	11 249.1
13.5	12.2	..	..	1 414.9	1 244.3
3 733.0	3 513.0	(4 898.6)	(4 332.6)	29 473.8	28 338.9
137.7	147.5	(183.3)	(176.1)	9 802.5	9 373.1
..	..	..	..	511.6	530.3
11.6	12.0	..	..	1 093.6	1 037.9
24.2	19.9	..	..	2 176.7	2 129.7
1 019.0	1 042.0	(1 213.6)	(1 225.1)	1 423.8	1 474.4
..	..	(1 527.1)	(1 579.5)	2 721.0	2 444.8
2 767.7	2 684.2	(1 317.8)	(1 132.9)	12 039.1	12 153.3
24.7	10.7	(82.1)	(81.1)	..	..
3 984.9	3 916.3	(4 324.0)	(4 194.7)	29 768.5	29 143.4
(251.9)	(403.3)	(574.6)	(137.8)	(294.6)	(804.5)
0.2	..	..	..	21.1	18.6
(253.6)	2 071.7	..	..	(174.3)	2 064.2
..	..	..	..	0.1	0.1
(775.1)	418.3	(178.6)	536.6	(1 266.7)	881.8
(1 028.5)	2 490.0	(178.6)	536.6	(1 419.8)	2 964.7
(1 280.4)	2 086.8	(753.2)	398.8	(1 714.4)	2 160.2
..	(12.9)	12.2	(25.3)	(325.6)	(342.5)
..	..	..	..	(2 464.4)	2 444.4
..	..	(2.7)	(1 110.9)	..	..
(267.9)	12.9	245.4	..	365.2	289.0
..	..	..	..	(53.6)	51.8
(267.9)	..	254.9	(1 136.2)	(2 478.4)	2 442.7
(1 548.3)	2 086.8	(498.3)	(737.4)	(4 192.8)	4 602.9
(251.9)	(403.3)	(574.6)	(137.8)	(294.6)	(804.5)
13.0	17.9	(20.6)	(11.8)	3 242.0	3 571.6
(1.0)	(18.1)	..	..	(222.2)	(208.3)
(24.2)	(19.9)	..	..	(2 176.7)	(2 129.7)
..	..	(19.0)	..	57.1	206.3
(12.1)	(20.0)	(39.6)	(11.7)	900.2	1 439.8
(239.8)	(383.2)	(535.0)	(126.1)	(1 194.9)	(2 244.4)

Note 2. Disaggregated information (continued)

Disaggregated balance sheet as at 31 December

(\$ million)

	General government sector		Public non-financial corporations	
	Dec 2014	Jun 2014	Dec 2014	Jun 2014
Assets				
Financial assets				
Cash and deposits	4 089.5	4 500.9	1 035.2	984.5
Advances paid	4 577.9	4 586.9	52.1	53.9
Receivables	5 003.4	4 940.6	1 401.4	1 443.6
Investments, loans and placements	3 432.0	3 117.6	1 091.9	979.0
Loans receivable from non-financial public sector ^(a)	..	..	..	..
Investments accounted for using the equity method	47.0	44.1	1 243.2	1 243.2
Investments in other sector entities	76 169.5	75 869.2	..	..
Total financial assets	93 319.2	93 059.4	4 823.9	4 704.2
Non-financial assets				
Inventories	148.1	176.6	598.2	625.6
Non-financial assets held for sale	166.9	142.5	2.5	23.1
Land, buildings, infrastructure, plant and equipment	103 983.4	103 644.2	93 845.5	93 410.2
Other non-financial assets	1 480.3	1 204.8	1 317.3	1 302.5
Total non-financial assets	105 778.7	105 168.0	95 763.5	95 361.4
Total assets	199 097.9	198 227.4	100 587.4	100 065.6
Liabilities				
Deposits held and advances received	423.9	426.5	431.1	401.5
Payables	6 004.3	5 746.5	1 581.2	1 645.7
Borrowings	33 018.1	32 953.6	16 456.0	16 369.6
Employee benefits	5 436.0	5 302.7	342.8	354.6
Superannuation	28 271.4	25 680.7	46.4	48.3
Other provisions	688.0	630.6	8 157.3	8 272.7
Total liabilities	73 841.7	70 740.6	27 014.7	27 092.4
Net assets ^(b)	125 256.2	127 486.9	73 572.6	72 973.2
Accumulated surplus/(deficit)	42 520.6	44 410.0	5 088.4	5 094.5
Other reserves	82 685.6	83 026.9	68 484.2	67 878.7
Non-controlling interest	50.0	50.0	..	..
Net worth ^(b)	125 256.2	127 486.9	73 572.6	72 973.2
FISCAL AGGREGATES				
Net financial worth	19 477.5	22 318.8	(22 190.9)	(22 388.3)
Net financial liabilities	56 692.0	53 550.4	22 190.9	22 388.3
Net debt	21 342.7	21 174.6	14 707.9	14 753.8

Notes:

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

(b) The net assets and net worth of the public financial corporations sectors incorporate 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.

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>Consolidated</i>	
<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>
5 171.3	5 691.4	(2 181.8)	(2 976.1)	8 114.2	8 200.7
44.1	1 727.9	(4 564.4)	(4 573.7)	109.7	1 795.1
1 760.1	1 432.1	(1 318.3)	(1 419.8)	6 846.6	6 396.5
29 778.2	27 390.4	(2 072.2)	(1 718.3)	32 229.9	29 768.8
35 744.0	35 585.9	(35 744.0)	(35 585.9)	..	..
..	..	267.8	267.8	1 558.0	1 555.1
..	..	(76 169.5)	(75 869.2)	..	..
72 497.8	71 827.8	(121 782.4)	(121 875.2)	48 858.4	47 716.2
..	..	..	..	746.3	802.2
..	1.0	..	..	169.5	166.6
82.4	82.7	..	..	197 911.4	197 137.0
1 223.5	1 104.8	(1 358.0)	(1 154.1)	2 663.0	2 458.1
1 305.9	1 188.5	(1 358.0)	(1 154.1)	201 490.2	200 563.9
73 803.7	73 016.4	(123 140.4)	(123 029.3)	250 348.6	248 280.1
5 271.5	5 926.9	(4 079.3)	(4 684.3)	2 047.2	2 070.7
2 529.6	1 496.0	(1 134.2)	(1 155.9)	8 980.9	7 732.2
42 962.4	42 153.6	(40 513.1)	(40 199.4)	51 923.4	51 277.4
75.8	87.8	..	..	5 854.6	5 745.1
..	..	..	..	28 317.8	25 729.0
25 376.9	23 664.4	(7 897.4)	(7 934.6)	26 324.8	24 632.9
76 216.3	73 328.7	(53 624.0)	(53 974.3)	123 448.7	117 187.4
(2 412.5)	(312.3)	(69 516.4)	(69 055.1)	126 899.8	131 092.7
(2 625.6)	(749.2)	(2 471.8)	(2 544.0)	42 511.6	46 211.3
213.1	436.9	(67 044.6)	(66 511.1)	84 338.2	84 831.3
..	..	..	..	50.0	50.0
(2 412.5)	(312.3)	(69 516.4)	(69 055.1)	126 899.8	131 092.7
(3 718.5)	(1 500.9)	(68 158.4)	(67 900.9)	(74 590.3)	(69 471.2)
3 718.5	1 500.9	(8 011.1)	(7 968.3)	74 590.3	69 471.2
(22 503.8)	(22 315.1)	(30.0)	(29.8)	13 516.8	13 583.6

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	
	2014	2013	2014	2013
Cash flows from operating activities				
Receipts				
Taxes received	9 366.2	8 272.5	..	..
Grants	11 719.9	11 280.0	1 464.8	1 591.2
Sales of goods and services ^(a)	3 907.1	3 950.7	3 304.4	3 194.2
Interest received	385.0	411.8	18.7	16.9
Dividends and income tax equivalent and rate equivalent receipts	676.2	386.9	26.2	40.2
Other receipts ^(b)	1 002.2	564.2	149.9	133.2
Total receipts	27 056.6	24 866.2	4 964.0	4 975.8
Payments				
Payments for employees	(9 230.2)	(8 924.7)	(541.5)	(536.6)
Superannuation	(1 420.1)	(1 377.2)	(49.1)	(47.9)
Interest paid	(1 020.3)	(1 020.9)	(543.9)	(554.2)
Grants and subsidies	(4 316.0)	(4 058.3)	(39.9)	(63.8)
Goods and services ^(a)	(8 934.7)	(8 890.5)	(1 928.9)	(1 917.9)
Other payments	(338.8)	(334.2)	(972.1)	(931.8)
Total payments	(25 260.1)	(24 605.9)	(4 075.4)	(4 052.3)
Net cash flows from operating activities	1 796.5	260.3	888.6	923.5
Cash flows from investing activities				
Purchases of non-financial assets	(2 117.9)	(1 942.5)	(1 131.7)	(1 622.9)
Sales of non-financial assets	122.1	88.3	99.1	102.0
Cash flows from investments in non-financial assets	(1 995.8)	(1 854.2)	(1 032.6)	(1 521.0)
Cash flows from investments in financial assets for policy purposes				
Cash inflows	333.0	18.8	3.3	4.4
Cash outflows	(288.8)	(928.8)	(0.6)	(5.6)
Net cash flows from investments in financial assets for policy purposes ^(b)	44.3	(910.1)	2.7	(1.2)
Sub-total	(1 951.5)	(2 764.2)	(1 030.0)	(1 522.2)
Net cash flows from investments in financial assets for liquidity management purposes ^(c)	(316.2)	(311.5)	(86.3)	78.6
Net cash flows from investing activities	(2 267.7)	(3 075.7)	(1 116.3)	(1 443.6)
Cash flows from financing activities				
Advances received	0.8	..	13.3	4.7
Advances repaid	..	..	(4.4)	(5.1)
Advances received (net)	0.8	..	8.9	(0.3)
Borrowings received	235.5	2 541.4	1 278.8	1 375.2
Borrowings repaid	(173.1)	(312.0)	(1 193.2)	(1 219.9)
Net borrowings ^(c)	62.4	2 229.5	85.6	155.2
Deposits received	257.3	170.3	57.4	27.8
Deposits paid	(260.7)	(113.6)	(36.8)	(27.6)
Deposits received (net)	(3.4)	56.7	20.7	0.2
Other financing inflows	..	..	361.0	852.9
Other financing outflows	..	..	(197.0)	(210.1)
Other financing (net)	..	..	163.9	642.9
Net cash flows from financing activities	59.8	2 286.1	279.1	798.0
Net increase/(decrease) in cash and cash equivalents	(411.4)	(529.2)	51.5	277.9
Cash and cash equivalents at beginning of reporting period	4 500.9	3 962.0	983.7	797.9
Cash and cash equivalents at end of reporting period	4 089.5	3 432.7	1 035.2	1 075.7
FISCAL AGGREGATES				
Net cash flows from operating activities ^(b)	1 796.5	260.3	888.6	923.5
Dividends	..	..	(105.2)	(63.7)
Net cash flows from investments in non-financial assets	(1 995.8)	(1 854.2)	(1 032.6)	(1 521.0)
Cash surplus/(deficit) ^(b)	(199.3)	(1 593.9)	(249.2)	(661.2)

Notes:

(a) Inclusive of goods and services tax.

(b) The December 2013 comparative figures for the general government sector have been updated to reflect more current information.

(c) The December 2013 comparatives for the public financial corporations sector have been restated to reflect the reclassification of cash flows from the Insurance entities derivatives from borrowings to investments for liquidity management purposes.

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>Consolidated</i>	
<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
..	..	(209.0)	(163.7)	9 157.2	8 108.8
..	..	(1 524.4)	(1 527.4)	11 660.4	11 343.8
2 918.3	2 764.8	(1 449.4)	(1 110.4)	8 680.4	8 799.3
1 195.1	1 172.5	(1 192.5)	(1 192.4)	406.3	408.7
488.0	499.5	(666.1)	(382.9)	524.3	543.8
102.3	279.9	(30.6)	(24.6)	1 223.7	952.7
4 703.6	4 716.7	(5 072.0)	(4 401.4)	31 652.2	30 157.2
(150.5)	(161.0)	183.3	176.1	(9 738.8)	(9 446.3)
(11.6)	(12.0)	..	..	(1 480.8)	(1 437.1)
(1 056.0)	(1 052.6)	1 192.5	1 192.4	(1 427.7)	(1 435.4)
..	..	1 468.1	1 502.7	(2 887.8)	(2 619.4)
(2 286.1)	(1 962.8)	659.2	271.5	(12 490.5)	(12 499.7)
(18.9)	(11.8)	988.7	943.4	(341.1)	(334.4)
(3 523.0)	(3 200.2)	4 491.8	4 086.1	(28 366.7)	(27 772.3)
1 180.6	1 516.5	(580.2)	(315.4)	3 285.5	2 384.8
(13.0)	(17.9)	20.6	11.8	(3 242.0)	(3 571.6)
1.0	18.1	..	..	222.2	208.3
(12.1)	0.1	20.6	11.7	(3 019.8)	(3 363.3)
1 684.2	382.7	(306.6)	(57.8)	1 713.9	348.0
(260.7)	(396.8)	543.9	933.4	(6.1)	(397.8)
1 423.5	(14.2)	237.3	875.6	1 707.7	(49.8)
1 411.4	(14.1)	257.9	887.4	(1 312.1)	(3 413.1)
(1 361.2)	(3 902.7)	451.9	2 409.8	(1 311.8)	(1 725.7)
50.3	(3 916.7)	709.8	3 297.2	(2 623.9)	(5 138.8)
34.6	57.4	(27.5)	(26.8)	21.2	35.4
(18.8)	(18.0)	18.1	22.4	(5.0)	(0.6)
15.9	39.5	(9.4)	(4.3)	16.2	34.8
4 175.9	8 764.9	(1 379.4)	(3 535.8)	4 310.9	9 145.6
(4 796.7)	(5 242.5)	1 128.2	1 110.0	(5 034.9)	(5 664.4)
(620.8)	3 522.4	(251.3)	(2 425.8)	(724.0)	3 481.2
9 875.7	12 351.4	(9 780.8)	(12 081.6)	409.7	467.9
(10 547.1)	(12 964.5)	10 395.2	12 618.4	(449.4)	(487.3)
(671.3)	(613.2)	614.4	536.8	(39.7)	(19.4)
57.9	(0.1)	(418.9)	(849.8)	..	3.0
(532.7)	(73.0)	729.7	283.1	..	..
(474.8)	(73.1)	310.9	(566.7)	..	3.0
(1 751.0)	2 875.5	664.6	(2 460.0)	(747.4)	3 499.6
(520.1)	475.2	794.2	521.8	(85.8)	745.7
5 691.4	4 158.4	(2 976.1)	(2 665.4)	8 199.9	6 252.9
5 171.3	4 633.7	(2 181.8)	(2 143.6)	8 114.2	6 998.5
1 180.6	1 516.5	(580.2)	(315.4)	3 285.5	2 384.8
(474.8)	(75.6)	580.0	139.3	..	..
(12.1)	0.1	20.6	11.7	(3 019.8)	(3 363.3)
693.8	1 440.9	20.3	(164.3)	265.7	(978.4)

Note 2. Disaggregated information *(continued)*

Disaggregated statement of changes in equity as at 31 December

(\$ million)

<i>2014</i>	<i>Accumulated surplus/(deficit)</i>	<i>Contribution by owners</i>
General government sector		
Balance at 1 July 2014	44 410.0	..
Net result for the six months	213.6	..
Other comprehensive income for the six months	(2 103.0)	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2014	42 520.6	..
PNFC sector		
Balance at 1 July 2014	5 094.5	32 963.0
Net result for the six months	105.6	..
Other comprehensive income for the six months	(6.5)	..
Dividends paid	(105.2)	..
Transactions with owners in their capacity as owners	..	620.2
Balance as at 31 December 2014	5 088.4	33 583.2
PFC sector		
Balance at 1 July 2014	(749.2)	254.3
Net result for the six months	(1 280.4)	..
Other comprehensive income for the six months	(121.2)	..
Dividends paid	(474.8)	..
Transactions with owners in their capacity as owners	..	(77.1)
Balance as at 31 December 2014	(2 625.6)	177.1
Eliminations	(2 471.8)	(33 760.3)
Total whole of government	42 511.6	..

<i>Non-controlling interest</i>	<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
50.0	40 199.2	42 187.3	640.3	127 486.9
..	..	..	..	213.6
..	(332.9)	2.7	(11.0)	(2 444.3)
..
50.0	39 866.3	42 190.0	629.3	125 256.2
..	34 576.1	..	339.6	72 973.2
..	..	..	..	105.6
..	(4.8)	..	(9.8)	(21.1)
..	..	..	..	(105.2)
..	..	..	..	620.2
..	34 571.2	..	329.8	73 572.6
..	2.1	..	180.6	(312.3)
..	..	..	..	(1 280.4)
..	..	..	(146.7)	(267.9)
..	..	..	..	(474.8)
..	..	..	..	(77.1)
..	2.1	..	33.9	(2 412.5)
..	8 905.6	(42 190.0)	..	(69 516.4)
50.0	83 345.2	..	993.0	126 899.8

Note 2. Disaggregated information (continued)

Disaggregated statement of changes in equity as at 31 December

(\$ million)

2013	Accumulated surplus/(deficit)	Contribution by owners
General government sector		
Balance at 1 July 2013 ^(a)	43 174.7	..
Net result for the six months	(460.3)	..
Other comprehensive income for the six months	2 743.4	..
Transactions with owners in their capacity as owners	..	..
Balance as at 31 December 2013 ^(a)	45 457.7	..
PNFC sector		
Balance at 1 July 2013 ^(a)	5 088.6	30 624.9
Net result for the six months	134.9	..
Other comprehensive income for the six months ^(a)	(2.1)	..
Dividends paid	(63.7)	..
Transactions with owners in their capacity as owners ^(a)	..	1 104.2
Balance as at 31 December 2013 ^(a)	5 157.8	31 729.1
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 ^(a)	(2 394.6)	(31 983.3)
Total whole of government ^(a)	48 421.8	..

Note:

(a) The December 2013 comparatives have been restated to reflect more current information.

<i>Non-controlling interest</i>	<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
50.0	37 970.4	38 373.5	614.0	120 182.5
..	..	..	..	(460.3)
..	(297.6)	1 110.9	(8.9)	3 547.9
..
50.0	37 672.9	39 484.4	605.1	123 270.1
..	31 754.1	..	297.9	67 765.5
..	..	..	..	134.9
..	(6.6)	..	39.8	31.0
..	..	..	..	(63.7)
..	..	..	..	1 104.2
..	31 747.5	..	337.6	68 972.0
..	15.0	..	645.9	(852.8)
..	..	..	..	2 086.8
..	(12.9)	..	57.7	..
..	..	..	..	(75.6)
..	..	..	..	2.5
..	2.1	..	703.6	1 160.8
..	8 694.5	(39 484.4)	..	(65 167.8)
50.0	78 116.9	..	1 646.3	128 235.1

Note 3. Taxation

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Taxes on employers' payroll and labour force	2 568.0	2 487.4	2 601.2	2 520.0
Taxes on property				
Taxes on immovable property				
Land tax	(0.4)	52.2	17.9	72.7
Fire Services Property Levy	582.6	610.9	582.6	610.9
Congestion levy	2.0	(0.5)	2.0	(0.5)
Metropolitan improvement levy	148.3	141.2	148.3	141.2
Total taxes on immovable property	732.5	803.8	750.8	824.2
Financial and capital transactions				
Land transfer duty	2 522.6	2 059.9	2 522.6	2 059.9
Other property duties	1.4	5.4	1.4	5.4
Financial accommodation levy	..	..	64.4	56.6
Growth Areas Infrastructure Contribution	65.5	51.9	65.5	51.9
Total financial and capital transactions	2 589.5	2 117.2	2 653.9	2 173.8
Total taxes on property	3 321.9	2 921.0	3 404.6	2 998.0
Taxes on the provision of goods and services				
Gambling taxes				
Private lotteries	204.1	203.0	204.1	203.0
Electronic gaming machines	542.7	500.7	542.7	500.7
Casino	101.9	96.7	101.9	96.7
Racing	42.9	43.5	42.9	43.5
Other	11.3	9.9	11.3	9.9
Total gambling taxes	903.0	853.7	903.0	853.7
Levies on statutory corporations	..	..	52.6	52.7
Taxes on insurance	579.9	563.2	579.9	563.2
Total taxes on the provision of goods and services	1 482.9	1 416.9	1 535.6	1 469.6
Taxes on the use of goods and performance of activities				
Motor vehicle taxes				
Vehicle registration fees	697.8	622.6	699.1	623.9
Duty on vehicle registrations and transfers	358.9	337.8	358.9	337.8
Total motor vehicle taxes	1 056.8	960.4	1 058.0	961.7
Franchise taxes	11.7	14.0	11.7	14.0
Other	114.0	140.4	153.2	140.4
Total taxes on the use of goods and performance of activities	1 182.5	1 114.9	1 222.9	1 116.2
Total taxation revenue	8 555.3	7 940.1	8 764.3	8 103.8

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

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

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Dividends from PFC sector	..	..	474.8	75.6
Dividends from PNFC sector	..	..	105.7	63.7
Dividends from non-public sector	502.2	347.2	10.1	4.2
Dividends	502.2	347.2	590.6	143.5
Income tax equivalent from PFC sector	..	..	24.8	11.3
Income tax equivalent from PNFC sector	..	..	51.4	68.3
Income tax equivalent	..	..	76.2	79.6
Local government rate equivalent revenue	..	..	..	..
Other dividends ^(a)	21.8	36.3	..	..
Total dividends and income tax equivalent and rate equivalent revenue	524.0	383.5	666.8	223.1

Note:

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

(b) Dividends by entity

(\$ million)

	General government sector	
	2014	2013
Public financial corporations		
Victorian WorkCover Authority	241.7	..
Transport Accident Commission	162.5	..
Treasury Corporation of Victoria	50.6	56.3
Rural Finance Corporation of Victoria	17.5	16.2
State Trustees Ltd	0.8	0.5
Victorian Funds Management Corporation	1.7	2.6
Dividends from PFC sector	474.8	75.6
Public non-financial corporations		
Melbourne Water Corporation	21.5	..
City West Water Corporation	11.4	4.7
South East Water Corporation	35.6	16.0
Yarra Valley Water Corporation	19.2	17.7
Port of Melbourne Corporation	17.1	24.4
Others	0.9	0.9
Dividends from PNFC sector	105.7	63.7

Note 5. Sales of goods and services

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Motor vehicle regulatory fees	122.3	109.5	122.3	109.5
Other regulatory fees	249.7	259.0	241.4	250.6
Sale of goods	276.4	315.0	38.3	40.8
Provision of services	6 036.2	6 267.4	2 091.4	2 228.7
Rental	89.4	40.2	32.4	28.3
Refunds and reimbursements	79.7	70.6	15.5	5.0
Inter-sector capital asset charge	..	..	791.1	762.2
Total sale of goods and services	6 853.6	7 061.7	3 332.3	3 425.2

Note 6. Grants

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
General purpose grants	5 996.1	5 760.9	5 996.1	5 760.9
Specific purpose grants for on-passing	1 596.8	1 349.5	1 596.8	1 349.5
Other specific purpose grants	4 070.7	4 137.9	4 068.7	4 132.2
Total	11 663.5	11 248.3	11 661.5	11 242.5
Other contributions and grants	0.8	0.9	60.2	39.6
Total grants	11 664.4	11 249.1	11 721.7	11 282.2

Note 7. Other revenue

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Fair value of assets received free of charge or for nominal consideration	79.8	74.0	4.4	8.8
Fines	375.3	319.6	373.6	316.9
Royalties	28.5	32.8	21.7	27.6
Donations and gifts	145.1	148.9	124.3	135.7
Other non-property rental	41.5	44.0	14.0	14.5
Other miscellaneous revenue	744.8	624.9	616.6	530.3
Total other revenue	1 414.9	1 244.3	1 154.7	1 033.8

Note 8. Superannuation

(a) Superannuation expense recognised in the operating statement

(\$ million)

	State of Victoria	
	2014	2013
Defined benefit plans		
Net superannuation interest expense	511.6	530.3
Current service cost	377.2	367.1
Remeasurements:		
Expected return on superannuation assets excluding interest income	(318.0)	(272.8)
Other actuarial (gain)/loss on superannuation assets	(422.1)	(1 037.8)
Actuarial and other adjustments to unfunded superannuation liability	3 204.5	(1 133.8)
Total (gain)/expenses recognised in respect of defined benefit plans	3 353.1	(1 547.0)
Defined contribution plans		
Employer contributions to defined contribution plans	675.5	630.6
Other (including pensions)	41.0	40.2
Total expense recognised in respect of defined contribution plans	716.5	670.9
Total superannuation (gain)/expense recognised in operating statement	4 069.6	(876.2)
Represented by:		
Net superannuation interest expense	511.6	530.3
Other superannuation	1 093.6	1 037.9
Superannuation expense from transactions	1 605.2	1 568.3
Remeasurement recognised in other comprehensive income	2 464.4	(2 444.4)
Total superannuation costs recognised in operating statement	4 069.6	(876.2)

(b) Superannuation liabilities

(\$ million)

	State of Victoria	
	Dec 2014	Jun 2014
Current liability	996.9	998.6
Non-current liability	27 320.9	24 730.4
Total superannuation liability	28 317.8	25 729.0
Represented by:		
Emergency Services and State Super	27 292.9	24 797.8
Other funds	1 024.9	931.2

Note 9. Depreciation

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Buildings	722.5	704.8	532.2	537.3
Infrastructure systems	626.4	617.0	13.0	17.4
Plant, equipment and vehicles	425.6	429.2	269.3	275.2
Road and road networks	294.6	283.1	293.4	280.7
Cultural assets	9.4	10.8	9.4	10.8
Intangible produced assets ^(a)	98.2	84.8	59.3	50.4
Total depreciation	2 176.7	2 129.7	1 176.7	1 171.8

Note:

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

Note 10. Interest expense

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Interest on short-term interest-bearing liabilities	30.8	24.8	17.9	29.2
Interest on long-term interest-bearing liabilities	968.0	1 002.3	638.3	612.3
Finance charges on finance leases	405.9	427.6	371.4	389.7
Discount interest on payables	19.0	19.7	20.6	30.6
Total interest expense	1 423.8	1 474.4	1 048.2	1 061.9

Note 11. Grants and other transfers

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Current grants expense				
Commonwealth Government	105.1	100.5	103.8	100.5
Local government on-passing	432.1	239.6	432.1	239.6
Private sector and not-for-profit on-passing	1 309.6	1 202.8	1 309.6	1 202.8
Other private sector and not-for-profit	790.9	760.1	779.4	748.0
Grants within the Victorian Government	..	..	1 432.5	1 476.3
Grants to other state governments	0.9	0.5	0.9	0.4
Total current grants and other transfers	2 638.6	2 303.5	4 058.4	3 767.6
Capital grants expense				
Commonwealth Government	..	..	..	..
Local government on-passing	13.3	89.3	13.3	89.3
Private sector and not-for-profit on-passing	56.7	40.8	52.5	37.8
Other private sector and not-for-profit	0.1	0.4	0.1	0.4
Grants within the Victorian Government	..	..	..	0.5
Other grants	12.4	10.8	5.9	10.8
Total capital grants and other transfers	82.5	141.3	71.8	138.7
Total grants and other transfers	2 721.0	2 444.8	4 130.1	3 906.3

Note 12. Expenses by government purpose and by department

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

(\$ million)

	State of Victoria		General government sector	
	2014	2013 ^(b)	2014	2013
General public services	2 992.1	3 213.0	504.9	592.6
Public order and safety	2 745.6	2 490.9	2 796.6	2 603.0
Education	6 476.9	6 500.6	6 509.8	6 537.5
Health	7 170.9	6 801.7	7 228.4	6 859.2
Social security and welfare	1 909.7	1 946.8	1 922.6	1 959.0
Housing and community amenities	2 851.9	2 808.6	1 344.1	1 242.4
Recreation and culture	672.4	691.1	335.3	340.2
Fuel and energy	62.4	56.3	58.9	50.7
Agriculture, forestry, fishing and hunting	244.9	154.4	199.0	192.4
Transport and communications	2 612.8	2 498.6	2 929.1	2 807.7
Other economic affairs	581.0	497.8	661.4	574.3
Other purposes	1 447.9	1 483.6	1 068.6	1 080.8
Total expenses from transactions	29 768.5	29 143.4	25 558.7	24 839.9

Notes:

(a) Note 41 of the 2013-14 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.

(b) The December 2013 comparative figures has been updated to reflect more current information.

Note 12. Expenses by government purpose and by department (continued)

(b) Total expenses by department^(a)

(\$ million)

	State of Victoria		General government sector	
	2014	2013 ^(b)	2014	2013 ^(b)
Education and Early Childhood Development	7 285.1	7 204.5	7 285.1	7 204.5
Environment and Primary Industries	3 787.0	3 934.5	1 185.0	1 180.7
Health	8 086.9	7 683.7	8 044.7	7 642.2
Human Services	2 383.6	2 255.3	1 923.4	1 824.7
Justice	2 749.2	2 703.5	2 668.5	2 628.6
Premier and Cabinet	412.1	381.9	358.2	335.1
State Development, Business and Innovation	718.0	644.6	608.5	534.0
Transport, Planning and Local Infrastructure	5 209.5	5 051.9	3 455.1	3 398.5
Treasury and Finance	7 123.7	7 673.9	3 302.7	3 090.5
Parliament	85.1	83.6	85.1	83.6
Courts ^(c)	240.0	..	240.0	..
Regulatory bodies and other part budget funded agencies ^(d)	947.1	941.8	947.1	941.8
Total	39 027.2	38 559.0	30 103.5	28 864.2
Less eliminations and adjustments ^(e)	(9 258.7)	(9 415.6)	(4 544.8)	(4 024.3)
Total expenses	29 768.5	29 143.4	25 558.7	24 839.9

Notes:

- (a) On 4 December 2014, the Premier announced new administrative arrangements for government entities effective 1 January 2015. Information disclosed in the notes to the 2014-15 Mid-Year Financial Report reflects the administrative structure in place preceding this arrangement.
- (b) The December 2013 comparative figures have been updated to reflect current information.
- (c) Courts, which was formerly part of the Department of Justice, came into operation from 1 July 2014.
- (d) Other general government sector agencies not allocated to departmental portfolios.
- (e) Mainly comprising of payroll tax, capital asset charge and inter-departmental transfers.

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

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
Net gain/(loss) from revaluation of biological assets	(1.9)	(28.0)	..	(26.8)
Net (increase)/decrease in provision for doubtful receivables	(139.4)	(115.7)	(138.5)	(114.8)
Amortisation of intangible non-produced assets	(8.5)	(12.9)	(4.0)	(7.2)
Bad debts written off	(49.2)	(54.2)	(41.1)	(44.0)
Other gains/(losses)	(1 067.8)	1 092.7	(149.8)	22.6
Total other gains/(losses) from other economic flows	(1 266.7)	881.8	(333.4)	(170.2)

Note 14. Receivables

(\$ million)

	State of Victoria		General government sector	
	Dec 2014	Jun 2014	Dec 2014	Jun 2014
Contractual				
Sales of goods and services	1 362.9	1 183.3	804.2	647.2
Accrued investment income	68.1	76.8	32.7	22.8
Other receivables	1 412.3	1 007.6	1 034.3	1 097.7
Provision for doubtful contractual receivables	(139.0)	(144.1)	(67.9)	(72.2)
Statutory				
Sales of goods and services	8.7	7.2	6.1	5.6
Taxes receivables	1 926.1	2 084.8	1 972.9	2 141.0
Fines and regulatory fees	1 756.7	1 670.4	1 756.7	1 670.4
GST input tax credits recoverable	845.0	781.4	324.4	270.9
Provision for doubtful statutory receivables	(859.9)	(842.9)	(859.9)	(842.9)
Other				
Actuarially determined	465.7	572.1	..	..
Total receivables	6 846.6	6 396.5	5 003.4	4 940.6
Represented by:				
Current receivables	5 716.8	5 531.4	3 831.8	4 006.9
Non-current receivables	1 129.9	865.2	1 171.5	933.7

Note 15. Advances paid and Investments, loans and placements

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Current advances paid and investments, loans and placements				
Loans and advances paid	22.1	126.7	46.5	45.1
Equities and managed investment schemes	819.8	1 304.7	772.1	711.2
Australian dollar term deposits	773.0	781.7	2 052.1	1 862.7
Debt securities	4 736.0	4 064.7	56.5	6.3
Derivative financial instruments	24.6	200.9	..	..
Total current advances paid and investments, loans and placements	6 375.5	6 478.7	2 927.2	2 625.3
Non-current advances paid and investments, loans and placements				
Loans and advances paid	87.6	1 668.4	4 531.4	4 541.8
Equities and managed investment schemes	17 931.1	15 467.0	307.8	241.0
Australian dollar term deposits	228.2	237.4	243.0	251.7
Debt securities	7 365.1	7 387.4	0.5	44.7
Derivative financial instruments	352.2	325.0	..	..
Total non-current advances paid and investments, loans and placements	25 964.2	25 085.2	5 082.7	5 079.3
Total advances paid and investments, loans and placements	32 339.6	31 563.8	8 009.9	7 704.5
Represented by:				
Advances paid	109.7	1 795.1	4 577.9	4 586.9
Investments, loans and placements	32 229.9	29 768.8	3 432.0	3 117.6

Note 16. 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
	2014	2014	2014	2014	2014	2014
The Australian Regenerative Medicine Institute	20.2%	20.2%	35.0	35.0	35.0	35.0
Property Exchange Australia Limited	11.6%	11.9%	12.0	9.0	12.0	9.0
Snowy Hydro Ltd	29.0%	29.0%	1 511.0	1 511.0	..	..
			1 558.0	1 555.1	47.0	44.1

Note 17. Inventories

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
At cost				
Raw materials	6.1	5.8	5.5	5.3
Work in progress	33.9	47.5	1.2	6.3
Finished goods	47.9	46.5	5.9	5.4
Consumable stores	167.3	160.2	127.5	121.6
Land and other assets held as inventory ^(a)	485.4	532.9	7.8	37.9
At net realisable value				
Finished goods	0.7	4.5	..	0.1
Consumable stores	5.0	4.9	..	..
Total inventories	746.3	802.2	148.1	176.6

Note:

(a) Includes inventory held for distribution.

Note 18. Non-financial assets held for sale

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Land	132.3	125.8	129.8	101.8
Buildings	37.1	36.0	37.1	36.0
Infrastructure, plant, equipment and vehicles	..	4.7	..	4.7
Other	..	0.1	..	0.1
Total non-financial assets held for sale	169.5	166.6	166.9	142.5

Note 19. 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
	2014	2014	2014	2014
Buildings (written down value)	2 078.5	2 144.2	1 042.5	1 025.8
Land and national parks	1 462.7	1 468.1	972.8	978.3
Buildings leasehold (written down value)	72.9	73.2	40.3	39.7
Infrastructure systems (written down value)	84.2	93.1	73.4	73.6
Plant, equipment and vehicles (written down value)	495.1	466.9	190.9	202.3
Roads and road networks (written down value)	21.8	21.9	..	..
Earthworks	..	..	..	..
Cultural assets (written down value)	317.5	323.2	317.5	323.2
Total land, buildings, infrastructure, plant and equipment	4 532.6	4 590.6	2 637.5	2 642.9

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Buildings (written down value)	8 739.2	8 764.3	..	..
Land and national parks	12 024.0	12 058.3	..	..
Buildings leasehold	3.9	3.9	..	..
Infrastructure systems (written down value)	..	..	..	..
Plant, equipment and vehicles (written down value)	0.4	0.7	..	..
Roads (written down value)	..	..	..	..
Earthworks	..	..	..	..
Cultural assets (written down value)	..	..	..	..
Total land, buildings, infrastructure, plant and equipment	20 767.4	20 827.1	..	..

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Buildings (written down value)	40 239.3	40 071.8	24 771.6	24 478.8
Land and national parks	57 095.2	57 072.6	37 689.1	37 648.4
Buildings leasehold	2 402.2	2 445.7	2 346.5	2 400.8
Infrastructure systems (written down value)	54 918.6	54 314.0	1 269.3	1 247.8
Plant, equipment and vehicles (written down value)	7 786.4	7 830.7	2 559.2	2 589.9
Roads (written down value)	22 242.2	22 172.4	22 175.5	22 103.8
Earthworks	7 685.2	7 685.2	7 685.2	7 685.2
Cultural assets (written down value)	5 542.2	5 544.6	5 487.0	5 489.5
Total land, buildings, infrastructure, plant and equipment	197 911.4	197 137.0	103 983.4	103 644.2

<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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
8 584.2	8 595.6	8 584.2	8 595.6	9 137.8	8 964.5	9 123.3	8 949.5
7 557.3	7 547.6	7 557.1	7 547.6	2 303.8	2 264.7	2 298.5	2 259.5
191.2	187.5	191.2	187.5	1 277.4	1 320.5	1 277.4	1 320.5
..
286.5	297.6	286.5	297.6	1 017.7	1 013.6	1 017.6	1 013.6
..
..
4.1	4.5	4.1	4.5	5.3	5.3	5.3	5.3
16 623.2	16 632.7	16 623.1	16 632.7	13 742.0	13 568.6	13 722.1	13 548.3

<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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
4 516.0	4 568.1	501.4	507.8	7 183.6	7 035.0	5 520.3	5 400.1
21 309.5	21 308.1	17 479.5	17 476.5	12 437.9	12 425.9	9 381.2	9 386.6
33.1	31.9	30.4	29.2	823.8	828.8	807.0	823.9
16 279.8	15 795.0	355.6	336.7	38 554.6	38 425.9	840.3	837.4
4 798.1	4 820.4	134.2	142.5	1 188.8	1 231.5	930.0	934.0
21 176.2	21 097.9	21 176.2	21 097.9	1 044.3	1 052.6	999.4	1 005.9
7 685.2	7 685.2	7 685.2	7 685.2	..	..	..	..
1.1	1.1	1.1	1.1	5 214.3	5 210.6	5 159.1	5 155.4
75 798.9	75 307.7	47 363.5	47 277.1	66 447.3	66 210.3	23 637.3	23 543.3

Note 19. Land, buildings, infrastructure, plant and equipment (continued)

(b) Land and buildings

(\$ million)

	Public Administration			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Buildings ^(a)	2 195.8	2 238.2	1 101.6	1 072.2
Accumulated depreciation ^(a)	(117.3)	(94.0)	(59.1)	(46.5)
Buildings (written down value)	2 078.5	2 144.2	1 042.5	1 025.8
Buildings leasehold (written down value)	72.9	73.2	40.3	39.7
Land	1 462.7	1 468.1	972.8	978.3
National parks and other 'land only' holdings	..	..	..	..
Land and national parks	1 462.7	1 468.1	972.8	978.3
Total land and buildings	3 614.0	3 685.5	2 055.6	2 043.8

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Buildings	8 837.0	8 765.2	..	..
Accumulated depreciation	(97.9)	(0.9)	..	..
Buildings (written down value)	8 739.2	8 764.3	..	..
Buildings leasehold	3.9	3.9	..	..
Land	12 024.0	12 058.3	..	..
National parks and other 'land only' holdings	..	..	..	..
Land and national parks	12 024.0	12 058.3	..	..
Total land and buildings	20 767.0	20 826.4	..	..

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Buildings ^(a)	42 711.2	42 074.3	26 457.2	25 882.6
Accumulated depreciation ^(a)	(2 471.9)	(2 002.5)	(1 685.5)	(1 403.8)
Buildings (written down value)	40 239.3	40 071.8	24 771.6	24 478.8
Buildings leasehold	2 402.2	2 445.7	2 346.5	2 400.8
Land	55 411.4	55 387.1	36 005.3	35 962.9
National parks and other 'land only' holdings	1 683.8	1 685.5	1 683.8	1 685.5
Land and national parks	57 095.2	57 072.6	37 689.1	37 648.4
Total land and buildings	99 736.7	99 590.2	64 807.2	64 528.0

Note:

(a) The June 2014 comparatives for Education and corresponding total numbers have been restated to reflect more current information.

<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 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>
8 943.8	8 831.0	8 943.8	8 831.0	9 855.5	9 587.6	9 840.8	9 572.2
(359.6)	(235.4)	(359.6)	(235.4)	(717.6)	(623.0)	(717.5)	(622.7)
8 584.2	8 595.6	8 584.2	8 595.6	9 137.8	8 964.5	9 123.3	8 949.5
191.2	187.5	191.2	187.5	1 277.4	1 320.5	1 277.4	1 320.5
7 557.3	7 547.6	7 557.1	7 547.6	2 303.8	2 264.7	2 298.5	2 259.5
..
7 557.3	7 547.6	7 557.1	7 547.6	2 303.8	2 264.7	2 298.5	2 259.5
16 332.7	16 330.6	16 332.5	16 330.6	12 719.0	12 549.7	12 699.2	12 529.4

<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 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>
4 868.2	4 869.3	537.9	537.9	8 011.0	7 783.0	6 033.1	5 869.1
(352.1)	(301.2)	(36.5)	(30.1)	(827.4)	(748.0)	(512.8)	(469.1)
4 516.0	4 568.1	501.4	507.8	7 183.6	7 035.0	5 520.3	5 400.1
33.1	31.9	30.4	29.2	823.8	828.8	807.0	823.9
21 309.5	21 308.1	17 479.5	17 476.5	10 754.1	10 740.4	7 697.4	7 701.1
..	..	..	..	1 683.8	1 685.5	1 683.8	1 685.5
21 309.5	21 308.1	17 479.5	17 476.5	12 437.9	12 425.9	9 381.2	9 386.6
25 858.6	25 908.1	18 011.3	18 013.6	20 445.3	20 289.8	15 708.5	15 610.5

Note 19. 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
	2014	2014	2014	2014
Infrastructure systems	89.1	97.4	76.2	75.9
<i>Accumulated depreciation</i>	(4.9)	(4.3)	(2.8)	(2.3)
Leased infrastructure systems	..	..	..	..
<i>Accumulated depreciation</i>	..	..	..	..
Infrastructure systems (written down value)	84.2	93.1	73.4	73.6
Plant, equipment and vehicles	831.3	815.8	385.7	406.8
<i>Accumulated depreciation</i>	(336.2)	(348.9)	(194.8)	(204.5)
Leased plant, equipment and vehicles	..	..	..	..
<i>Accumulated depreciation</i>	..	..	..	..
Plant, equipment and vehicles (written down value)	495.1	466.9	190.9	202.3
Total plant, equipment and vehicles, and infrastructure systems	579.3	560.0	264.3	275.9

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Infrastructure systems	..	..	..	..
<i>Accumulated depreciation</i>	..	..	..	..
Leased infrastructure systems	..	..	..	..
<i>Accumulated depreciation</i>	..	..	..	..
Infrastructure systems (written down value)	..	..	..	..
Plant, equipment and vehicles	0.8	8.2	..	..
<i>Accumulated depreciation</i>	(0.4)	(7.6)	..	..
Leased plant, equipment and vehicles	..	..	..	..
<i>Accumulated depreciation</i>	..	..	..	..
Plant, equipment and vehicles (written down value)	0.4	0.7	..	..
Total plant, equipment and vehicles, and infrastructure systems	0.4	0.7	..	..

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Infrastructure systems	55 749.2	54 230.3	1 751.7	1 716.2
<i>Accumulated depreciation</i>	(5 421.0)	(4 550.1)	(482.4)	(468.4)
Leased infrastructure systems	4 795.8	4 799.4	..	..
<i>Accumulated depreciation</i>	(205.4)	(165.6)	..	..
Infrastructure systems (written down value)	54 918.6	54 314.0	1 269.3	1 247.8
Plant, equipment and vehicles	11 385.7	11 208.8	5 953.0	5 883.3
<i>Accumulated depreciation</i>	(4 719.1)	(4 527.4)	(3 585.8)	(3 498.0)
Leased plant, equipment and vehicles	1 460.6	1 450.4	415.9	405.8
<i>Accumulated depreciation</i>	(340.7)	(301.2)	(223.9)	(201.2)
Plant, equipment and vehicles (written down value)	7 786.4	7 830.7	2 559.2	2 589.9
Total plant, equipment and vehicles, and infrastructure systems	62 705.0	62 144.6	3 828.5	3 837.7

<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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
..
..
..
..
..
1 122.1	1 123.3	1 122.1	1 123.3	2 565.4	2 503.0	2 565.0	2 502.6
(839.7)	(825.8)	(839.7)	(825.8)	(1 614.5)	(1 559.8)	(1 614.1)	(1 559.5)
7.2	..	7.2	..	96.4	96.1	96.4	96.1
(3.1)	..	(3.1)	..	(29.7)	(25.7)	(29.7)	(25.7)
286.5	297.6	286.5	297.6	1 017.7	1 013.6	1 017.6	1 013.6
286.5	297.6	286.5	297.6	1 017.7	1 013.6	1 017.6	1 013.6

<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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
17 601.5	16 915.6	393.1	366.4	38 058.6	37 217.3	1 282.3	1 274.0
(1 324.4)	(1 123.4)	(37.5)	(29.6)	(4 091.6)	(3 422.4)	(442.0)	(436.5)
6.9	6.7	..	..	4 788.9	4 792.7	..	..
(4.2)	(3.9)	..	..	(201.3)	(161.7)	..	..
16 279.8	15 795.0	355.6	336.7	38 554.6	38 425.9	840.3	837.4
4 381.2	4 293.9	83.0	83.9	2 484.9	2 464.5	1 797.2	1 766.7
(610.3)	(522.0)	(48.3)	(45.4)	(1 318.0)	(1 263.3)	(888.9)	(862.8)
1 156.6	1 156.6	112.2	112.2	200.4	197.7	200.1	197.4
(129.4)	(108.1)	(12.7)	(8.2)	(178.5)	(167.4)	(178.4)	(167.4)
4 798.1	4 820.4	134.2	142.5	1 188.8	1 231.5	930.0	934.0
21 077.9	20 615.4	489.8	479.2	39 743.4	39 657.4	1 770.3	1 771.4

Note 19. Land, buildings, infrastructure, plant and equipment *(continued)*

(d) Road networks and earthworks

(\$ million)

	Public Administration			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Roads and roads infrastructure	26.0	25.9	..	..
<i>Accumulated depreciation</i>	(4.2)	(3.9)	..	..
Roads (written down value)	21.8	21.9	..	..
Earthworks	..	..	..	..
Total road networks and earthworks	21.8	21.9	..	..

	Community Housing			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Roads and roads infrastructure
<i>Accumulated depreciation</i>
Roads (written down value)
Earthworks
Total road networks and earthworks

	Total			
	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Roads and roads infrastructure	38 334.5	37 970.1	38 256.0	37 890.9
<i>Accumulated depreciation</i>	(16 092.3)	(15 797.6)	(16 080.5)	(15 787.1)
Roads (written down value)	22 242.2	22 172.4	22 175.5	22 103.8
Earthworks	7 685.2	7 685.2	7 685.2	7 685.2
Total road networks and earthworks	29 927.4	29 857.6	29 860.7	29 789.0

<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 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</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 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>
37 211.0	36 845.8	37 211.0	36 845.8	1 097.6	1 098.4	1 045.1	1 045.1
(16 034.8)	(15 747.9)	(16 034.8)	(15 747.9)	(53.3)	(45.8)	(45.7)	(39.2)
21 176.2	21 097.9	21 176.2	21 097.9	1 044.3	1 052.6	999.4	1 005.9
7 685.2	7 685.2	7 685.2	7 685.2	..	..	..	..
28 861.3	28 783.1	28 861.3	28 783.1	1 044.3	1 052.6	999.4	1 005.9

Note 19. 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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
Cultural assets	346.9	346.6	346.9	346.6
<i>Accumulated depreciation</i>	(29.3)	(23.4)	(29.3)	(23.4)
Total cultural assets	317.5	323.2	317.5	323.2

	<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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2014</i>
Cultural assets	5 672.8	5 666.0	5 617.6	5 610.8
<i>Accumulated depreciation</i>	(130.6)	(121.3)	(130.6)	(121.3)
Total cultural assets	5 542.2	5 544.6	5 487.0	5 489.5

<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 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>
19.4	19.3	19.4	19.3	5.3	5.3	5.3	5.3
(15.3)	(14.8)	(15.3)	(14.8)	..	..	..	..
4.1	4.5	4.1	4.5	5.3	5.3	5.3	5.3

<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 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>	<i>Dec 2014</i>	<i>Jun 2014</i>
1.4	1.4	1.4	1.4	5 299.8	5 293.4	5 244.7	5 238.2
(0.3)	(0.3)	(0.3)	(0.3)	(85.6)	(82.8)	(85.6)	(82.8)
1.1	1.1	1.1	1.1	5 214.3	5 210.6	5 159.1	5 155.4

Note 20. Other non-financial assets

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Intangible produced assets	2 442.8	2 424.9	1 368.7	1 375.4
<i>Accumulated depreciation</i>	(1 163.4)	(1 047.5)	(667.9)	(603.7)
Intangible non-produced assets	728.8	675.2	42.0	0.3
<i>Accumulated amortisation</i>	(130.1)	(115.3)	(0.8)	(0.1)
Total intangibles	1 878.1	1 937.3	742.0	772.0
Investment properties	144.9	143.3	139.0	137.3
Biological assets ^(a)	62.7	38.1	4.5	4.9
Other assets	577.3	339.3	594.8	290.6
Total other non-financial assets	2 663.0	2 458.1	1 480.3	1 204.8

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 21. Assets by government purpose and by department

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

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
	General public services	68.7	28.2	20.7	10.4
Public order and safety	312.2	225.0	312.2	225.0
Education	260.7	215.1	260.7	215.1
Health	514.9	529.6	514.8	529.6
Social security and welfare	8.7	37.1	8.7	37.1
Housing and community amenities	666.4	802.1	16.8	54.9
Recreation and culture	62.0	123.4	16.3	38.8
Fuel and energy	0.8	13.5	0.7	13.5
Agriculture, forestry, fishing, and hunting	28.5	6.2	28.2	6.2
Transport and communications	1 268.9	1 571.7	888.9	792.7
Other economic affairs	49.7	19.2	49.7	19.2
Other purposes	0.5	0.4	..	0.1
Total purchases of non-financial assets	3 242.0	3 571.6	2 117.9	1 942.5

Note:

(a) Note 41 of the 2013-14 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.

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

(\$ million)

	State of Victoria		General government sector	
	2014	2013	2014	2013
	Education and Early Childhood Development	253.8	253.7	253.8	253.7
Environment and Primary Industries	589.0	655.4	63.6	34.4
Health	529.5	526.6	517.7	520.2
Human Services	146.1	180.1	23.4	11.1
Justice	258.7	240.8	258.2	240.3
Premier and Cabinet	17.9	9.4	16.3	5.4
State Development, Business and Innovation	15.5	25.6	8.2	20.6
Transport, Planning and Local Infrastructure	1 355.1	1 575.7	892.7	752.5
Treasury and Finance	30.5	22.9	17.5	2.9
Parliament	7.8	6.8	7.8	6.8
Courts ^(b)	3.9	..	3.9	..
Regulatory bodies and other part budget funded agencies ^(c)	61.7	95.7	61.7	95.7
Adjustments ^(d)	(27.4)	(21.0)	(6.8)	(0.9)
Total	3 242.0	3 571.6	2 117.9	1 942.5

Notes:

(a) On 4 December 2014, the Premier announced new administrative arrangements for government entities effective 1 January 2015. Information disclosed in the notes to the 2014-15 Mid-Year Financial Report reflects the administrative structure in place preceding this arrangement.

(b) Courts, which was formerly part of the Department of Justice, came into operation from 1 July 2014.

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

(d) Represents adjustments for transfers between portfolio departments.

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

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
General public services	1 109.8	1 262.6	1 149.4	1 168.4
Public order and safety	8 472.7	8 376.2	8 472.7	8 376.2
Education	16 931.7	16 907.2	16 931.7	16 907.2
Health	13 190.6	12 865.5	13 170.7	12 845.2
Social security and welfare	1 042.4	1 058.0	1 042.4	1 058.0
Housing and community amenities	69 754.9	69 762.3	7 178.2	7 225.2
Recreation and culture	12 868.8	12 878.7	8 525.6	8 543.0
Fuel and energy	26.8	25.4	15.4	15.3
Agriculture, forestry, fishing, and hunting	805.8	671.1	744.4	604.4
Transport and communications	76 369.2	75 824.7	47 635.0	47 497.0
Other economic affairs	911.3	925.8	911.3	925.8
Other purposes	6.2	6.4	1.9	2.4
Not allocated by purpose ^(b)	48 858.4	47 716.2	93 319.2	93 059.4
Total asset	250 348.6	248 280.1	199 097.9	198 227.4

Notes:

(a) Note 41 of the 2013-14 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.

(b) Represents financial assets which are not able to be allocated by purpose.

Note 22. Payables

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Current payables				
Accounts payable and accrued expenses	3 591.4	4 456.9	2 725.8	3 405.2
Accrued taxes payable	31.4	85.3	42.0	33.6
Unearned income	3 240.8	1 512.5	1 122.2	627.7
Total current payables	6 863.6	6 054.7	3 889.9	4 066.5
Non-current payables				
Accounts payable and accrued expenses	134.3	136.1	244.3	243.5
Accrued taxes payable	..	..	..	..
Unearned income	1 983.0	1 541.4	1 870.1	1 436.4
Total non-current payables	2 117.3	1 677.5	2 114.3	1 680.0
Total payables	8 980.9	7 732.2	6 004.3	5 746.5

Note 23. Borrowings

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Current borrowings				
Domestic borrowings	4 272.2	2 936.9	2 001.5	1 438.8
Foreign currency borrowings	..	168.4	..	..
Finance lease liabilities	165.3	187.2	94.6	116.1
Derivative financial instruments	212.6	234.6	0.1	..
Total current borrowings	4 650.1	3 527.2	2 096.2	1 554.8
Non-current borrowings				
Domestic borrowings	38 173.6	38 680.7	22 957.0	23 444.2
Foreign currency borrowings	105.1	100.4	..	..
Finance lease liabilities	8 568.7	8 630.1	7 907.5	7 933.8
Derivative financial instruments	425.9	339.1	57.4	20.8
Total non-current borrowings	47 273.3	47 750.3	30 921.9	31 398.8
Total borrowings	51 923.4	51 277.4	33 018.1	32 953.6

Note 24. Employee benefits

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Current				
Accrued salaries and wages ^(a)	1 739.2	1 756.5	1 590.5	1 575.9
Long service leave	3 377.6	3 248.8	3 175.4	3 050.4
Total current employee benefits	5 116.8	5 005.3	4 765.9	4 626.3
Non-current				
Long service leave	737.8	739.8	670.2	676.5
Total non-current employee benefits	737.8	739.8	670.2	676.5
Total employee benefits	5 854.6	5 745.1	5 436.0	5 302.7

Note:

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

Note 25. Other provisions

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2014	2014	2014	2014
Provision for insurance claims				
Victorian WorkCover Authority	2 140.3	1 928.1	..	..
Transport Accident Commission	1 098.7	1 079.8	..	..
Victorian Managed Insurance Authority	351.5	381.2	..	..
Other agencies	21.9	15.9	18.2	11.7
Current provision for insurance claims	3 612.4	3 405.0	18.2	11.7
Onerous contracts	25.8	45.5	..	..
Other provisions	359.1	368.3	238.3	181.3
Total current other provisions	3 997.4	3 818.7	256.5	193.0
Non-current provision for insurance claims				
Victorian WorkCover Authority	9 140.0	8 823.2	..	..
Transport Accident Commission	11 025.8	9 768.6	..	..
Victorian Managed Insurance Authority	1 606.9	1 665.2	..	..
Other agencies	27.3	27.5	26.6	26.6
Non-current provision for insurance claims	21 799.9	20 284.4	26.6	26.6
Onerous contracts	78.5	69.0	..	..
Other provisions	448.9	460.8	404.9	410.9
Total non-current other provisions	22 327.4	20 814.3	431.5	437.5
Total other provisions	26 324.8	24 632.9	688.0	630.6

Note 26. Cash flow information

(a) Reconciliation of cash

(\$ million)

	State of Victoria		General government sector	
	Dec	Dec	Dec	Dec
	2014	2013	2014	2013
Cash	2 225.7	1 924.9	1 930.0	1 567.0
Deposits at call	5 888.4	5 073.6	2 159.4	1 865.7
Cash and cash equivalents	8 114.2	6 998.5	4 089.5	3 432.7
Bank overdraft	..	..	..	..
Balances as per cash flow statement	8 114.2	6 998.5	4 089.5	3 432.7

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

(\$ million)

	State of Victoria		General government sector	
	Dec	Dec	Dec	Dec
	2014	2013	2014	2013
Net result	(1 714.4)	2 160.2	213.6	(460.3)
Non-cash movements				
Depreciation and amortisation	2 185.2	2 142.6	1 180.7	1 179.0
Revaluation of investments	(1 060.0)	(1 457.9)	(21.0)	(40.1)
Assets (received)/provided free of charge	(57.1)	(62.8)	2.4	2.4
Assets not previously recognised	(1.7)	(5.3)	(1.7)	(5.0)
Revaluation of assets	102.3	31.7	101.6	30.2
Discount/premium on other financial assets/borrowings	(60.8)	(44.6)	2.1	3.6
Bad/doubtful debts	..	0.1	..	..
Foreign currency dealings	..	0.1	..	0.1
Unrealised (gains)/losses on borrowings	1 317.8	(452.5)	..	..
Discounting of assets and liabilities	..	..	..	..
Movements included in investing and financing activities				
Net gain/loss from sale of investments	(92.4)	(216.2)	(13.7)	(0.7)
Net revenues from sale of non-financial assets	(22.0)	(24.4)	(26.1)	(20.3)
Net revenues from sale of investments	12.4	65.2	..	..
Movements in assets and liabilities				
Increase/(decrease) in provision for doubtful debts	12.2	34.9	12.8	34.9
Increase/(decrease) in payables	1 479.8	452.8	414.5	(437.2)
Increase/(decrease) in employee benefits	109.5	(116.1)	133.3	(84.2)
Increase/(decrease) in superannuation	124.4	131.2	126.3	133.4
Increase/(decrease) in other provisions	1 691.5	(210.4)	57.1	25.7
(Increase)/decrease in receivables	(496.3)	263.8	(75.5)	159.3
(Increase)/decrease in other non-financial assets	(245.0)	(307.5)	(309.9)	(260.4)
Net cash flows from operating activities	3 285.5	2 384.8	1 796.5	260.3

Note 27. Financial instruments

Note 33 in Chapter 4 of the *2013-14 Financial Report* for the State of Victoria contains a comprehensive disclosure of the State'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 *2013-14 Financial Report* for the State of Victoria.

Note 28. 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 *2013-14 Financial Report* for the State of Victoria (Note 34) should be made for details of commitments as at 30 June 2014.

As at 31 December 2014, the following additional material commitments were recorded for the State of Victoria:

- The State entered into a contract with the GEO consortium on 15 September 2014 to deliver the Ravenhall Prison project. The GEO consortium will design, build, finance and operate the prison for a period of 25 years. The present value of the minimum lease payments is \$791.6 million, and the present value of the operating and service commitments over the 25 year contract period is \$2.6 billion.
- The contract with Serco Group for the provision of traffic camera services (around \$84 million, excluding GST) was extended in October 2014 for a further seven years.

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

Note 29. Contingent assets and contingent liabilities

Contingent assets

Contingent assets are possible assets that arise from past events, 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 2013-14 *Financial Report for the State of Victoria* (Note 35) should be made for details of contingent assets as at 30 June 2014.

The following item has changed materially with regards to the contingent assets disclosed at 30 June 2014:

- On 4 December 2014, the Court of Appeal upheld the Supreme Court's decision with respect to the gambling licences litigation. The State has sought special leave to appeal to the High Court of Australia.

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

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, 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
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Reference to the 2013-14 *Financial Report for the State of Victoria* (Note 35) should be made for details of contingent liabilities as at 30 June 2014.

The following items have changed materially with regards to the contingent liabilities disclosed at 30 June 2014:

- On 29 September 2014, the former government signed a contract for the East West Link – Eastern Section with the East West Connect (EWC) consortium and also provided EWC with a Side Deed signed by the former Treasurer. The Government has suspended all works and is considering the way forward. Any financial exposure of the State in respect of East West Link is not able to be estimated at this time.
- On 30 June 2014, the former Minister for Planning made an Approval Decision for the East West Link – Eastern Section project under section 77 of the *Major Transport Projects Facilitation Act 2009* and on 19 September 2014, the former Minister for Planning made variations to the Approval Decision under section 90 of that Act. On 21 July 2014, Moreland and Yarra City Councils filed a proceeding in the Supreme Court of Victoria challenging the Approval Decision and, on 20 November 2014, Moonee Valley City Council filed a proceeding in the Supreme Court of Victoria challenging the variations to the Approval Decision.

At the date of the preparation of this report, the trial date in the first proceeding had been vacated and the second proceeding had been listed for a preliminary directions hearing on 24 April 2015. The outcome of these proceedings is unknown at the date of this publication and as such any potential impact or liability arising from them is not able to be quantified.

- On 4 December 2014, the Court of Appeal upheld the Supreme Court's decision with respect to the gambling licences litigation. Tabcorp has sought special leave to appeal to the High Court of Australia.
- Following the Court of Appeal's decision in relation to the 2012-13 Health Benefit Levy determination, both Tatts and Tabcorp sought special leave to appeal to the High Court of Australia. On 13 February 2015, the special leave application was dismissed by the High Court.
- On 27 August 2014, Intralot Australia Pty Ltd served a writ and Statement of Claim on the State. Intralot's claim relates to allegations that Tattersall's Sweeps Pty Ltd was granted favourable treatment relating to the awarding of public lottery licences on 24 October 2007. Intralot claims its total costs to 30 June 2014 are \$63.4 million. The State has lodged its defence and the matter will be heard in the Supreme Court.
- The Victorian Managed Insurance Authority (VMIA) has increased the insurance cover it provides participating parties, bodies and other entities for property, public and products liability, professional indemnity and contract works. VMIA reinsures in the private market for losses above \$50 million arising out of any one occurrence, up to a maximum of \$850 million for products liability, and for losses above \$50 million arising out of any one event, up to a maximum of \$3.05 billion for property.
- A net reduction in non-general government debt guarantees of \$985 million was due to Rural Finance Corporation extinguishing its loans with Treasury Corporation of Victoria upon settlement of the sale to Bendigo and Adelaide Bank Limited, which occurred in July 2014, partially offset by non-general government debt guarantees relating to water entities due to additional borrowing requirements of these entities.
- Roads Corporation (VicRoads) had a decrease in legal proceedings and disputes of \$105 million. This relates to a number of legal disputes involving land compensation claims for properties that had been compulsory acquired that have now been resolved.

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

Note 30. Public Account disclosure

(a) Consolidated fund receipts and payments^(a)

(\$ million)

2013-14 Actual to Dec		2014-15 Actual to Dec	Revised budget
	Receipts		
8 302.8	Taxation ^(b)	9 417.1	18 419.3
288.4	Fines and regulatory fees	412.0	822.5
7 829.9	Grants received	7 672.3	16 839.4
2 652.6	Sales of goods and services	2 743.0	5 488.4
271.1	Interest received	247.5	540.5
382.8	Public authority receipts	666.1	1 085.8
215.3	Other receipts ^(b)	115.7	466.3
19 942.9	Total operating activities	21 273.8	43 662.1
2 460.7	Total inflows from investing and financing	658.7	1 524.9
22 403.6	Total receipts	21 932.5	45 187.0
	Payments to departments		
5 534.6	Education and Early Childhood Development	5 512.7	10 979.6
1 348.8	Environment and Primary Industries	1 084.7	2 454.2
5 304.8	Health	5 135.1	9 626.1
1 851.4	Human Services	2 038.7	4 001.7
2 729.9	Justice	2 881.6	6 353.0
300.3	Premier and Cabinet	309.0	619.7
380.7	State Development, Business and Innovation	438.0	971.5
4 101.5	Transport, Planning and Local Infrastructure	3 783.5	7 738.4
1 681.5	Treasury and Finance	1 679.2	4 669.7
84.1	Parliament	85.7	171.5
..	Courts ^(c)	182.8	448.9
23 317.5	Total payments	23 130.9	48 034.3
(913.9)	Net receipts/(payments)	(1 198.3)	(2 847.4)

Notes:

- (a) On 4 December 2014, the Premier announced new administrative arrangements for government entities effective 1 January 2015. Information disclosed in the notes to the 2014-15 Mid-Year Financial Report reflects the administrative structure in place preceding this arrangement.
- (b) The December 2013 comparatives and Revised Budget figures have been restated to reflect more current information.
- (c) Courts, which was formerly part of the Department of Justice, came into operation from 1 July 2014.

(b) Trust fund statement cash flows

(\$ million)

2013-14 Actual to Dec		2014-15 Actual to Dec	Revised budget
	Cash flows from operating activities		
	Receipts		
250.4	Taxation	239.3	299.5
21.4	Regulatory fees and fines	25.7	46.7
7 250.2	Grants received ^(a)	8 130.1	13 868.2
407.0	Sale of goods and services	184.1	393.4
46.1	Interest received	47.3	98.4
5 486.8	Net transfers from consolidated fund	4 961.6	9 685.8
49.7	Other receipts	47.9	145.4
13 511.6	Total receipts	13 636.1	24 537.4
	Payments		
(69.5)	Employee benefits	(77.1)	(188.2)
(5.9)	Superannuation	(6.5)	(13.5)
(12 455.0)	Grants paid ^(a)	(12 249.0)	(21 959.8)
(984.9)	Supplies and consumables	(1 090.7)	(2 009.3)
(4.7)	Interest paid	(2.9)	(7.5)
(13 520.1)	Total payments	(13 426.2)	(24 178.2)
(8.6)	Net cash flows from operating activities	209.8	359.2
	Cash flows from investing activities		
19.7	Proceeds from sale of property, plant and equipment	30.5	34.2
(18.3)	Purchases of property, plant and equipment	(20.6)	(27.6)
(2.3)	Other investing activities	(88.9)	(68.2)
(0.9)	Net cash flows from investing activities	(78.5)	(61.5)
	Cash flows from financing activities		
(467.7)	Net proceeds (repayments) from borrowings	13.9	(13.2)
(467.7)	Net cash flows from financing activities	13.9	(13.2)
(477.1)	Net cash inflow/(outflow)	145.2	284.4

Note:

(a) The December 2013 comparatives have been restated to reflect more current information.

Note 30. Public Account disclosure (continued)

(c) Reconciliation of cash flows to balances held

(\$ million)

	Balances held at 30 Jun 2014	Dec movement YTD	Balances held at 31 Dec 2014
Cash and deposits			
Cash balances outside the Public Account	0.4	0.5	0.9
Deposits held with the Public Account – specific trusts	550.1	240.2	790.3
Other balances held in the Public Account	2 493.8	(1 297.1)	1 196.7
Total cash and deposits	3 044.3	(1 056.4)	1 987.9
Investments			
Investments held with the Public Account – specific trusts	664.3	73.5	737.8
Total investments	664.3	73.5	737.8
Total fund balances	3 708.6	(982.9)	2 725.7
Less funds held outside the Public Account			
Cash	0.4	0.5	0.9
Total fund balances held outside the Public Account	0.4	0.5	0.9
Total funds held in the Public Account ^(a)	3 708.2	(983.4)	2 724.8

Note:

(a) See Note 30 (d) 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)

2013-14 Actual to Dec		2014-15 Opening 1 Jul	Actual 31 Dec
1 315.1	Amounts invested on behalf of specific trust accounts	1 214.4	1 528.1
1 185.0	General account balances	2 493.8	1 196.7
2 500.1	Total public account	3 708.2	2 724.8
	Represented by:		
1 315.1	Stocks and securities	1 214.4	1 528.1
954.8	Cash and investments	2 278.5	860.1
2 269.9	Total stock, securities, cash and investments	3 493.0	2 388.3
	Add cash advanced for:		
230.2	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	215.3	336.5
2 500.1	Total public account	3 708.2	2 724.8

Note 31. Controlled entities

Note 42 *Controlled Entities* in the 2013-14 *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 2014 which have been consolidated for the purposes of the Mid-Year Financial Report.

Controlled entities	Entities included as investments in other sectors		
	General government	Public non-financial corporation	Public financial corporation
Department of Education and Early Childhood Development			
Bendigo Kangan Institute ^(a)	*		
Department of Environment and Primary Industries			
Game Management Authority ^(b)	*		
Barwon South West Waste and Resource Recovery Group ^(c)		*	
Gippsland Waste and Resource Recovery Group ^(c)		*	
Goulburn Valley Waste and Resource Recovery Group ^(c)		*	
Grampians Central Waste and Resource Recovery Group ^(c)		*	
Loddon Mallee Waste and Resource Recovery Group ^(c)		*	
North East Waste and Resource Recovery Group ^(c)		*	
Department of Health			
Bass Coast Health ^(d)	*		
Department of Justice			
Office of the Commissioner for Privacy and Data Protection ^(e)	*		
Courts ^(f)			
Judicial College of Victoria ^(f)	*		

Notes:

- (a) The Bendigo Kangan Institute was established on 1 July 2014 as a result of a merger between Bendigo Regional Institute of TAFE and Kangan Institute of TAFE.
- (b) The Game Management Authority Act 2014 established the Game Management Authority as a statutory authority to improve the effectiveness of game management and promote responsibility in game hunting, effective from 1 July 2014.
- (c) Under changes to the Environment Protection Act 1970, the 12 regional Waste Management Groups wound up on 31 July 2014 and six new regional Waste and Resource Recovery Groups were established, effective from 1 August 2014 as follows:
- South Western Regional Waste Management Group and Barwon Regional Waste Management Group have been transferred into the Barwon South West Waste and Resource Recovery Group;
 - Gippsland Regional Waste Management Group has been transferred to the Gippsland Waste and Resource Recovery Group;
 - Goulburn Valley Regional Waste Management Group has been transferred to the Goulburn Valley Waste and Resource Recovery Group;
 - Desert Fringe Regional Waste Management Group, Grampians Regional Waste Management Group and Highlands Regional Waste Management Group have been transferred to the Grampians Central Waste and Resource Recovery Group;
 - Calder Regional Waste Management Group, Central Murray Regional Waste Management Group and Mildura Regional Waste Management Group have been transferred to the Loddon Mallee Waste and Resource Recovery Group;
 - North East Victorian Regional Waste Management Group has been transferred to the North East Waste and Resource Recovery Group; and
 - Mornington Peninsula Waste Management Group has been transferred into the Metropolitan Waste and Resource Recovery Group (an existing entity not abolished under the reform).
- (d) Bass Coast Regional Health was renamed to Bass Coast Health from 4 September 2014.
- (e) Effective 17 September 2014, the Office of the Commissioner for Privacy and Data Protection commenced operations replacing the Office of the Victorian Privacy Commissioner, which ceased operations on 16 September 2014.
- (f) The Court Services Victoria Act 2014 established Court Services Victoria as a statutory public sector body to provide the administrative services and facilities for Victoria's courts, the Victorian Civil Administrative Tribunal and the Judicial College of Victoria taking effect from 1 July 2014.

APPENDIX A – GENERAL GOVERNMENT SECTOR QUARTERLY FINANCIAL REPORT

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

	(\$ million)				
	2013-14			2014-15	
	Dec	Mar	Jun ^(a)	Sep	Dec
Revenue					
Taxation revenue	3 803.3	5 092.9	3 704.2	4 710.7	4 053.6
Interest	216.5	201.4	209.1	205.1	200.0
Dividends and income tax equivalent and rate equivalent revenue	158.6	107.7	115.1	51.0	615.8
Sales of goods and services	1 698.0	1 347.8	1 951.8	1 656.6	1 675.8
Grants	5 829.1	6 304.5	7 558.2	5 665.0	6 056.7
Other revenue	512.3	487.8	795.3	566.4	588.3
Total revenue	12 217.8	13 542.1	14 333.8	12 854.7	13 190.2
Expenses					
Employee expenses	4 493.9	4 424.1	4 705.5	4 510.1	4 808.9
Net superannuation interest expense	263.6	259.4	262.3	258.1	253.5
Other superannuation expenses	501.6	441.2	454.9	483.9	550.9
Depreciation	560.1	582.8	609.2	586.2	590.5
Interest expense	536.0	519.6	557.0	523.4	524.7
Grants and other transfers	1 846.1	2 359.6	1 319.7	2 002.6	2 127.6
Other operating expenses	4 117.9	3 730.4	5 322.7	4 063.3	4 275.0
Total expenses	12 319.3	12 317.2	13 231.3	12 427.5	13 131.2
Net result from transactions – net operating balance	(101.5)	1 224.8	1 102.5	427.2	59.0
Other economic flows included in net result					
Net gain/(loss) on sale of non-financial assets	24.8	1.3	(46.6)	5.1	21.0
Net gain on financial assets or liabilities at fair value	18.4	5.9	6.1	19.3	15.3
Share of net profit/(loss) from associates/joint venture entities, excluding dividends	0.1	..	(0.1)	..	0.1
Other (losses) from other economic flows	(73.7)	(954.7)	(105.8)	(90.1)	(243.3)
Total other economic flows included in net result	(30.4)	(947.5)	(146.4)	(65.8)	(206.8)
Net result	(131.9)	277.3	956.1	361.4	(147.8)

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

(\$ million)

	2013-14		Jun ^(a)	2014-15	
	Dec	Mar		Sep	Dec
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	(224.6)	(383.2)	2 909.5	(369.9)	37.1
Remeasurement of superannuation defined benefit plans	1 000.8	(421.8)	(2 293.6)	121.2	(2 585.6)
Net gain on equity investments in other sector entities at proportional share of net assets	1 110.9	..	2 702.9	..	2.7
Other movements in equity	172.7	358.7	145.4	405.8	(21.3)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	25.7	(0.8)	(33.6)	(2.2)	(32.0)
Total other economic flows – other comprehensive income	2 085.5	(447.2)	3 430.7	154.9	(2 599.2)
Comprehensive result – total change in net worth	1 953.6	(169.9)	4 386.8	516.3	(2 747.0)
FISCAL AGGREGATES					
Net operating balance	(101.5)	1 224.8	1 102.5	427.2	59.0
Less: Net acquisition of non-financial assets from transactions	1 355.4	(3.2)	134.0	96.3	388.9
Net lending/(borrowing)	(1 456.9)	1 228.1	968.5	330.9	(329.9)

Note:

(a) The June 2014 comparative for the other movements in equity line has been restated to reflect more current information.

Table A.2: Balance sheet as at the end of the quarter, 31 December 2014

(\$ million)

	2013-14		2014-15		
	Dec	Mar	Jun	Sep	Dec
Assets					
Financial assets					
Cash and deposits	3 432.7	3 064.7	4 500.9	4 095.4	4 089.5
Advances paid	4 600.8	4 593.5	4 586.9	4 575.9	4 577.9
Receivables	4 866.1	5 893.4	4 940.6	5 168.6	5 003.4
Investments, loans and placements	3 820.5	4 166.0	3 117.6	3 158.2	3 432.0
Investments accounted for using equity method	49.4	49.4	44.1	44.1	47.0
Investments in other sector entities	71 932.4	72 375.8	75 869.2	75 875.3	76 169.5
Total financial assets	88 702.0	90 142.8	93 059.4	92 917.6	93 319.2
Non-financial assets					
Inventories	183.9	183.2	176.6	153.7	148.1
Non-financial assets held for sale	69.2	55.8	142.5	168.1	166.9
Land, buildings, infrastructure, plant and equipment	101 318.8	100 550.4	103 644.2	103 692.6	103 983.4
Other non-financial assets	1 262.0	1 145.9	1 204.8	1 383.6	1 480.3
Total non-financial assets	102 834.0	101 935.3	105 168.0	105 398.0	105 778.7
Total assets	191 535.9	192 078.1	198 227.4	198 315.6	199 097.9
Liabilities					
Deposits held and advances received	505.8	591.0	426.5	454.2	423.9
Payables	5 469.6	5 291.8	5 746.5	5 303.2	6 004.3
Borrowing	33 695.2	33 889.6	32 953.6	32 846.6	33 018.1
Employee benefits	5 124.7	5 264.6	5 302.7	5 500.0	5 436.0
Superannuation	22 846.7	23 330.1	25 680.7	25 609.2	28 271.4
Other provisions	624.0	611.0	630.6	599.2	688.0
Total liabilities	68 266.0	68 978.1	70 740.6	70 312.4	73 841.7
Net assets	123 269.9	123 100.1	127 486.9	128 003.2	125 256.2
Accumulated surplus/(deficit)	45 457.6	45 667.3	44 410.0	45 290.9	42 520.6
Reserves	77 762.3	77 382.8	83 026.9	82 662.3	82 685.6
Non-controlling interest	50.0	50.0	50.0	50.0	50.0
Net worth	123 269.9	123 100.1	127 486.9	128 003.2	125 256.2
FISCAL AGGREGATES					
Net financial worth	20 436.0	21 164.7	22 318.8	22 605.2	19 477.5
Net financial liabilities	51 496.4	51 211.0	53 550.4	53 270.2	56 692.0
Net debt	22 347.0	22 656.3	21 174.6	21 471.3	21 342.7

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

(\$ million)

	2013-14		2014-15		
	Dec	Mar	Jun	Sep	Dec
Cash flows from operating activities					
Receipts					
Taxes received	4 151.7	4 032.7	4 414.2	4 585.6	4 780.5
Grants	5 849.1	6 303.4	7 557.0	5 664.0	6 055.9
Sales of goods and services	1 995.5	1 802.0	1 628.4	1 804.8	2 102.4
Interest received	202.1	177.2	218.8	194.4	190.6
Dividends and income tax equivalent and rate equivalent receipts	177.9	111.3	93.6	57.1	619.1
Other receipts	82.2	472.1	767.5	411.6	590.5
Total receipts	12 458.5	12 898.6	14 679.4	12 717.6	14 339.0
Payments					
Payments for employees	(4 611.1)	(4 283.0)	(4 718.9)	(4 312.8)	(4 917.4)
Superannuation	(700.6)	(639.1)	(660.2)	(692.2)	(727.9)
Interest paid	(523.6)	(523.7)	(537.0)	(510.0)	(510.3)
Grants and subsidies	(1 732.9)	(2 428.9)	(1 159.8)	(2 180.4)	(2 135.6)
Goods and services	(3 974.8)	(4 162.6)	(3 896.3)	(4 514.6)	(4 420.1)
Other payments	(152.3)	(147.7)	(738.6)	(175.6)	(163.2)
Total payments	(11 695.4)	(12 184.9)	(11 710.9)	(12 385.6)	(12 874.5)
Net cash flows from operating activities	763.1	713.7	2 968.5	332.0	1 464.5
Cash flows from investing activities					
Purchases of non-financial assets	(1 341.7)	(779.4)	(1 275.4)	(887.0)	(1 230.9)
Sales of non-financial assets	64.1	63.8	118.8	36.1	86.1
Cash flows from investments in non-financial assets	(1 277.6)	(715.6)	(1 156.6)	(850.9)	(1 144.8)
Net cash flows from investments in financial assets for policy purposes	(323.3)	(310.4)	(257.8)	208.1	(163.9)
Sub-total	(1 601.0)	(1 026.0)	(1 414.4)	(642.8)	(1 308.7)
Net cash flows from investments in financial assets for liquidity management purposes	(103.5)	(340.3)	983.6	(14.1)	(302.1)
Net cash flows from investing activities	(1 704.5)	(1 366.4)	(430.8)	(657.0)	(1 610.8)
Cash flows from financing activities					
Advances received (net)	..	..	..	..	0.8
Net borrowings	1 014.3	199.5	(937.2)	(108.2)	170.6
Deposits received (net)	83.1	85.1	(164.5)	27.7	(31.1)
Net cash flows from financing activities	1 097.4	284.7	(1 101.6)	(80.5)	140.3
Net increase/(decrease) in cash and cash equivalents	156.1	(368.0)	1 436.1	(405.5)	(6.0)
Cash and cash equivalents at beginning of reporting period	3 276.6	3 432.7	3 064.7	4 500.9	4 095.4
Cash and cash equivalents at end of reporting period	3 432.7	3 064.7	4 500.9	4 095.4	4 089.5
FISCAL AGGREGATES					
Net cash flows from operating activities	763.1	713.7	2 968.5	332.0	1 464.5
Net cash flows from investments in non-financial assets	(1 277.6)	(715.6)	(1 156.6)	(850.9)	(1 144.8)
Cash surplus/(deficit)	(514.5)	(1.9)	1 811.9	(518.9)	319.7

APPENDIX B – FINANCIAL MANAGEMENT ACT 1994 COMPLIANCE INDEX

The *Financial Management Act 1994* requires 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 30, pages 62-64</p> <p>Refer Chapter 2, operating statement, pages 11-12, statement of cash flows, pages 14-15, Notes 2-7, pages 24-36, Notes 9-26, pages 38-58</p> <p>Refer Chapter 2, operating statement, pages 11-12, statement of cash flows, pages 14-15 and Notes 2-26, 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</i>		
<i>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.	not available or not applicable
1 billion	1 000 million
1 basis point	0.01 per cent
..	zero, or rounded to zero
tbd	to be determined
(xxx.x)	negative numbers
xxxx.0	rounded amount
ytd	year to date

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