

Victorian Budget 2014 | 15

Building a Better Victoria



Statement of Finances

Budget Paper No. 5

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

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Budget Paper No. 5 – Statement of Finances (incorporating Quarterly Financial Report No. 3)

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2014-15



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The Hon. Michael O'Brien MP

Treasurer of the State of Victoria
for the information of Honourable Members

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CHAPTER 1 – ESTIMATED FINANCIAL STATEMENTS FOR THE GENERAL GOVERNMENT SECTOR

The following Estimated Financial Statements and accompanying explanatory notes set out the forecast financial results for the Victorian general government sector for the period 2014-15 to 2017-18.

The Estimated Financial Statements have been prepared in accordance with the provisions of the *Financial Management Act 1994*. This Act requires the Estimated Financial Statements to be consistent with the financial policy objectives and strategies statement (see Budget Paper No. 2, Chapter 1 *Economic and Fiscal Overview*), in a manner and form determined by the Minister, having regard to appropriate financial reporting frameworks.

The statements have been prepared having regard to applicable Australian Accounting Standards. As there is no specific Australian accounting standard or other authoritative pronouncement that prescribes the preparation and presentation of prospective financial statements, the Estimated Financial Statements have been prepared based on the principles set out in the New Zealand Financial Reporting Standard 42 *Prospective Financial Statements* (FRS-42).

The statements are presented in a manner consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This standard also complies with the Uniform Presentation Framework (UPF) as it relates to the general government sector. Additional disclosures in relation to the UPF are included in Chapter 2 *Supplementary uniform presentation framework tables*.

The prospective nature of these statements reflects a number of judgements about the most likely operating and financial conditions for the Victorian general government sector. Variations in these assumed conditions, such as international developments and other risks to the national economy, from which Victoria would not be immune, may cause the Victorian general government sector actual results to differ from the projections. However, appropriate professional judgement has been applied in preparing the Estimated Financial Statements.

The Victorian Auditor-General has reviewed the Estimated Financial Statements and his review report follows.

AUDITOR-GENERAL'S REPORT

The logo for the Victorian Auditor-General's Office (VAGO) consists of the letters 'VAGO' in a bold, blue, sans-serif font. The letters are spaced out, with 'V' and 'A' being larger than 'G' and 'O'. A thin horizontal line is positioned below the letters.

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INDEPENDENT ASSURANCE REPORT ON THE ESTIMATED FINANCIAL STATEMENTS

To the Members of the Parliament of Victoria

The accompanying estimated financial statements for the year ending 30 June 2015 and the three forward years ending 30 June 2016, 2017, and 2018 of the Victorian General Government Sector have been prepared on the basis of the assumptions stated in Note 1. I have reviewed the accompanying estimated financial statements, which comprise the estimated comprehensive operating statement, estimated balance sheet, estimated cash flow statement, estimated statement of changes in equity, a statement of significant accounting policies and forecast assumptions and other explanatory information, the Department of Treasury and Finance statement in relation to the estimated financial statements, and the revised 2014 estimated balance sheet. The remaining parts of the Budget Papers have not been subject to my review.

Treasurer's Responsibility for the Estimated Financial Statements

The Treasurer of Victoria, through the Secretary of the Department of Treasury and Finance, is responsible for:

- the preparation and presentation of the estimated financial statements in accordance with sections 23H-23K of the *Financial Management Act 1994*
- establishing and maintaining such internal controls as determined to be necessary to enable the preparation of estimated financial statements that are free from material misstatement
- providing me unrestricted access to all information, and persons within the department, which I determine is necessary to obtain evidence.

Auditor's Responsibility

As required under section 16B of the *Audit Act 1994*, my responsibility is to express a conclusion on the estimated financial statements based on my review. The review has been conducted in accordance with Australian Auditing and Assurance Standards applicable to the review of financial reports and prospective financial information in order to state whether, on the basis of the procedures described, anything has come to my attention that would cause me to not believe that the estimated financial statements:

- have been prepared on a basis consistent with the accounting policies on which they are stated to be based,
- are consistent with the target established for the key financial measure specified in Note 1
- have been properly prepared on the basis of the assumptions stated in Note 1
- use reasonable methodologies to determine those assumptions.

Those standards require compliance with the ethical requirements relevant to the review of financial reports.

The review has been limited primarily to inquiries of relevant personnel, analytical procedures and assessments of the reasonableness of the key methodologies, assumptions and processes upon which the estimated financial statements are based.

AUDITOR-GENERAL'S REPORT *(continued)*

Independent Assurance Report *(continued)*

Auditor's Responsibility (continued)

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, an audit opinion is not expressed. Prospective financial information relates to events and actions that have not yet occurred and may not occur. While evidence may be available to support the assumptions and underlying data upon which prospective financial information is based, such evidence is generally future oriented and therefore less certain in nature. Accordingly, an opinion is not expressed on whether the forecasts will be achieved.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the review, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Review Conclusion

Based on my review, which is not an audit, nothing has come to my attention that causes me to not believe that:

- the estimated financial statements have been prepared on a basis consistent with the accounting policies on which they are stated to be based
- the estimated financial statements are consistent with the target established for the key financial measure specified in Note 1
- the estimated financial statements have been properly prepared on the basis of the assumptions contained in Note 1
- the methodologies used to determine those assumptions are reasonable.

I am not responsible for ensuring the estimated financial results are achieved. Actual results achieved by the Victorian General Government Sector may differ from those forecast in the estimated financial statements and the variation may be material. Accordingly, I express no opinion as to whether the forecasts will be achieved, nor do I express an opinion on whether previous forecasts have been achieved.

Matters Relating to the Electronic Publication of the Assurance Report

This review report relates to the estimated financial statements of the Victorian General Government Sector for the years ending 30 June 2015, 2016, 2017 and 2018 included both in the Budget Papers and on the Victorian Budget website. The Secretary of the Department of Treasury and Finance is responsible for the integrity of the website. I have not been engaged to report on the integrity of the Victorian Budget website. The review report refers only to the subject matter described above. It does not provide a conclusion on any other information which may have been hyperlinked to/from these statements. If users of the estimated financial statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed estimated financial statements to confirm the information contained in the website version of the estimated financial statements.

MELBOURNE
2 May 2014



John Doyle
Auditor-General

DEPARTMENT OF TREASURY AND FINANCE STATEMENT IN RELATION TO THE ESTIMATED FINANCIAL STATEMENTS

The Estimated Financial Statements for the Victorian general government sector have been prepared on the basis of the economic and fiscal information available to the Department of Treasury and Finance. Given the prospective nature of the Estimated Financial Statements, it has been necessary to apply the best professional judgement in preparing the Estimated Financial Statements.

In my opinion, the Estimated Financial Statements have been properly prepared consistent with the requirements of sections 23H–23K of the *Financial Management Act 1994* and take into account government decisions and other circumstances that have a material effect.



David Martine
Secretary

Department of Treasury and Finance

1 May 2014

ESTIMATED FINANCIAL STATEMENTS

Table 1.1: Estimated general government sector comprehensive operating statement for the financial year ending 30 June

(\$ million)

	Notes	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Revenue from transactions					
Taxation revenue	2	18 067.5	18 845.4	19 754.1	20 583.0
Interest revenue		842.1	862.0	872.5	878.2
Dividends and income tax equivalent and rate equivalent revenue	3	584.7	910.7	1 049.8	1 127.0
Sales of goods and services	4	6 478.4	6 753.2	6 762.3	6 789.7
Grants	5	24 855.3	25 551.6	26 235.7	27 528.5
Other revenue	6	2 073.9	2 057.1	2 089.5	2 088.3
Total revenue from transactions		52 901.9	54 980.0	56 764.0	58 994.6
Expenses from transactions					
Employee expenses		18 442.3	19 425.5	20 057.5	20 874.5
Net superannuation interest expense	7a	1 023.9	1 011.0	993.8	973.7
Other superannuation	7a	1 863.7	1 897.0	1 920.5	1 933.4
Depreciation	8	2 496.0	2 605.5	2 782.9	2 999.2
Interest expense	9	2 195.8	2 086.2	2 063.7	2 123.9
Other operating expenses	10	17 259.2	16 414.0	16 851.0	17 652.0
Grants and other transfers	11	8 294.3	8 510.7	8 911.4	9 108.1
Total expenses from transactions	12	51 575.1	51 950.0	53 580.8	55 664.9
Net result from transactions – net operating balance		1 326.7	3 030.0	3 183.2	3 329.7
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		106.3	74.1	88.9	98.1
Net gain/(loss) on financial assets or liabilities at fair value		2.8	4 500.0	3.1	3.1
Other gains/(losses) from other economic flows	13	(283.6)	(307.4)	(324.2)	(324.6)
Total other economic flows included in net result		(174.5)	4 266.6	(232.2)	(223.4)
Net result		1 152.2	7 296.6	2 951.0	3 106.3

Table 1.1: Estimated general government sector comprehensive operating statement for the financial year ending 30 June (continued)

(\$ million)

Notes	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Other economic flows – other comprehensive income				
Items that will not be reclassified to net result				
Changes in non-financial assets revaluation surplus	3 906.5	616.5	1 638.1	454.8
Remeasurement of superannuation defined benefit plans	7a 499.2	509.1	518.3	526.8
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	14 2 884.3	438.8	(137.4)	(93.5)
Other movements in equity	0.1	(7.6)	(8.4)	(5.4)
Items that may be reclassified subsequently to net result				
Net gain/(loss) on financial assets at fair value	1.1	1.2	1.2	1.2
Total other economic flows – other comprehensive income	7 291.2	1 558.1	2 011.9	883.9
Comprehensive result – total change in net worth	8 443.5	8 854.7	4 962.9	3 990.2
KEY FISCAL AGGREGATES				
Net operating balance	1 326.7	3 030.0	3 183.2	3 329.7
Less: Net acquisition of non-financial assets from transactions	15 966.4	2 471.3	3 185.4	2 612.0
Net lending/(borrowing)	360.4	558.7	(2.3)	717.8

The accompanying notes form part of these Estimated Financial Statements.

Table 1.2: Estimated general government sector balance sheet for the financial year ending 30 June

(\$ million)

	Notes	2014 Revised	2015 Budget	2016 Estimate	2017 Estimate	2018 Estimate
Assets						
Financial assets						
Cash and deposits		4 100.8	4 254.0	4 547.8	4 887.7	5 220.0
Advances paid	16	4 590.9	4 541.7	4 485.3	4 457.3	4 424.8
Receivables		4 884.6	4 805.3	4 661.3	4 651.2	4 706.8
Investments, loans and placements	16	3 354.5	3 377.1	3 474.2	3 571.1	3 679.8
Investments accounted for using equity method		49.4	49.4	49.4	49.4	49.4
Investments in other sector entities	14	74 093.3	79 237.9	79 926.3	80 121.4	81 014.0
Total financial assets		91 073.5	96 265.4	97 144.2	97 738.1	99 094.9
Non-financial assets						
Inventories		176.4	174.9	179.4	183.9	188.3
Non-financial assets held for sale		108.3	108.3	108.3	108.3	108.3
Land, buildings, infrastructure, plant and equipment	17, 18	101 488.0	106 143.6	109 289.9	114 178.5	117 355.2
Other non-financial assets		946.0	931.7	872.8	880.8	778.4
Total non-financial assets		102 718.8	107 358.5	110 450.4	115 351.4	118 430.3
Total assets	19c	193 792.2	203 623.9	207 594.6	213 089.5	217 525.1
Liabilities						
Deposits held and advances received		429.1	429.0	428.9	428.8	428.7
Payables		5 644.1	5 104.6	4 843.0	4 615.8	4 394.7
Borrowings	20	33 132.1	35 111.8	30 540.9	31 509.7	32 420.9
Employee benefits	21	5 374.4	5 606.8	5 862.6	6 119.3	6 378.6
Superannuation	7d	23 227.4	22 924.5	22 596.4	22 106.4	21 576.7
Other provisions		625.8	644.3	665.2	689.1	714.8
Total liabilities		68 432.9	69 821.1	64 937.0	65 469.1	65 914.5
Net assets		125 359.4	133 802.8	142 657.6	147 620.5	151 610.6
Accumulated surplus/(deficit)		45 631.8	47 288.4	55 082.2	58 533.9	62 151.1
Reserves	22	79 677.5	86 464.5	87 525.4	89 036.6	89 409.5
Non-controlling interest		50.0	50.0	50.0	50.0	50.0
Net worth		125 359.4	133 802.8	142 657.6	147 620.5	151 610.6
FISCAL AGGREGATES						
Net financial worth		22 640.6	26 444.4	32 207.2	32 269.0	33 180.4
Net financial liabilities		51 452.7	52 793.6	47 719.1	47 852.3	47 833.7
Net debt		21 515.0	23 368.0	18 462.5	19 022.4	19 525.1

The accompanying notes form part of these Estimated Financial Statements.

Table 1.3: Estimated general government sector cash flow statement for the financial year ending 30 June

(\$ million)

	Notes	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Cash flows from operating activities					
Receipts					
Taxes received		18 043.9	18 857.6	19 715.3	20 464.1
Grants		24 848.0	25 609.1	26 235.4	27 528.2
Sales of goods and services ^(a)		7 094.1	7 405.7	7 413.2	7 451.6
Interest received		821.7	842.9	855.3	860.9
Dividends and income tax equivalent and rate equivalent receipts		581.1	910.6	1 044.4	1 121.5
Other receipts		1 796.6	1 717.9	1 733.4	1 737.3
Total receipts		53 185.4	55 343.9	56 997.0	59 163.6
Payments					
Payments for employees		(18 212.0)	(19 171.8)	(19 803.2)	(20 617.4)
Superannuation		(2 691.2)	(2 727.0)	(2 886.0)	(2 910.0)
Interest paid		(2 155.3)	(2 048.7)	(2 027.3)	(2 087.4)
Grants and subsidies		(8 331.7)	(8 575.4)	(9 011.6)	(9 133.7)
Goods and services ^(a)		(17 285.6)	(16 487.8)	(16 863.9)	(17 623.8)
Other payments		(670.1)	(659.8)	(694.6)	(734.4)
Total payments		(49 345.9)	(49 670.4)	(51 286.5)	(53 106.7)
Net cash flows from operating activities		3 839.5	5 673.5	5 710.5	6 057.0
Cash flows from investing activities					
Purchases of non-financial assets	19a, b	(5 312.4)	(5 027.5)	(6 105.6)	(5 849.8)
Sales of non-financial assets		384.9	363.8	467.8	399.9
Cash flows from investments in non-financial assets		(4 927.5)	(4 663.7)	(5 637.9)	(5 449.9)
Net cash flows from investments in financial assets for policy purposes		(676.8)	5 003.8	190.3	(183.2)
Subtotal ^(b)		(5 604.3)	340.0	(5 447.6)	(5 633.1)
Net cash flows from investments in financial assets for liquidity management purposes		(17.7)	(92.1)	(92.0)	(103.6)
Net cash flows from investing activities		(5 622.0)	248.0	(5 539.6)	(5 736.7)
Cash flows from financing activities					
Net borrowings		1 935.8	(5 627.5)	169.1	12.2
Deposits received (net)		(0.1)	(0.1)	(0.1)	(0.1)
Net cash flows from financing activities		1 935.7	(5 627.7)	169.0	12.1
Net increase/(decrease) in cash and cash equivalents		153.2	293.8	339.9	332.4
Cash and cash equivalents at beginning of reporting period		4 100.8	4 254.0	4 547.8	4 887.7
Cash and cash equivalents at end of reporting period		4 254.0	4 547.8	4 887.7	5 220.0

Table 1.3: Estimated general government sector cash flow statement for the financial year ending 30 June (continued)

(\$ million)

	Notes	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
FISCAL AGGREGATES					
Net cash flows from operating activities		3 839.5	5 673.5	5 710.5	6 057.0
Net cash flows from investments in non-financial assets		(4 927.5)	(4 663.7)	(5 637.9)	(5 449.9)
Cash surplus/(deficit)^(b)		(1 088.0)	1 009.7	72.6	607.1

The accompanying notes form part of these Estimated Financial Statements.

Notes:

- (a) *Inclusive of goods and services tax.*
- (b) *From 2015-16, infrastructure investment included in cash flows from investments in non-financial assets and net capital contributions to other sectors is fully funded from net cash flows from operations. See Budget Paper No. 2.*

Table 1.4: Estimated general government sector statement of changes in equity for the financial year ending 30 June

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non- controlling Interest</i>
2014-15		
Balance at 1 July 2014	45 631.8	50.0
Net result for the year	1 152.2	..
Other comprehensive income for the year	504.3	..
Balance as at 30 June 2015	47 288.4	50.0
2015-16		
Balance at 1 July 2015	47 288.4	50.0
Net result for the year	7 296.6	..
Other comprehensive income for the year	497.2	..
Balance as at 30 June 2016	55 082.2	50.0
2016-17		
Balance at 1 July 2016	55 082.2	50.0
Net result for the year	2 951.0	..
Other comprehensive income for the year	500.7	..
Balance as at 30 June 2017	58 533.9	50.0
2017-18		
Balance at 1 July 2017	58 533.9	50.0
Net result for the year	3 106.3	..
Other comprehensive income for the year	510.9	..
Balance as at 30 June 2018	62 151.1	50.0

The accompanying notes form part of these Estimated Financial Statements.

<i>Property, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
37 970.3	40 753.2	954.0	125 359.4
..	..	..	1 152.2
3 906.5	2 884.3	(3.9)	7 291.2
41 876.8	43 637.5	950.1	133 802.8
41 876.8	43 637.5	950.1	133 802.8
..	..	..	7 296.6
616.5	438.8	5.5	1 558.1
42 493.4	44 076.3	955.7	142 657.6
42 493.4	44 076.3	955.7	142 657.6
..	..	..	2 951.0
1 638.1	(137.4)	10.5	2 011.9
44 131.5	43 939.0	966.1	147 620.5
44 131.5	43 939.0	966.1	147 620.5
..	3 106.3
454.8	(93.5)	11.7	883.9
44 586.2	43 845.5	977.8	151 610.6

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Note 1: Statement of significant accounting policies and forecast assumptions

The following summary sets out the basis applied in the preparation and presentation of these Estimated Financial Statements, which includes the budget year and the estimates for the three subsequent years (referred to as the budget and forward estimates period).

(A) Statement of compliance

These Estimated Financial Statements have been prepared in accordance with sections 23H-23K of the *Financial Management Act 1994*, having regard to Australian Accounting Standards (AAS). AAS include Interpretations issued by the Australian Accounting Standards Board (AASB).

The Estimated Financial Statements are presented in a manner consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049) and other relevant AAS. Where appropriate, those AAS paragraphs relevant to not-for-profit entities have been applied. However, the prospective nature of these Estimated Financial Statements means that some AAS disclosures are neither relevant nor practical and have been omitted. Because AAS do not prescribe requirements for the preparation and presentation of prospective financial statements, the Estimated Financial Statements have been prepared having regard to the principles set out in New Zealand Financial Reporting Standard 42 *Prospective Financial Statements*.

The Government Finance Statistics (GFS) information included in this report is based on the GFS manual published by the Australian Bureau of Statistics (ABS), *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 Cat. No. 5514.0*.

The information presented in the Estimated Financial Statements takes into account all policy decisions taken by the Victorian Government, as well as known Commonwealth Government funding revisions and circumstances that may have a material effect on the Estimated Financial Statements as at 23 April 2014.

(B) Basis of accounting, preparation and measurement

The Estimated Financial Statements have been prepared for the 2014-15 budget year in accordance with accounting policies expected to be used in preparing historically oriented general purpose financial statements for that year, and the same accounting policies have been used for the subsequent forecast years.

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

The Estimated Financial Statements are presented in Australian dollars which is also the functional currency of the Victorian general government sector.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The Estimated Financial Statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- general government sector investments in other sector entities that are measured at the proportional share of 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 costs 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 estimated comprehensive operating statement (fair value through profit and loss);
- certain liabilities, most notably unfunded superannuation and some 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’.

For assets and liabilities measured at fair value in the estimated balance sheet, the principles under AASB 13 *Fair Value Measurement*, applicable from 1 January 2013, have been applied.

As required by AASB 1049, the estimated comprehensive operating statement distinguishes between ‘transactions’ and ‘other economic flows’ based on the principles in the ABS GFS manual. Transactions are defined as economic flows that arise as a result of government policy decisions, usually an interaction between two entities by mutual agreement. Taxation is regarded under GFS as mutually agreed between the government and the taxpayer. Transactions also include flows within an organisation such as depreciation because the owner is seen as simultaneously acting as the owner of the depreciating asset and the consumer of the service provided by the asset. Transactions may be settled in kind or for cash.

Economic flows are changes arising from market remeasurements or other changes in the volume of assets. They include gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets, actuarial gains and losses arising from defined benefit superannuation plans, fair value changes of financial instruments and agricultural assets, and depletion of natural assets (non-produced) from their use or removal.

The detailed accounting policies applied in the preparation of the Estimated Financial Statements are consistent with those in the audited 2012-13 annual financial report published in the *2012-13 Financial Report* as presented to Parliament, unless otherwise stated.

To gain a better understanding of the terminology and key aggregates used in this report, a glossary of terms can be found in Note 39 of Chapter 4 *Annual Financial Report of the 2012-13 Financial Report*.

(C) Reporting entity

The Estimated Financial Statements are prepared for the Victorian general government sector which includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of entities in the Victorian 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 that is financed mainly through taxes and other compulsory levies.

The Victorian general government sector is not a separate entity but represents a sector within the State of Victoria whole of government reporting entity. Unless otherwise noted, accounting policies applied by the State apply equally to the Victorian general government sector.

(D) Basis of consolidation

The Estimated Financial Statements present the consolidated assets and liabilities of all reporting entities in the Victorian general government sector, and their revenue, gains and expenses for the respective period, consistent with the principles of AASB 1049 and AASB 10 *Consolidated Financial Statements*.

AASB 10 is operating for the first time for annual reporting periods beginning on or after 1 January 2014. This Standard replaces the requirements in AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*, which were applied in the preparation of the audited 2012-13 annual financial report. The new Standard does not introduce new concepts, but rather builds on control guidance that existed in AASB 127 and Interpretation 112. Three criteria are required to assess whether control exists, including the entity's rights 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. It has been assessed that the revised requirements have no impact on the Estimated Financial Statements.

Entities in the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors are not consolidated into the financial statements of the Victorian 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 PNFC and PFC sector entities before consolidation eliminations. Where the carrying amount of an entity's net assets before consolidation eliminations is less than zero, the amount is not included.

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* and AASB 1049.

Where control of an entity is expected to be obtained during the financial period, its results are included in the estimated comprehensive operating statement from the date on which control will commence. Where control is expected to cease during a financial period, the entity's results are included for that part of the period for which control would exist. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in the Estimated Financial Statements.

In the process of reporting the Victorian general government sector, all material transactions and balances between entities within the sector are eliminated.

The significant entities consolidated within the sector comprise those listed in the *2012-13 Financial Report*, except as stated in Note 25 of the Estimated Financial Statements.

(E) Rounding

All amounts in the Estimated Financial Statements have been rounded to the nearest \$100 000 unless otherwise stated. Figures in the Estimated Financial Statements may not add due to rounding.

(F) Key financial measure

The Government expects to achieve a net operating surplus (net result from transactions) of at least \$100 million each year over the budget and forward estimates period that is consistent with the infrastructure and debt parameters, as set out in Budget Paper No. 2, Chapter 1 *Economic and Fiscal Overview*.

(G) Material economic and other assumptions

The Estimated Financial Statements have been prepared using the material economic and other assumptions listed below.

Key economic assumptions^(a)

	2014-15	2015-16	2016-17	2017-18
	Forecast	Forecast	Forecast	Forecast
	(\$ billion)			
Nominal gross state product	370.1	389.7	410.7	432.6
	(percentage change) ^(b)			
Real gross state product	2.50	2.75	2.75	2.75
Employment	1.25	1.50	1.50	1.50
Unemployment rate	6.25	6.00	5.75	5.50
Consumer price index ^(c)	2.25	2.50	2.50	2.50
Wage price index ^(d)	3.25	3.50	3.50	3.50
Population	1.80	1.80	1.80	1.80

Source: Department of Treasury and Finance

Notes:

- (a) The key assumptions underlying the economic projections include interest rates that follow movements in market expectations in the short term and held constant thereafter, constant exchange rates, and oil prices that follow the path suggested by oil futures.
- (b) Per cent change in year-average compared with previous year, except for the unemployment rate which is a year-average rate, and population which is a year-ended per cent change to 30 June. Projections are rounded to the nearest 0.25 percentage point, except population projections, which are rounded to the nearest 0.1 percentage point.
- (c) Melbourne consumer price index. Includes impact of the expected repeal of carbon tax in 2014-15.
- (d) Total hourly rate excluding bonuses.

Summary of other key assumptions

The following section outlines the other key assumptions used in the preparation of the Estimated Financial Statements, having regard to the materiality of the relevant items in the context of the overall financial position of the state and the sensitivity of those items to changes in key economic assumptions.

Taxation revenue

The state's taxation revenue is forecast by a process that involves:

- an assessment of economic and other factors influencing the tax base (e.g. for payroll tax, an assessment of the outlook for employment and wages; for motor vehicle taxes, an assessment of the outlook for demand for vehicles; and for gambling taxes, an assessment of the outlook for consumer spending and the labour market);
- analysis of historical information and relationships using econometric and other statistical methods; and
- consultation with private sector economists, industry associations and relevant government authorities.

Grant revenue and expenses

The forecast receipt of financial assistance from the Commonwealth is determined on the latest available information at the time of preparation of the Estimated Financial Statements.

Forecasts of goods and services tax (GST) grants are based on Victoria's assessment of the latest Commonwealth forecasts of the national GST pool. Victoria's share of GST for 2014-15 is informed by Victoria's assessed relativity for that year published by the Commonwealth Grants Commission and the Commonwealth Government's population projections.

Beyond 2014-15, Victoria's share of GST is based on its estimated assessed relativity in a particular year (calculated as the average of the previous three annual per capita relativities) and its assessment of the Commonwealth Government's population projections. Victoria's forecast per capita relativities are based on the projected fiscal capacity of each state and territory estimated using information sourced from each jurisdiction's latest published budget information (revenue, expenses, capital and lending requirements and non-GST Commonwealth payments).

Grants and other transfer payments are forecast on the basis of known activity and adjusted by the appropriate economic parameters. Where payments are tied to third party revenue, such as Commonwealth grants for on-passing, forecasts are based on estimated receipts.

Sales of goods and services

Revenue from the sale of goods and the supply of services is forecast by taking into account known factors, such as proposed fee increases imposed by departments and budget sector agencies in line with the *Cost Recovery Guidelines* (issued by the Department of Treasury and Finance) and/or indexation as provided for under the *Monetary Units Act 2004*.

Employee expenses

Employee expenses are forecast on the basis of staffing profiles and current salaries, conditions and on-costs. For the forecast period, employee expenses are adjusted for approved wage agreements, with allowance made for further adjustments consistent with wages policy beyond the period of the agreements. Employee expenses forecasts also reflect the impact of new initiatives.

Depreciation

Depreciation is forecast on the basis of known asset profiles, asset sales programs and approved new asset investment programs. The expense is based on the assumption that there will be no change in depreciation rates over the forecast period, but includes the estimated impact of future revaluation of assets. However, any future changes in useful lives, carrying value, residual value or methodology would result in a change in future depreciation expense.

Interest expense

Estimates for interest expense are based on the forecast level of outstanding Victorian general government sector debt and expected changes in non-current financial liabilities and provisions. Victorian general government sector debt is expected to mainly comprise fixed rate facilities from the Treasury Corporation of Victoria. Interest expenses associated with new borrowings are based on information provided by the Treasury Corporation of Victoria on forward contracts for Victorian government bonds.

Other operating expenses

Other operating expenses mainly include the cost of supplies and services. Supplies and services expenses are forecast on the basis of experience and known activity changes, including the application of government policy such as efficiency measures, changes in the method of service delivery and the application of the appropriate economic parameters.

An allowance is made for emerging demand that may arise over the budget and forward estimates period.

Superannuation

Future defined contribution superannuation expenses are based on assumptions regarding future salaries and contribution rates.

Future defined benefit superannuation costs, and superannuation liabilities at future balance dates, are estimated by the actuaries of the various defined benefit superannuation plans. These estimates are based on a number of demographic and financial assumptions. The table below sets out the major financial assumptions used to estimate the superannuation expense and liability in respect of each defined benefit superannuation plan for the budget and forward estimates period.

The discount and inflation rates are based on prevailing long-term Commonwealth Government bonds (both nominal and inflation linked) and are assumed to remain constant across the budget and forward estimates period. An expected return on plan assets is assumed when projecting assets, and the return this provides in excess of the discount rate is included in other comprehensive income. Actual experience may differ from assumptions and may cause significant variations in the reported superannuation liabilities.

Superannuation assumptions

<i>Underlying assumptions for all listed schemes</i> ^(a)	<i>Per cent</i>
Discount rate ^(b)	4.7
Wages growth ^(c)	4.1
Inflation rate ^(d)	2.6
<i>Expected return on assets</i> ^(e)	
ESSS ^(f)	8.0
Health Super Defined Benefit Scheme	5.9
Constitutionally Protected Schemes ^(g)	n.a.

Source: Department of Treasury and Finance

Notes:

- (a) All rates are nominal annual rates and are applicable to all the listed schemes.
- (b) The discount rate is based on a long-term fixed interest Commonwealth Government bond rate. It is an annual effective rate and is gross of tax.
- (c) Wages growth is based on actuarial expectations.
- (d) The inflation rate assumed by the actuary reflects market expectations of price inflation as implied based on the relationship between the yields on Commonwealth Government bonds, both nominal and inflation linked. This ensures consistency with the prescribed (i.e. market-based) discount rate.
- (e) The expected return on assets stated is gross of tax. Estimated tax payments are explicitly allowed for in the calculation process.
- (f) The ESSS includes the former State Superannuation Fund and, from 1 April 2014, the former Parliamentary Contributory Superannuation Fund.
- (g) Pensions payable from constitutionally protected schemes are paid from the Consolidated Fund. These schemes hold no assets so there is no expected return on assets.

Investments in other sector entities

Investments in other sector entities are estimated based on their audited net assets as at 30 June 2013, adjusted by management estimates of subsequent operating results, capital investments and distributions.

Land, buildings, infrastructure, plant and equipment

The value of non-financial physical assets will change during the forecast period to account for acquisitions, disposals and the impact of depreciation and revaluation.

New investments in assets are valued at the forecast purchase price or, where appropriate, recognised progressively over the estimated construction period.

The budget and forward estimates include the estimated impact of revaluations of non-financial physical assets. These estimates have been derived based on examination and extrapolation of historical trends in asset revaluations by major asset class.

Borrowings

Estimates for borrowings are based on the ability to repay maturing debt and the need to finance capital expenditure. The forecast for finance lease liabilities across the forward estimates period relates primarily to the expected commissioning of public private partnerships.

Payables

Payables consist of accounts payable, unearned revenue including deferred revenue from concession arrangements and taxes such as goods and services tax and fringe benefit tax.

Estimates of accounts payables are based on known movements in contractual arrangements, other outstanding payables and historical experience.

Unearned income relating to concession arrangements will reduce each year as income is progressively brought to account over the remaining period of the concession term. The estimated changes in other components are based on historical experience.

The indemnity payable to the State Electricity Commission of Victoria, which relates to the electricity supply arrangements with the aluminium smelters at Point Henry and Portland, is estimated based on forecast electricity prices and expected market aluminium prices.

Employee benefits

Employee benefits are forecast on the basis of staffing profiles and current salaries and conditions. For the forecast period, employee benefits are adjusted for approved wage agreements with an allowance made for future movements.

Service concession arrangements (otherwise referred to as public private partnerships)

The State from time to time enters into concession arrangements with the private sector to design, construct or upgrade assets used to provide public services. These arrangements may include operational and maintenance services for a specified period of time.

Projects specifically approved to be delivered as public private partnerships are budgeted for consistently with the expected delivery model from the date of approval, and in accordance with the accounting policies applicable to service concession arrangements outlined in the *2012-13 Financial Report*.

Some service concession arrangements, such as user pays toll roads, also include the right for the State to take control of the asset at the end of the concession period. As there is currently no authoritative accounting guidance to forecast the recognition and measurement of these assets, they are not recognised in the Estimated Financial Statements.

(H) Sensitivity analysis

Appendix A *Sensitivity analysis table* contained in Budget Paper No. 2 provides an estimate of the impact on income, expenses, the net result from transactions, the net result, and net debt associated with variations to forecasts of selected economic and financial variables.

Note 2: Taxation revenue

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Taxes on employers' payroll and labour force	5 135.0	5 422.5	5 730.4	6 054.9
Taxes on property				
Taxes on immovable property				
Land tax	1 903.6	1 866.4	2 088.4	2 029.7
Fire Services Property Levy	626.5	618.7	627.1	625.8
Congestion levy	122.3	125.2	128.3	131.5
Metropolitan improvement levy	145.7	150.8	157.4	158.0
Total taxes on immovable property	2 798.1	2 761.2	3 001.2	2 945.1
Financial and capital transactions				
Land transfer duty	4 440.6	4 707.3	4 989.5	5 288.6
Other property duties	6.9	7.1	7.3	7.5
Financial accommodation levy	151.0	188.9	210.3	232.3
Growth areas infrastructure contributions	71.5	75.4	79.6	84.0
Total financial and capital transactions	4 670.1	4 978.8	5 286.6	5 612.3
Total taxes on property	7 468.2	7 739.9	8 287.8	8 557.4
Taxes on the provision of goods and services				
Gambling taxes				
Private lotteries	412.2	427.2	444.5	458.1
Electronic gaming machines	1 070.1	1 093.6	1 120.9	1 151.6
Casino	224.6	234.1	245.7	257.9
Racing	87.9	88.8	89.6	92.3
Other	22.4	28.1	35.5	44.6
Total gambling taxes	1 817.2	1 871.8	1 936.2	2 004.5
Levies on statutory corporations ^(a)	112.5	112.5	..	..
Taxes on insurance	1 094.4	1 162.1	1 236.9	1 316.7
Total taxes on the provision of goods and services	3 024.1	3 146.4	3 173.1	3 321.2
Taxes on the use of goods and performance of activities				
Motor vehicle taxes				
Vehicle registration fees	1 421.2	1 492.3	1 565.9	1 642.7
Duty on vehicle registrations and transfers	714.0	735.1	757.0	779.7
Total motor vehicle taxes	2 135.1	2 227.5	2 322.9	2 422.4
Liquor licence fees	22.4	21.8	22.4	23.0
Other	282.7	287.4	217.5	204.1
Total taxes on the use of goods and performance of activities	2 440.3	2 536.6	2 562.8	2 649.5
Total taxation revenue	18 067.5	18 845.4	19 754.1	20 583.0

Note:

(a) The existing environmental levy payable by water authorities is not expected to continue beyond 2015-16.

Note 3: Dividends and income tax equivalent and rate equivalent revenue

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

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Dividends from PFC sector	344.9	428.6	475.3	513.7
Dividends from PNFC sector	69.1	182.4	91.3	109.1
Dividends from non-public sector	2.1	2.1	2.1	2.1
Dividends	416.1	613.1	568.6	624.9
Income tax equivalent revenue from PFC sector	3.0	112.9	314.3	326.0
Income tax equivalent revenue from PNFC sector	159.9	178.8	160.7	169.6
Income tax equivalent revenue	162.9	291.7	475.0	495.6
Local government rate equivalent revenue	5.7	6.0	6.2	6.6
Total dividends and income tax equivalent and rate equivalent revenue	584.7	910.7	1 049.8	1 127.0

(b) Dividends by entity

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Public financial corporations				
Victorian WorkCover Authority	109.8	153.8	166.8	171.4
Transport Accident Commission	189.0	231.0	266.0	299.5
Treasury Corporation of Victoria	42.6	39.8	38.0	38.3
State Trustees Ltd	0.8	1.0	1.3	1.3
Victorian Funds Management Corporation	2.7	3.0	3.2	3.2
Dividends from PFC sector	344.9	428.6	475.3	513.7
Public non-financial corporations				
Melbourne Water Corporation	16.7	22.0	32.7	44.7
City West Water Corporation	6.3	8.6	11.2	14.5
South East Water Corporation	16.0	32.9	37.2	39.7
Yarra Valley Water Corporation	5.2	7.4	8.2	8.2
State Electricity Commission of Victoria (Shell)	..	88.0	..	..
Victorian Regional Channels Authority	0.7	1.3	1.3	1.2
Port of Melbourne Corporation	24.2	21.7	..	..
Others	..	0.5	0.7	0.8
Dividends from PNFC sector	69.1	182.4	91.3	109.1

Note 4: Sales of goods and services

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Motor vehicle regulatory fees	213.3	210.5	195.0	174.5
Other regulatory fees	437.2	467.9	482.2	490.0
Sale of goods	96.1	89.6	89.3	90.1
Provision of services ^(a)	3 974.3	4 140.9	4 121.1	4 142.7
Rental	54.8	55.0	55.0	55.0
Refunds and reimbursements	69.8	71.3	71.3	71.3
Inter-sector capital asset charge	1 632.8	1 718.2	1 748.4	1 766.1
Total sales of goods and services	6 478.4	6 753.2	6 762.3	6 789.7

Note:

(a) Further disclosure on provision of services by department is available on the Department of Treasury and Finance's website.

Note 5: Grants

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
General purpose grants – goods and services tax	11 781.9	12 593.4	13 481.9	14 862.8
Specific purpose grants for on-passing	3 140.1	3 360.4	3 568.9	3 730.8
Grants for specific purposes	9 792.8	9 472.3	9 072.2	8 822.3
Total	24 714.9	25 426.1	26 123.1	27 415.9
Other contributions and grants	140.4	125.4	112.6	112.6
Total grants	24 855.3	25 551.6	26 235.7	27 528.5

Note 6: Other revenue

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Fair value of assets received free of charge or for nominal consideration	1.8	1.7	1.9	1.9
Fines	784.8	803.6	820.2	839.4
Royalties	50.0	50.0	49.9	49.9
Donations and gifts	255.0	267.3	267.6	267.5
Other non-property rental	22.5	22.6	22.7	22.7
Other miscellaneous revenue	959.8	911.8	927.2	906.9
Total other revenue	2 073.9	2 057.1	2 089.5	2 088.3

Note 7: Superannuation

(a) Superannuation costs recognised in the operating statement

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Defined benefit plans				
Net superannuation interest expense	1 023.9	1 011.0	993.8	973.7
Current service cost	680.3	670.5	662.3	649.0
Remeasurements:				
Expected return on superannuation assets excluding interest income	(499.2)	(509.1)	(518.3)	(526.8)
Total costs recognised in respect of defined benefit plans	1 205.0	1 172.4	1 137.7	1 095.9
Defined contribution plans				
Employer contributions to defined contribution plans	1 122.4	1 164.8	1 196.0	1 221.5
Other (including pensions)	61.0	61.6	62.3	62.9
Total expense recognised in respect of defined contribution plans	1 183.4	1 226.5	1 258.3	1 284.4
Total superannuation costs recognised in operating statement	2 388.4	2 398.9	2 396.0	2 380.4
Represented by:				
Net superannuation interest expense	1 023.9	1 011.0	993.8	973.7
Other superannuation	1 863.7	1 897.0	1 920.5	1 933.4
Superannuation expense from transactions	2 887.5	2 908.0	2 914.3	2 907.1
Remeasurements recognised in other comprehensive income	(499.2)	(509.1)	(518.3)	(526.8)
Total superannuation costs recognised in operating statement	2 388.4	2 398.9	2 396.0	2 380.4

Note 7: Superannuation (*continued*)

(b) Reconciliation of the present value of the defined benefit obligation

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Opening balance of defined benefit obligation	41 602.4	41 774.6	41 860.9	41 806.0
Current service cost	680.3	670.5	662.3	649.0
Interest expense	1 876.5	1 884.2	1 886.8	1 885.6
Contributions by plan participants	193.3	188.6	183.8	179.0
Benefits paid	(2 577.9)	(2 657.0)	(2 787.8)	(2 870.6)
Closing balance of defined benefit obligation	41 774.6	41 860.9	41 806.0	41 648.9

(c) Reconciliation of the fair value of superannuation plan assets

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Opening balance of plan assets	18 377.4	18 850.1	19 264.5	19 699.6
Interest income	852.6	873.2	893.0	911.9
Return on plan assets not included in interest income	499.2	509.1	518.3	526.8
Employer contributions	1 505.5	1 500.5	1 627.7	1 625.6
Contributions by plan participants	193.3	188.6	183.8	179.0
Benefits paid (including tax paid)	(2 577.9)	(2 657.0)	(2 787.8)	(2 870.6)
Closing balance of plan assets	18 850.1	19 264.5	19 699.6	20 072.2

Note 7: Superannuation (continued)

(d) Reconciliation of the superannuation liabilities

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Emergency Services and State Super				
Defined benefit obligation	37 259.6	37 336.5	37 295.0	37 151.1
Tax liability ^(a)	2 142.5	2 121.1	2 078.1	2 032.5
Plan assets	(17 495.7)	(17 910.2)	(18 348.9)	(18 723.9)
Net liability/(asset)	21 906.3	21 547.4	21 024.3	20 459.8
Other funds ^(b)				
Defined benefit obligation	2 378.1	2 408.2	2 437.0	2 468.9
Tax liability ^(a)	(5.6)	(4.9)	(4.2)	(3.6)
Plan assets	(1 354.3)	(1 354.3)	(1 350.8)	(1 348.4)
Net liability/(asset)	1 018.2	1 048.9	1 082.1	1 117.0
Total superannuation				
Defined benefit obligation	39 637.7	39 744.7	39 732.1	39 620.0
Tax liability ^(a)	2 136.9	2 116.2	2 073.9	2 028.9
Plan assets	(18 850.1)	(19 264.5)	(19 699.6)	(20 072.2)
Superannuation liability	22 924.5	22 596.4	22 106.4	21 576.7
Represented by:				
Current liability	1 000.0	1 133.4	1 136.4	1 164.8
Non-current liability	21 924.5	21 463.0	20 970.0	20 411.9

Notes:

- (a) Tax liability represents the present value of tax payments on contributions that are expected to be required to fund accrued benefits.
- (b) Other funds include constitutionally protected schemes, the Parliamentary Contributory Superannuation Fund and the State's share of liabilities of the Health Super defined benefit division of First State Super.

Note 8: Depreciation

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Buildings ^(a)	1 026.4	1 050.0	1 219.3	1 386.1
Leasehold buildings	97.6	97.7	106.1	130.1
Infrastructure systems	31.6	32.1	32.5	32.8
Plant, equipment and vehicles	657.6	661.1	662.1	655.0
Roads and road networks	588.4	666.1	675.4	689.3
Cultural assets	28.9	24.7	25.0	25.0
Intangible produced assets ^(b)	65.6	73.8	62.5	80.9
Total depreciation	2 496.0	2 605.5	2 782.9	2 999.2

Notes:

- (a) Includes estimated depreciation on amounts not yet allocated to projects in 2014-15 to 2017-18.
- (b) Amortisation of intangible non-produced assets is included under other gains/(losses) from other economic flows.

Note 9: Interest expense

(\$ million)

	2014-15	2015-16	2016-17	2017-18
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Interest on long-term interest-bearing liabilities	1 334.2	1 236.3	1 125.4	1 157.7
Interest on short-term interest-bearing liabilities	50.0	50.0	50.0	50.0
Finance charges on finance leases	770.6	761.9	851.5	879.4
Discount interest on payables	41.0	38.0	36.8	36.8
Total interest expense	2 195.8	2 086.2	2 063.7	2 123.9

Note 10: Other operating expenses

(\$ million)

	2014-15	2015-16	2016-17	2017-18
	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Purchase of supplies and consumables ^(a)	7 477.8	7 272.4	7 550.1	8 258.7
Cost of goods sold	88.6	21.1	21.6	22.2
Finance expenses and fees	21.1	20.7	20.6	20.8
Purchase of services ^(a)	7 904.9	7 366.9	7 477.7	7 537.4
Maintenance	827.1	814.6	826.4	820.0
Operating lease payments	252.7	241.4	242.9	241.5
Other	687.1	676.8	711.6	751.4
Total other operating expenses	17 259.2	16 414.0	16 851.0	17 652.0

Note:

(a) Further disclosure on other operating expenses by department is available on the Department of Treasury and Finance's website.

Note 11: Grants and other transfers

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Current grants and other transfers expense				
Commonwealth Government	189.9	231.5	224.4	212.5
Local government (including grants for on-passing)	892.0	779.4	778.9	777.1
Private sector and not-for-profit for on-passing	2 566.3	2 760.6	2 969.1	3 131.0
Other private sector and not-for-profit	1 612.7	1 740.2	1 967.6	2 145.2
Grants within the Victorian Government	2 920.6	2 957.0	2 929.0	2 799.8
Grants to other state governments	10.7	11.0	11.0	11.0
Total current grants and other transfers	8 192.3	8 479.6	8 880.0	9 076.6
Capital grants expense				
Commonwealth Government	2.0	..	..	..
Local government (including grants for on-passing)	11.1	1.1	6.0	6.0
Private sector and not-for-profit on-passing	47.9	26.4	21.2	21.2
Other private sector and not-for-profit	3.7	3.7	4.2	4.2
Grants within the Victorian Government	1.9	..	..	..
Other grants	35.4	..	..	..
Total capital grants and other transfers	102.0	31.2	31.4	31.5
Total grants and other transfers	8 294.3	8 510.7	8 911.4	9 108.1

Note 12: Expenses by government purpose and by department

(a) Expenses by government purpose classification^{(a)(b)}

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Expenses				
General public services	891.4	698.4	634.2	626.9
Public order and safety	5 913.2	5 858.4	5 942.3	6 210.8
Education	12 943.6	13 112.3	13 515.7	13 875.3
Health ^(c)	14 437.1	14 377.3	14 769.4	14 909.9
Social security and welfare ^(c)	4 048.6	3 694.6	3 765.3	3 855.5
Housing and community amenities	3 022.2	2 936.9	2 877.2	2 739.0
Recreation and culture	653.8	606.3	595.9	588.3
Fuel and energy	183.3	206.5	125.1	136.8
Agriculture, forestry, fishing, and hunting	362.1	327.2	322.3	316.9
Transport and communications	5 839.9	5 948.9	6 008.3	6 055.9
Other economic affairs	1 173.4	893.5	835.7	775.2
Other purposes ^(d)	2 106.7	3 289.6	4 189.4	5 574.2
Total expenses by government purpose classification	51 575.1	51 950.0	53 580.8	55 664.9

Notes:

- (a) Note 40 of the 2012-13 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.
- (b) In 2013-14, the methodology used to allocate expenses across classification categories has been refined to better reflect departmental data allocations. The figures in this table reflect this.
- (c) From July 2015, the Commonwealth will be responsible for home support services for people aged over 65 years. Health expenses have been reduced from 2015-16 to reflect this transfer. Movements in 2015-16 also reflects one-off funding for initiatives in 2014-15 that is not carried forward.
- (d) Other purposes include provisions available to be allocated to specific departments and projects, future demand growth, departmental underspending and items not yet formalised at the time of publication.

**Note 12: Expenses by government purpose and by department
(continued)**

(b) Expenses by department including administered items

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Expenses				
Education and Early Childhood Development	14 676.3	14 879.9	15 304.1	15 673.8
Environment and Primary Industries	3 441.0	3 288.4	3 025.7	2 882.7
Health ^(a)	16 403.7	16 062.6	16 527.9	16 675.2
Human Services	3 907.2	3 898.3	3 991.1	4 086.8
Justice	8 179.0	8 169.1	8 320.8	8 499.4
Premier and Cabinet	694.3	641.1	644.8	638.2
State Development, Business and Innovation	1 203.0	990.4	849.6	827.5
Transport, Planning and Local Infrastructure	9 628.4	9 822.2	9 978.4	10 129.1
Treasury and Finance	43 514.8	50 481.1	46 699.9	48 759.2
Parliament	204.1	196.7	199.0	199.6
Courts ^(b)	590.7	590.9	599.6	607.3
Regulatory bodies and other part funded agencies ^(c)	1 943.3	1 891.1	1 909.8	1 937.7
Contingencies not allocated to departments ^(d)	(232.0)	960.2	1 854.3	3 202.8
Total expenses by department including administered items	104 153.8	111 871.8	109 904.9	114 119.3
<i>Less eliminations and adjustments ^(e)</i>	<i>(52 578.7)</i>	<i>(59 921.9)</i>	<i>(56 324.1)</i>	<i>(58 454.4)</i>
Total expenses	51 575.1	51 950.0	53 580.8	55 664.9

Notes:

- (a) From July 2015, the Commonwealth will be responsible for home support services for people aged over 65 years. Health expenses have been reduced from 2015-16 to reflect this transfer. Movements in 2015-16 also reflects one-off funding for initiatives in 2014-15 that is not carried forward.
- (b) Courts, which was formerly part of the Department of Justice, comes into operation from 1 July 2014.
- (c) Other general government sector agencies not allocated to departmental portfolios.
- (d) Contingencies include provisions available to be allocated to specific departments and projects, future demand growth, departmental underspending and items not yet formalised at the time of publication.
- (e) Mainly comprising of payroll tax, capital asset charge and inter-departmental transfers.

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

(\$ million)

	2014-15	2015-16	2016-17	2017-18
	Budget	Estimate	Estimate	Estimate
Net (increase) in provision for doubtful receivables	(177.8)	(158.5)	(152.9)	(153.1)
Amortisation of intangible non-produced assets	(10.5)	(10.5)	(10.5)	(10.5)
Net (increase) in bad debts	(119.2)	(152.9)	(153.2)	(153.4)
Other gains/(losses)	23.9	14.5	(7.7)	(7.7)
Total other gains/(losses) from other economic flows	(283.6)	(307.4)	(324.2)	(324.6)

Note 14: Reconciliation of net gain/(loss) on equity investments in other sector entities at proportional share of net assets

(\$ million)

	2015	2016	2017	2018
	Budget	Estimate	Estimate	Estimate
Balance of investment in PNFC and PFC sectors at beginning of period	74 093.3	79 237.9	79 926.3	80 121.4
Net contributions to other sectors by owner	2 260.3	249.5	332.5	986.2
Revaluation gain/(loss) for period	2 884.3	438.8	(137.4)	(93.5)
Investment in other sector entities at end of period	79 237.9	79 926.3	80 121.4	81 014.0

Note 15: Net acquisition of non-financial assets from transactions

(\$ million)

	2014-15	2015-16	2016-17	2017-18
	Budget	Estimate	Estimate	Estimate
Purchases of non-financial assets (including change in inventories)	5 312.4	5 027.5	6 105.6	5 849.8
Less: sale of non-financial assets	(384.9)	(363.8)	(467.8)	(399.9)
Less: depreciation	(2 496.0)	(2 605.5)	(2 782.9)	(2 999.2)
Plus: other movements in non-financial assets	(1 465.1)	413.1	330.4	161.3
Total net acquisition of non-financial assets	966.4	2 471.3	3 185.4	2 612.0

Note 16: Advances paid and investments, loans and placements

(\$ million)

	2014	2015	2016	2017	2018
	Revised	Budget	Estimate	Estimate	Estimate
Current advances paid and investments, loans and placements					
Loans and advances paid	63.7	63.7	63.7	63.7	63.7
Equities and managed investment schemes	486.7	533.4	539.9	547.2	554.5
Australian dollar term deposits	2 387.4	2 365.5	2 455.8	2 550.0	2 657.0
Debt securities	1.8	1.8	1.8	1.8	1.8
Total current advances paid and investments, loans and placements	2 939.5	2 964.4	3 061.2	3 162.7	3 276.9
Non-current advances paid and investments, loans and placements					
Loans and advances paid	4 527.2	4 478.0	4 421.6	4 393.7	4 361.1
Equities and managed investment schemes	229.8	225.3	225.1	222.0	221.5
Australian dollar term deposits	208.8	211.2	211.6	210.2	205.0
Debt securities	40.0	40.0	40.0	40.0	40.0
Total non-current advances paid and investments, loans and placements	5 005.8	4 954.4	4 898.3	4 865.8	4 827.6
Total advances paid and investments, loans and placements	7 945.4	7 918.8	7 959.5	8 028.5	8 104.6
Represented by:					
Advances paid	4 590.9	4 541.7	4 485.3	4 457.3	4 424.8
Investments, loans and placements	3 354.5	3 377.1	3 474.2	3 571.1	3 679.8

Note 17: Land, buildings, infrastructure, plant and equipment

(\$ million)

	2014	2015	2016	2017	2018
	Revised	Budget	Estimate	Estimate	Estimate
Buildings (written down value)	22 123.1	22 380.1	22 909.9	24 837.8	25 148.0
Buildings leasehold	2 343.5	2 289.3	3 265.6	3 985.5	4 648.4
Land and national parks	37 624.3	38 304.1	38 475.3	38 154.5	38 193.7
Infrastructure systems (written down value)	2 427.4	2 509.3	2 622.9	2 690.5	2 732.6
Plant, equipment and vehicles (written down value)	2 526.8	2 325.2	1 944.9	1 537.6	1 124.6
Roads and road networks (written down value)	21 298.4	24 125.5	25 722.5	28 516.5	30 982.1
Earthworks	7 685.0	8 759.8	8 891.5	9 011.3	9 096.3
Cultural assets (written down value)	5 459.4	5 450.4	5 457.3	5 444.7	5 429.4
Total land, buildings, infrastructure, plant and equipment	101 488.0	106 143.6	109 289.9	114 178.5	117 355.2

Note 18: Reconciliation of movements in land, buildings, infrastructure, plant and equipment

(\$ million)

	2014-15	2015-16	2016-17	2017-18
	Budget	Estimate	Estimate	Estimate
Carrying amount at the start of the year ^(a)	101 488.0	106 143.6	109 289.9	114 178.5
Additions ^(b)	5 032.4	6 057.7	6 853.2	6 718.3
Disposals at written down value	(314.1)	(289.7)	(378.9)	(301.8)
Revaluations	3 906.3	616.3	1 637.8	454.5
Asset transfers ^(c)	(1 538.6)	(706.2)	(503.2)	(775.8)
Depreciation expense	(2 430.5)	(2 531.8)	(2 720.4)	(2 918.3)
Carrying amount at the end of the year	106 143.6	109 289.9	114 178.5	117 355.2

Notes:

- (a) Property, plant and equipment comprises land and buildings, infrastructure systems, plant, equipment, vehicles, road networks and cultural assets. Exclude movements in intangible assets, investment properties and other non-financial assets.
- (b) Includes assets acquired under finance lease arrangements.
- (c) Represents transfer of assets to the public non-financial corporations sector.

Note 19: Assets classified by government purpose and by department

(a) Purchase of non-financial assets by government purpose classification^{(a)(b)}

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
General public services	45.2	30.6	48.5	29.3
Public order and safety	1 092.7	351.1	219.0	429.4
Education	531.5	412.2	215.0	201.7
Health	860.5	713.2	1 108.0	157.7
Social security and welfare	112.8	63.6	49.8	49.5
Housing and community amenities	139.0	61.0	71.8	54.3
Recreation and culture	49.8	30.4	16.4	11.2
Fuel and energy	3.1	3.0	2.7	2.7
Agriculture, forestry, fishing, and hunting	26.5	18.2	13.8	13.5
Transport and communications	2 166.1	1 573.6	1 130.2	480.1
Other economic affairs	153.4	57.1	46.3	49.0
Other purposes	0.5	1.4	1.4	1.4
Not allocated by purpose ^(c)	131.3	1 711.9	3 183.0	4 370.0
Total purchases of non-financial assets	5 312.4	5 027.5	6 105.6	5 849.8

Notes:

- (a) Note 40 of the 2012-13 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.
- (b) In 2013-14, the methodology used to allocate purchases across classification categories has been refined to better reflect departmental data allocations. The figures in this table reflect this.
- (c) Estimated amount available to be allocated to departments and projects in future budgets, including for East West Link and the Melbourne Rail Link. It also includes departmental underspending, which may be subject to carryover.

**Note 19: Assets classified by government purpose and by department
(continued)**

(b) Purchase of non-financial assets by department

(\$ million)

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Education and Early Childhood Development	527.7	406.5	209.8	196.6
Environment and Primary Industries	97.9	60.0	53.2	53.2
Health	896.2	733.6	1 124.8	175.7
Human Services	97.4	53.9	34.4	32.9
Justice	852.3	201.3	115.0	343.4
Premier and Cabinet	59.4	28.2	21.2	16.1
State Development, Business and Innovation	136.4	48.5	38.4	39.6
Transport, Planning and Local Infrastructure	2 262.2	1 618.5	1 170.6	502.9
Treasury and Finance	32.7	18.3	36.1	17.0
Parliament	1.5	2.3	2.3	2.3
Courts ^(a)	23.6	43.0	29.9	9.8
Regulatory bodies and other part funded agencies ^(b)	193.9	101.6	86.9	90.4
Contingencies not allocated to departments ^(c)	131.3	1 711.9	3 183.0	4 370.0
Total purchases of non-financial assets	5 312.4	5 027.5	6 105.6	5 849.8

Notes:

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

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

(c) Estimated amount available to be allocated to departments and projects in future budgets, including for East West Link and the Melbourne Rail Link. It also includes departmental underspending, which may be subject to carryover.

Note 19: Assets classified by government purpose and by department (continued)

(c) Total assets by government purpose classification^{(a)(b)}

(\$ million)

	2013-14	2014-15	2015-16	2016-17	2017-18
	Revised	Estimate	Estimate	Estimate	Estimate
General public services	1 138.9	1 160.2	1 157.0	1 178.4	1 162.3
Public order and safety	7 451.5	7 974.7	8 126.1	7 940.0	8 433.1
Education	16 268.4	16 383.7	16 400.8	16 225.6	16 050.1
Health	11 305.2	11 255.9	12 067.5	12 495.2	11 624.1
Social security and welfare	1 006.7	1 033.3	1 062.7	1 076.5	1 089.5
Housing and community amenities	8 021.7	8 067.8	8 175.1	8 101.1	8 024.4
Recreation and culture	8 416.8	8 389.6	8 409.0	8 352.3	8 290.5
Fuel and energy	39.0	39.3	39.8	40.3	40.8
Agriculture, forestry, fishing, and hunting	898.8	854.0	858.1	694.9	531.7
Transport and communications	47 789.6	52 214.3	52 415.8	52 447.6	51 990.6
Other economic affairs	985.9	653.3	671.7	679.8	691.4
Other purposes	2.6	2.0	3.1	4.2	5.3
Not allocated by purpose ^(c)	90 467.2	95 595.7	98 207.8	103 853.6	109 591.3
Total assets	193 792.3	203 623.9	207 594.6	213 089.5	217 525.1

Notes:

- (a) Note 40 of the 2012-13 Financial Report for the State of Victoria provides definitions and descriptions of government purpose classifications.
- (b) In 2013-14, the methodology used to allocate assets across classification categories has been refined to better reflect departmental data allocations. The figures in this table reflect this.
- (c) Represents financial assets which are not able to be allocated by purpose. This mainly includes balances relating to the general government sector's investment in other sector entities.

Note 20: Borrowings

(\$ million)

	2014	2015	2016	2017	2018
	Revised	Budget	Estimate	Estimate	Estimate
Current borrowings					
Domestic borrowings	2 604.3	2 608.5	2 613.6	2 618.6	2 623.6
Finance lease liabilities	154.1	186.4	176.7	206.7	245.2
Total current borrowings	2 758.5	2 794.9	2 790.2	2 825.3	2 868.8
Non-current borrowings					
Domestic borrowings	22 526.2	24 620.6	19 153.1	19 465.6	19 649.4
Finance lease liabilities	7 838.4	7 687.3	8 588.7	9 209.9	9 893.8
Derivative financial instruments	8.9	8.9	8.9	8.9	8.9
Total non-current borrowings	30 373.6	32 316.8	27 750.6	28 684.4	29 552.2
Total borrowings	33 132.1	35 111.8	30 540.9	31 509.7	32 420.9

Note 21: Employee benefits

(\$ million)

	2014	2015	2016	2017	2018
	Revised	Budget	Estimate	Estimate	Estimate
Current					
Accrued salaries and wages ^(a)	1 654.1	1 706.0	1 767.3	1 821.8	1 878.0
Long service leave	3 042.7	3 169.7	3 304.2	3 442.4	3 579.1
Total current employee benefits	4 696.8	4 875.8	5 071.5	5 264.2	5 457.0
Non-current					
Long service leave	677.6	731.0	791.2	855.1	921.6
Total non-current employee benefits	677.6	731.0	791.2	855.1	921.6
Total employee benefits	5 374.4	5 606.8	5 862.6	6 119.3	6 378.6

Note:

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

Note 22: Reserves

(\$ million)

	2014	2015	2016	2017	2018
	Revised	Budget	Estimate	Estimate	Estimate
Land, buildings, infrastructure, plant and equipment revaluation surplus	37 970.3	41 876.8	42 493.4	44 131.5	44 586.2
Available-for-sale investments revaluation surplus	52.7	53.9	55.1	56.3	57.5
Revaluation surplus for investments in PFC and PNFC entities	40 753.2	43 637.5	44 076.3	43 939.0	43 845.5
Other reserves	901.3	896.3	900.6	909.8	920.3
Total reserves	79 677.5	86 464.5	87 525.4	89 036.6	89 409.5

**Note 23: Reconciliations to Government Finance Statistics –
derivation of GFS cash surplus/(deficit)**

	2014-15 Budget	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Cash surplus/(deficit)	(1 088.0)	1 009.7	72.6	607.1
<i>Convergence differences:</i>				
Less: Acquisitions under finance leases and similar arrangements ^(a)	(36.4)	(1 050.4)	(793.3)	(892.6)
Total convergence differences	(36.4)	(1 050.4)	(793.3)	(892.6)
GFS cash surplus/(deficit) ^{(b)(c)}	(1 124.5)	(40.7)	(720.7)	(285.6)

Notes:

- (a) *The finance lease acquisition in 2014-15 relates to metropolitan buses contract. The 2015-16 estimate relates to the Victorian Cancer Centre. The 2016-17 estimate relates to the new Bendigo Hospital project and the Cranbourne-Pakenham Rail Corridor project. The 2017-18 estimate relates to the Cranbourne-Pakenham Rail Corridor project and the Ravenhall Prison project.*
- (b) *Determined in accordance with the ABS Government Finance Statistics (GFS) manual.*
- (c) *From 2015-16 new infrastructure investment (included in cash flows from investments in non-financial assets) is fully funded from net cash flows from operations. See Budget Paper No. 2.*

**Note 24: Financial instruments – financial risk management
objectives and policies**

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

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

Note 25: Controlled entities

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

Following is a list of general government sector entities and entities included as investments by the general government sector that have changed since 1 July 2013 or are expected to change for the budget year 2014-15. Unless otherwise noted below, all such entities are wholly owned.

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

Controlled entities ^(a)	General government	Entities included as investments in other sectors	
		Public non-financial corporation	Public financial corporation
Metropolitan Planning Authority ^(l)	*		
Surveyors Registration Board of Victoria ^(k)	*		
Victorian Building Authority ^{(k)(m)}	*		
Victorian Institute of Sport Limited ^(k)	*		
Victorian Institute of Sport Trust ^(k)	*		
Melbourne and Olympic Parks Trust ^(k)		*	
State Sport Centres Trust ^(k)		*	
Urban Renewal Authority Victoria (Places Victoria) ^(k)		*	
Courts ⁽ⁿ⁾			

Notes:

- (a) Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:
- Department of Planning and Community Development; and
 - Department of Primary Industries.
- (b) The Education and Training Reform Amendment (Dual Sector Universities) Act 2013 was enacted and gave effect to the deconsolidation of the four dual sector TAFE divisions of universities from 1 January 2014:
- Royal Melbourne Institute of Technology;
 - Swinburne University of Technology;
 - University of Ballarat ; and
 - Victoria University.
- (c) Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Primary Industries to the Department of Environment and Primary Industries.
- (d) Effective 1 April 2014, the States Services Authority will cease to exist and operations will be transferred to the Victorian Public Sector Commission.
- (e) Entities moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of Premier and Cabinet.
- (f) Effective from 29 August 2013, CenITex was transferred from the Department of Treasury and Finance to the Department of State Development, Business and Innovation.
- (g) Entity moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Primary Industries to the Department of State Development, Business and Innovation.
- (h) Entity moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of State Development, Business and Innovation.
- (i) The Public Transport Ticketing Body was put into administration on 1 January 2013 with operations to cease on 30 June 2013. All functions were transferred to Public Transport Victoria, a general government entity.
- (j) Effective 1 July 2013, the Building Commission and Plumbing Industry Commission ceased to exist and operations were transferred to the Victorian Building Authority.
- (k) Entity moved as a result of the machinery of government changes effective 1 July 2013 from the Department of Planning and Community Development to the Department of Transport, Planning and Local Infrastructure.
- (l) Effective 9 October 2013, the Growth Areas Authority was renamed the Metropolitan Planning Authority.
- (m) On 1 July 2013, the Victorian Building Authority commenced operations.
- (n) The Court Services Victoria Act 2014 establishes Court Services Victoria as a statutory public sector body to provide the administrative services and facilities for the Victoria's courts and the Victorian Civil Administrative Tribunal taking effect from 1 July 2014 and accordingly estimates for 2014-15 reflect this separation.

CHAPTER 2 – SUPPLEMENTARY UNIFORM PRESENTATION FRAMEWORK TABLES

Table 2.1: Public non-financial corporations sector comprehensive operating statement^(a)

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Revenue						
Interest	77.2	47.6	40.1	36.3	32.3	34.0
Dividends	144.2	89.9	91.5	91.7	94.9	95.2
Sales of goods and services	4 915.7	5 791.3	6 030.9	5 965.3	5 790.5	5 911.8
Grants	2 654.4	2 843.9	2 926.2	2 959.5	2 930.6	2 801.0
Other current revenue	460.6	394.6	412.5	427.5	432.3	456.4
Total revenue	8 252.0	9 167.3	9 501.2	9 480.4	9 280.6	9 298.3
Expenses						
Employee expenses	1 039.6	1 058.1	1 091.2	1 102.9	1 103.4	1 125.1
Superannuation interest expense	(2.5)	..	..	..	..	..
Other superannuation	92.9	85.8	88.4	90.5	92.0	93.8
Depreciation	1 838.1	1 893.6	1 965.1	2 072.1	2 203.4	2 244.9
Interest expense	1 001.4	1 199.9	1 228.8	1 228.7	1 215.5	1 237.1
Other operating expenses	4 263.0	4 790.5	5 047.8	5 006.3	4 987.7	4 852.8
Grants and other transfers	206.9	229.5	240.9	192.0	45.6	44.6
Other property expenses	110.9	128.7	115.5	129.2	131.1	142.5
Total expenses	8 550.3	9 386.0	9 777.7	9 821.8	9 778.6	9 740.8
Net result from transactions – net operating balance	(298.2)	(218.7)	(276.4)	(341.4)	(498.0)	(442.5)
Total other economic flows included in net result^(b)	(78.6)	109.7	117.4	3 660.6	191.7	184.6
Net result^(b)	(376.8)	(109.0)	(159.0)	3 319.2	(306.3)	(257.8)
Other economic flows – other comprehensive income						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus	(133.2)	1 578.7	2 782.8	1 495.3	(54.4)	(58.1)
Remeasurement of superannuation defined benefits plans ^(b)	42.0	6.4	(4.3)	(4.3)	(4.3)	(4.3)
Other movements in equity ^(c)	(294.5)	(0.5)	(5.8)	(1.0)	(0.1)	(3.7)
Items that may be reclassified subsequently to net result						
Net gain/(loss) on financial assets at fair value ^(c)	(13.7)	(48.5)	(2.2)	6.4	3.1	2.6

Table 2.1: Public non-financial corporations sector comprehensive operating statement (*continued*)

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Total other economic flows – other comprehensive income ^{(b)(c)}	(399.3)	1 536.2	2 770.6	1 496.5	(55.6)	(63.4)
Comprehensive result – total change in net worth ^(c)	(776.1)	1 427.1	2 611.6	4 815.7	(361.9)	(321.2)
FISCAL AGGREGATES						
Net operating balance	(298.2)	(218.7)	(276.4)	(341.4)	(498.0)	(442.5)
Less: net acquisition of non-financial assets from transactions ^(d)	7 349.0	2 416.6	2 970.8	(4 822.5)	297.3	575.3
Net lending/(borrowing)	(7 647.2)	(2 635.4)	(3 247.3)	4 481.1	(795.3)	(1 017.8)

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) 2012-13 actual comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1 of Budget Paper No. 5, Chapter 1 Estimated Financial Statements for the general government sector.
- (c) 2012-13 actual comparative figures have been restated due to the reclassification of deferred tax liability balances.
- (d) 2012-13 actual comparative figures have been restated to include the fixed assets transfers to and from the general government sector.

Table 2.2: Public non-financial corporations balance sheet

(\$ million)

	2013 Actual	2014 Revised	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate
Assets						
Financial assets						
Cash and deposits	797.9	637.6	652.7	593.6	479.5	539.7
Advances paid	50.4	53.2	49.7	46.5	43.8	41.4
Receivables	1 312.3	1 366.4	1 373.2	999.8	1 022.2	1 036.3
Investments, loans and placements	1 056.2	938.8	886.2	902.4	729.0	736.6
Investments accounted for using equity method	1 319.2	1 319.2	1 319.2	1 319.2	1 319.2	1 319.2
Total financial assets	4 536.0	4 315.2	4 281.0	3 861.6	3 593.6	3 673.2
Non-financial assets						
Inventories	678.9	673.4	681.8	615.6	557.9	490.7
Non-financial assets held for sale	4.5	0.1	0.1	0.1	0.1	0.1
Land, buildings, infrastructure, plant and equipment	88 605.2	92 615.4	99 274.0	99 411.2	99 760.3	100 321.6
Other non-financial assets	1 065.3	1 078.1	1 088.1	1 079.5	1 088.6	1 083.0
Total non-financial assets	90 353.9	94 367.0	101 044.0	101 106.3	101 406.8	101 895.3
Total assets	94 889.9	98 682.2	105 325.0	104 967.9	105 000.4	105 568.6
Liabilities						
Deposits held and advances received	420.0	366.4	381.2	394.8	409.1	423.7
Payables	1 568.6	1 698.4	1 687.5	1 581.6	1 625.1	1 558.8
Borrowings	16 249.7	16 637.9	17 833.9	17 555.7	17 889.6	18 222.6
Employee benefits	326.4	339.1	343.3	340.2	347.0	351.0
Superannuation	83.0	69.1	70.8	49.9	49.7	49.5
Other provisions ^(a)	8 491.1	8 192.8	8 843.7	8 511.7	8 283.2	8 027.0
Total liabilities ^(a)	27 138.8	27 303.7	29 160.3	28 433.9	28 603.7	28 632.7
Net assets ^(a)	67 751.1	71 378.5	76 164.7	76 534.0	76 396.7	76 935.9
Accumulated surplus ^(a)	5 151.8	4 886.2	4 633.7	7 727.0	7 286.7	6 879.8
Reserves ^(a)	62 599.3	66 492.3	71 531.0	68 807.0	69 110.0	70 056.1
Net worth	67 751.1	71 378.5	76 164.7	76 534.0	76 396.7	76 935.9
FISCAL AGGREGATES						
Net financial worth ^(a)	(22 602.9)	(22 988.5)	(24 879.3)	(24 572.3)	(25 010.1)	(24 959.4)
Net financial liabilities ^(a)	22 602.9	22 988.5	24 879.3	24 572.3	25 010.1	24 959.4
Net debt	14 765.3	15 374.7	16 626.4	16 407.9	17 046.5	17 328.6

Source: Department of Treasury and Finance

Note:

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

Table 2.3: Public non-financial corporations sector cash flow statement^(a)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash flows from operating activities						
Receipts						
Grants	2 727.2	2 978.7	3 022.2	3 043.2	2 990.1	2 860.5
Sales of goods and services ^(b)	5 490.5	6 279.3	6 601.8	6 551.9	6 349.7	6 476.1
Interest	64.2	42.5	34.9	33.7	32.3	33.9
Dividends	144.1	89.0	91.4	91.7	94.8	95.1
Other receipts	198.9	143.2	162.7	220.5	206.2	176.6
Total receipts	8 624.8	9 532.7	9 913.0	9 941.0	9 673.1	9 642.2
Payments						
Payments for employees	(1 035.0)	(1 046.2)	(1 087.9)	(1 106.9)	(1 097.5)	(1 122.1)
Superannuation	(118.7)	(93.3)	(90.9)	(115.7)	(96.4)	(98.2)
Interest	(961.6)	(1 162.6)	(1 196.6)	(1 220.2)	(1 199.5)	(1 222.9)
Grants	(189.9)	(128.1)	(134.8)	(131.9)	(94.9)	(40.2)
Goods and services ^(b)	(3 375.8)	(3 844.6)	(4 011.2)	(3 884.8)	(3 770.7)	(3 680.7)
Other payments	(1 467.3)	(1 769.0)	(2 039.1)	(1 741.3)	(1 956.2)	(1 985.8)
Total payments	(7 148.3)	(8 043.7)	(8 560.6)	(8 200.8)	(8 215.2)	(8 150.0)
Net cash flows from operating activities	1 476.5	1 489.1	1 352.4	1 740.2	1 457.9	1 492.3
Cash flows from investing activities						
Net cash flows from investments in non-financial assets	(3 546.1)	(3 325.4)	(3 249.8)	3 623.0	(1 823.0)	(1 861.2)
Net cash flows from investments in financial assets for policy purposes	(45.0)	54.4	3.6	3.2	3.3	(0.5)
Net cash flows from investments in financial assets for liquidity purposes	12.3	31.5	59.7	(8.8)	167.8	(2.7)
Net cash flows from investing activities	(3 578.8)	(3 239.5)	(3 186.5)	3 617.4	(1 651.9)	(1 864.4)
Cash flows from financing activities						
Advances received (net)	6.6	13.1	13.2	13.2	13.2	12.9
Net borrowings	1 053.3	396.6	1 184.9	(278.6)	344.7	333.0
Deposits received (net)	20.1	(66.8)	1.5	0.5	1.1	1.6
Other financing (net)	1 046.5	1 247.2	647.6	(5 151.7)	(278.0)	84.8
Net cash flows from financing activities	2 126.5	1 590.1	1 847.2	(5 416.7)	81.0	432.4
Net increase/(decrease) in cash and cash equivalents	24.1	(160.3)	13.1	(59.1)	(113.1)	60.2
Cash and cash equivalents at beginning of reporting period	773.8	797.9	637.6	650.7	591.6	478.5
Cash and cash equivalents at end of reporting period ^(c)	797.9	637.6	650.7	591.6	478.5	538.7

**Table 2.3: Public non-financial corporations sector cash flow statement
(continued)**

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
FISCAL AGGREGATES						
Net cash flows from operating activities	1 476.5	1 489.1	1 352.4	1 740.2	1 457.9	1 492.3
Dividends paid ^(d)	(556.7)	(305.5)	(69.1)	(182.4)	(91.3)	(109.1)
Cash flows from investments in non-financial assets	(3 546.1)	(3 325.4)	(3 249.8)	3 623.0	(1 823.0)	(1 861.2)
Cash surplus/(deficit) ^(d)	(2 626.3)	(2 141.8)	(1 966.5)	5 180.8	(456.4)	(478.0)

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) These items are inclusive of goods and service tax.
- (c) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement.
- (d) 2012-13 actual comparative figures have been restated to more accurately reflect the cash flows related to dividends paid.

Table 2.4: Public non-financial corporations sector statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contribution by owners</i>
2012-13 Actual		
Balance at 1 July 2012	5 830.0	27 854.1
Net result	(376.8)	..
Dividends paid	(720.3)	..
Other comprehensive income for the year	418.9	..
Transactions with owners in their capacity as owners	..	2 770.8
Total equity at end of period	5 151.8	30 624.9
2013-14 Revised		
Balance at 1 July 2013	5 151.8	30 624.9
Net result	(109.0)	..
Dividends paid	(141.9)	..
Other comprehensive income for the year	(14.6)	..
Transactions with owners in their capacity as owners	..	2 342.2
Total equity at end of period	4 886.2	32 967.1
2014-15 Estimate		
Balance at 1 July 2014	4 886.2	32 967.1
Net result	(159.0)	..
Dividends paid	(69.1)	..
Other comprehensive income for the year	(24.4)	..
Transactions with owners in their capacity as owners	..	2 243.7
Total equity at end of period	4 633.7	35 210.8
2015-16 Estimate		
Balance at 1 July 2015	4 633.7	35 210.8
Net result	3 319.2	..
Dividends paid	(182.4)	..
Other comprehensive income for the year	(43.5)	..
Transactions with owners in their capacity as owners	..	(4 263.9)
Total equity at end of period	7 727.0	30 946.8
2016-17 Estimate		
Balance at 1 July 2016	7 727.0	30 946.8
Net result	(306.3)	..
Dividends paid	(91.3)	..
Other comprehensive income for the year	(42.7)	..
Transactions with owners in their capacity as owners	..	315.9
Total equity at end of period	7 286.7	31 262.7
2017-18 Estimate		
Balance at 1 July 2017	7 286.7	31 262.7
Net result	(257.8)	..
Dividends paid	(109.1)	..
Other comprehensive income for the year	(40.0)	..
Transactions with owners in their capacity as owners	..	969.6
Total equity at end of period	6 879.8	32 232.2

Source: Department of Treasury and Finance

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
31 887.3	905.3	66 476.7
..	..	(376.8)
..	..	(720.3)
(133.2)	(685.0)	(399.3)
..	..	2 770.8
31 754.1	220.3	67 751.1
31 754.1	220.3	67 751.1
..	..	(109.0)
..	..	(141.9)
1 578.7	(27.9)	1 536.2
..	..	2 342.2
33 332.8	192.4	71 378.5
33 332.8	192.4	71 378.5
..	..	(159.0)
..	..	(69.1)
2 782.8	12.2	2 770.6
..	..	2 243.7
36 115.6	204.6	76 164.7
36 115.6	204.6	76 164.7
..	..	3 319.2
..	..	(182.4)
1 495.3	44.7	1 496.5
..	..	(4 263.9)
37 610.9	249.3	76 534.0
37 610.9	249.3	76 534.0
..	..	(306.3)
..	..	(91.3)
(54.4)	41.5	(55.6)
..	..	315.9
37 556.5	290.8	76 396.7
37 556.5	290.8	76 396.7
..	..	(257.8)
..	..	(109.1)
(61.1)	37.7	(63.4)
..	..	969.6
37 495.4	328.5	76 935.9

Table 2.5: Derivation of public non-financial corporations sector GFS cash surplus/(deficit)

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash surplus/(deficit)	(2 626.3)	(2 141.8)	(1 966.5)	5 180.8	(456.4)	(478.0)
Convergence differences:						
Acquisitions under finance leases and similar arrangements ^(a)	(4 369.0)	..	..	..	..	..
GFS cash surplus/(deficit) ^(b)	(6 995.3)	(2 141.8)	(1 966.5)	5 180.8	(456.4)	(478.0)

Source: Department of Treasury and Finance

Notes:

- (a) The 2012-13 actual comparative mainly reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant and the biosolids drying facility.
- (b) Determined in accordance with the ABS GFS manual.

Table 2.6: Net acquisition of non-financial assets – public non-financial corporations sector^(a)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Purchases of non-financial assets less sales of non-financial assets	3 546.1	3 325.4	3 249.8	(3 623.0)	1 823.0	1 861.2
Less: depreciation	(1 838.1)	(1 893.6)	(1 965.1)	(2 072.1)	(2 203.4)	(2 244.9)
Plus: other movements in non-financial assets ^{(b)(c)}	5 641.0	984.8	1 686.1	872.7	677.7	959.1
Total net acquisition of non-financial assets^(c)	7 349.0	2 416.6	2 970.8	(4 822.5)	297.3	575.3

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) The 2012-13 actual comparative mainly reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant.
- (c) 2012-13 actual comparative figures have been restated to include the fixed assets transfers to and from the general government sector.

Table 2.7. Non-financial public sector comprehensive operating statement^(a)

	(\$ million)					
	2012-13 Actual	2013-14 Revised	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Revenue						
Taxation revenue	15 198.9	16 462.6	17 624.4	18 411.6	19 458.7	20 261.5
Interest	435.0	370.5	369.4	394.5	409.1	437.4
Dividends and income tax equivalents and rate equivalents	609.4	421.3	441.4	635.3	886.6	936.9
Sales of goods and services	9 826.4	10 633.2	10 639.0	10 774.2	10 575.6	10 701.2
Grants	21 879.2	24 080.4	24 853.2	25 548.9	26 235.1	27 527.4
Other revenue	2 728.9	2 488.6	2 486.4	2 484.5	2 521.8	2 544.7
Total revenue	50 677.8	54 456.6	56 413.8	58 249.1	60 086.9	62 409.2
Expenses						
Employee expenses	18 778.0	19 118.6	19 485.5	20 479.2	21 110.9	21 948.7
Superannuation interest expense ^(b)	1 076.8	1 052.1	1 023.9	1 011.0	993.8	973.7
Other superannuation	2 016.9	1 909.2	1 952.0	1 987.5	2 012.5	2 027.3
Depreciation	4 092.4	4 311.7	4 461.1	4 677.7	4 986.2	5 244.2
Interest expense	2 433.8	2 850.3	2 911.6	2 810.9	2 783.3	2 886.2
Grants and other transfers	5 399.1	5 099.2	5 421.2	5 592.8	6 022.0	6 346.7
Other operating expenses	18 580.9	19 585.2	20 227.1	19 238.9	19 619.9	20 238.0
Total expenses^(b)	52 377.7	53 926.3	55 482.4	55 798.1	57 528.6	59 664.7
Net result from transactions – net operating balance^(b)	(1 699.9)	530.3	931.4	2 451.0	2 558.4	2 744.4
Total other economic flows included in net result^(b)	(473.4)	(1 075.5)	(204.3)	2 941.7	(260.6)	(268.1)
Net result^(b)	(2 173.3)	(545.2)	727.2	5 392.7	2 297.7	2 476.3
Other economic flows – other comprehensive income						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus	796.4	2 017.0	7 600.7	2 531.1	1 495.3	412.3
Remeasurement of superannuation defined benefits plans ^(b)	7 989.8	2 148.7	494.9	504.9	514.1	522.5
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	897.0	1 108.9	341.8	302.4	315.9	336.8
Other movements in equity	395.4	553.5	26.4	(107.5)	142.7	(14.7)
Items that may be reclassified subsequently to net result						
Net gain/(loss) on financial assets at fair value	84.0	(47.5)	(1.1)	7.6	4.3	3.9
Total other economic flows – other comprehensive income^(b)	10 162.6	5 780.6	8 462.8	3 238.5	2 472.2	1 260.8
Comprehensive result – total change in net worth	7 989.3	5 235.4	9 189.9	8 631.2	4 769.9	3 737.1
FISCAL AGGREGATES						
Net operating balance^(b)	(1 699.9)	530.3	931.4	2 451.0	2 558.4	2 744.4
Less: net acquisition of non- financial assets from transactions	8 846.3	2 983.1	3 908.4	(2 567.4)	3 594.2	3 137.4
Net lending/(borrowing)	(10 546.2)	(2 452.8)	(2 977.0)	5 018.4	(1 035.8)	(392.9)

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) 2012-13 actual comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1 of Budget Paper No. 5, Chapter 1 Estimated Financial Statements for the general government sector.

Table 2.8: Non-financial public sector balance sheet

	(\$ million)					
	2013	2014	2015	2016	2017	2018
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Assets						
Financial assets						
Cash and deposits	4 759.9	4 738.4	4 906.7	5 141.4	5 367.2	5 759.8
Advances paid	72.1	80.6	76.0	71.7	67.9	64.5
Receivables	4 985.3	5 145.6	5 200.6	4 812.5	4 882.3	5 070.7
Investments, loans and placements	4 439.6	4 293.3	4 263.4	4 376.6	4 300.1	4 416.4
Investments accounted for using equity method	1 666.1	1 666.1	1 666.1	1 666.1	1 666.1	1 666.1
Investments in other sector entities	1 949.3	2 714.8	3 073.3	3 392.2	3 724.7	4 078.1
Total financial assets	17 872.1	18 638.7	19 185.9	19 460.5	20 008.2	21 055.5
Non-financial assets						
Inventories	871.0	849.8	856.7	795.0	741.7	679.0
Non-financial assets held for sale	146.6	108.4	108.4	108.4	108.4	108.4
Land, buildings, infrastructure, plant and equipment	189 409.2	194 103.4	205 417.6	208 701.1	213 938.8	217 676.8
Other non-financial assets	1 844.8	1 840.9	1 832.9	1 776.6	1 788.6	1 683.2
Total non-financial assets	192 271.6	196 902.5	208 215.6	211 381.0	216 577.5	220 147.4
Total assets	210 143.7	215 541.2	227 401.5	230 841.5	236 585.7	241 202.9
Liabilities						
Deposits held and advances received	583.4	496.6	498.1	498.5	499.4	500.9
Payables	6 604.9	6 524.7	6 102.1	5 873.4	5 760.6	5 593.1
Borrowings	43 272.9	45 502.4	48 739.2	43 958.4	45 301.0	46 589.9
Employee benefits	5 535.2	5 713.5	5 950.1	6 202.9	6 466.3	6 729.7
Superannuation	25 225.4	23 296.5	22 995.3	22 646.2	22 156.1	21 626.3
Other provisions	1 104.5	954.9	874.2	788.5	758.6	782.3
Total liabilities	82 326.4	82 488.6	85 159.0	79 967.8	80 942.1	81 822.2
Net assets	127 817.4	133 052.6	142 242.5	150 873.7	155 643.6	159 380.7
Accumulated surplus ^(a)	46 656.7	48 761.4	50 000.6	55 748.1	58 654.9	61 596.5
Reserves ^(a)	81 110.4	84 241.2	92 191.9	95 075.6	96 938.7	97 734.2
Non-controlling interest	50.0	50.0	50.0	50.0	50.0	50.0
Net worth	127 817.2	133 052.6	142 242.5	150 873.7	155 643.6	159 380.7
FISCAL AGGREGATES						
Net financial worth	(64 454.2)	(63 849.9)	(65 973.1)	(60 507.3)	(60 933.9)	(60 766.7)
Net financial liabilities	66 403.5	66 564.7	69 046.3	63 899.5	64 658.5	64 844.8
Net debt	34 584.8	36 886.8	39 991.2	34 867.1	36 065.2	36 850.1

Source: Department of Treasury and Finance

Note:

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

Table 2.9: Non-financial public sector cash flow statement^(a)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash flows from operating activities						
Receipts						
Taxes	14 886.3	16 472.5	17 600.7	18 423.8	19 419.9	20 142.6
Grants	21 988.5	24 044.8	24 851.3	25 608.5	26 234.9	27 527.2
Sales of goods and services ^(b)	10 715.9	11 761.3	11 830.2	12 014.7	11 783.7	11 925.9
Interest	428.6	364.4	364.2	391.5	408.6	420.1
Dividends and income tax equivalent and rate equivalents	607.8	420.4	440.8	634.9	885.9	936.2
Other receipts	2 097.5	1 827.3	1 906.2	2 196.2	1 891.9	1 881.5
Total receipts	50 724.5	54 890.8	56 993.5	59 269.5	60 624.9	62 833.5
Payments						
Payments for employees	(18 548.6)	(18 943.5)	(19 251.9)	(20 229.6)	(20 850.7)	(21 688.6)
Superannuation	(2 629.2)	(2 741.5)	(2 782.2)	(2 842.7)	(2 982.4)	(3 008.3)
Interest	(2 343.8)	(2 792.1)	(2 859.3)	(2 783.4)	(2 747.5)	(2 835.6)
Grants	(5 623.2)	(5 186.9)	(5 447.8)	(5 663.5)	(6 115.8)	(6 312.4)
Goods and services ^(b)	(18 781.6)	(20 276.3)	(20 854.5)	(19 903.6)	(20 150.3)	(20 807.1)
Other payments	(300.6)	(703.3)	(674.9)	(664.4)	(701.0)	(741.7)
Total payments	(48 227.0)	(50 643.7)	(51 870.4)	(52 087.2)	(53 547.6)	(55 393.5)
Net cash flows from operating activities	2 497.5	4 247.1	5 123.0	7 182.3	7 077.3	7 440.0
Cash flows from investing activities						
Net cash flows from investments in non-financial assets	(7 412.2)	(6 982.2)	(8 209.4)	(892.6)	(7 612.0)	(7 305.5)
Net cash flows from investments in financial assets for policy purposes	319.2	593.2	27.6	(116.5)	131.2	(26.7)
Net cash flows from investments in financial assets for liquidity purposes	(1 110.1)	88.0	41.8	(101.1)	75.7	(106.5)
Net cash flows from investing activities	(8 203.1)	(6 301.0)	(8 140.0)	(1 110.1)	(7 405.1)	(7 438.7)
Cash flows from financing activities						
Advances received (net)	0.5	(0.6)	..	..	..	..
Net borrowings	4 614.0	2 119.4	3 181.8	(5 837.9)	553.7	389.8
Deposits received (net)	75.8	(86.4)	1.4	0.4	1.0	1.5
Net cash flows from financing activities	4 690.3	2 032.5	3 183.2	(5 837.5)	554.7	391.3
Net increase/(decrease) in cash and cash equivalents	(1 015.2)	(21.4)	166.3	234.7	226.8	392.6
Cash and cash equivalents at beginning of reporting period	5 775.1	4 759.8	4 738.4	4 904.7	5 139.4	5 366.2
Cash and cash equivalents at end of reporting period ^(c)	4 759.8	4 738.4	4 904.7	5 139.4	5 366.2	5 758.8

Table 2.9: Non-financial public sector cash flow statement (continued)

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
FISCAL AGGREGATES						
Net cash flows from operating activities	2 497.5	4 247.1	5 123.0	7 182.3	7 077.3	7 440.0
Net cash flows from investments in non-financial assets	(7 412.2)	(6 982.2)	(8 209.4)	(892.6)	(7 612.0)	(7 305.5)
Cash surplus/(deficit)	(4 914.7)	(2 735.1)	(3 086.3)	6 289.7	(534.8)	134.6

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) These items are inclusive of goods and service tax.
- (c) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement.

Table 2.10: Non-financial public sector statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2012-13 Actual		
Balance at 1 July 2012	39 978.7	50.0
Net result	(2 173.3)	..
Other comprehensive income for the year	8 851.3	..
Transactions with owners in their capacity as owners	..	..
Total equity at end of period	46 656.7	50.0
2013-14 Revised		
Balance at 1 July 2013	46 656.7	50.0
Net result	(545.2)	..
Other comprehensive income for the year	2 649.9	..
Total equity at end of period	48 761.4	50.0
2014-15 Estimate		
Balance at 1 July 2014	48 761.4	50.0
Net result	727.2	..
Other comprehensive income for the year	512.0	..
Total equity at end of period	50 000.6	50.0
2015-16 Estimate		
Balance at 1 July 2015	50 000.6	50.0
Net result	5 392.7	..
Other comprehensive income for the year	354.8	..
Total equity at end of period	55 748.1	50.0
2016-17 Estimate		
Balance at 1 July 2016	55 748.1	50.0
Net result	2 297.7	..
Other comprehensive income for the year	609.1	..
Total equity at end of period	58 654.9	50.0
2017-18 Estimate		
Balance at 1 July 2017	58 654.9	50.0
Net result	2 476.3	..
Other comprehensive income for the year	465.3	..
Total equity at end of period	61 596.5	50.0

Source: Department of Treasury and Finance

<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>
77 146.4	762.9	1 889.8	119 827.8
..	..	..	(2 173.3)
1 162.4	897.0	(748.2)	10 162.6
..
78 308.9	1 659.9	1 141.6	127 817.2
78 308.9	1 659.9	1 141.6	127 817.2
..	..	..	(545.2)
2 017.0	1 108.9	4.8	5 780.6
80 325.9	2 768.8	1 146.4	133 052.6
80 325.9	2 768.8	1 146.4	133 052.6
..	..	..	727.2
7 600.7	341.8	8.3	8 462.8
87 926.6	3 110.7	1 154.7	142 242.5
87 926.6	3 110.7	1 154.7	142 242.5
..	..	..	5 392.7
2 531.1	302.4	50.2	3 238.5
90 457.6	3 413.0	1 205.0	150 873.7
90 457.6	3 413.0	1 205.0	150 873.7
..	..	..	2 297.7
1 495.3	315.9	51.9	2 472.2
91 952.9	3 728.9	1 256.9	155 643.6
91 952.9	3 728.9	1 256.9	155 643.6
..	..	..	2 476.3
409.2	336.8	49.4	1 260.8
92 362.2	4 065.7	1 306.3	159 380.7

Table 2.11: Derivation of non-financial public sector GFS cash surplus/(deficit)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash surplus/(deficit)	(4 914.7)	(2 735.1)	(3 086.3)	6 289.7	(534.8)	134.6
Convergence differences:						
Acquisitions under finance leases and similar arrangements ^(a)	(5 433.8)	(111.0)	(36.4)	(1 050.4)	(793.3)	(892.6)
GFS cash surplus/(deficit) ^(b)	(10 348.5)	(2 846.1)	(3 122.8)	5 239.3	(1 328.1)	(758.1)

Source: Department of Treasury and Finance

Notes:

- (a) The 2012-13 actual result reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant, Peninsula Link and the biosolids drying facility. The finance lease acquisition in 2013-14 and 2014-15 relates to the metropolitan buses contract. The 2015-16 estimate relates to the Victorian Comprehensive Cancer Centre. The 2016-17 estimate relates to the new Bendigo Hospital project and the Cranbourne-Pakenham Rail Corridor project. The 2017-18 estimate relates to the Cranbourne-Pakenham Rail Corridor project and the Ravenhall Prison project.
- (b) Determined in accordance with the ABS GFS manual.

Table 2.12: Net acquisition of non-financial assets – non-financial public sector^(a)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets less sales of non-financial assets	7 412.2	6 982.2	8 209.4	892.6	7 612.0	7 305.5
Less: depreciation	(4 092.4)	(4 311.7)	(4 461.1)	(4 677.7)	(4 986.2)	(5 244.2)
Plus: other movements in non-financial assets ^(b)	5 526.4	312.6	160.1	1 217.7	968.4	1 076.1
Total net acquisition of non-financial assets	8 846.3	2 983.1	3 908.4	(2 567.4)	3 594.2	3 137.4

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) The other movements in non-financial assets amount in 2012-13 predominately reflects the acquisition of the Victorian desalination plant, Peninsula Link and the biosolids drying facility. The amounts in 2013-14 and 2014-15 predominately relates to the metropolitan buses contract. The 2015-16 estimate relates to the Victorian Comprehensive Cancer Centre. The 2016-17 estimate predominately relates to the new Bendigo Hospital project and the Cranbourne-Pakenham Rail Corridor project. The 2017-18 estimate predominately relates to the Cranbourne-Pakenham Rail Corridor project and the Ravenhall Prison project.

Table 2.13: Public financial corporations sector comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Revised	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Revenue						
Interest	2 388.6	2 775.8	2 862.1	2 842.8	2 769.1	2 873.3
Dividends	460.1	442.1	533.4	568.7	597.1	625.5
Sales of goods and services	3 723.3	3 873.9	4 074.8	4 284.3	4 498.2	4 721.7
Grants	2.9	..	0.1	0.1	0.1	..
Other revenue	20.7	21.8	22.6	22.4	23.3	23.9
Total revenue	6 595.5	7 113.6	7 493.0	7 718.3	7 887.8	8 244.4
Expenses						
Employee expenses	302.4	308.2	302.5	307.2	316.5	326.1
Other superannuation	23.3	23.9	23.4	23.9	24.7	25.5
Depreciation	39.3	47.9	57.1	56.7	60.9	61.2
Interest expense	1 957.9	2 037.8	2 160.4	2 053.2	1 955.6	2 023.0
Other operating expenses	5 234.0	5 415.8	5 540.0	5 793.8	6 054.5	6 327.6
Other property expenses	17.2	21.2	6.1	247.5	270.1	289.2
Total expenses	7 574.0	7 854.8	8 089.5	8 482.3	8 682.3	9 052.5
Net result from transactions – net operating balance ^(a)	(978.5)	(741.2)	(596.5)	(764.0)	(794.5)	(808.1)
Other economic flows included in net result						
Net gain/(loss) on sale of non-financial assets	(0.1)	..	..	..	..	..
Net gain/(loss) on financial assets or liabilities at fair value	3 168.3	2 171.3	716.2	741.5	806.2	858.8
Other gains/(losses) from other economic flows	1 069.9	676.7	495.4	728.1	756.9	781.9
Total other economic flows included in net result	4 238.1	2 848.0	1 211.6	1 469.6	1 563.1	1 640.7
Net result	3 259.7	2 106.8	615.2	705.6	768.5	832.7
Other economic flows – other comprehensive income						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus	(1.0)	(12.9)	..	..	..	..
Other movements in equity	..	13.2	(0.3)	..	(0.7)	(1.3)
Total other economic flows – other comprehensive income	(1.0)	0.3	(0.3)	..	(0.7)	(1.3)
Comprehensive result – total change in net worth	3 258.7	2 107.1	614.9	705.5	767.8	831.3
FISCAL AGGREGATES						
Net operating balance	(978.5)	(741.2)	(596.5)	(764.0)	(794.5)	(808.1)
Less: net acquisition of non-financial assets from transactions	33.2	8.3	6.6	(0.3)	1.8	3.6
Net lending/(borrowing)	(1 011.7)	(749.5)	(603.1)	(763.7)	(796.4)	(811.7)

Source: Department of Treasury and Finance

Note:

(a) Capital gains on the investment portfolios of the State's insurance agencies (Victorian WorkCover Authority, Transport Accident Commission and Victorian Managed Insurance Authority) are classified as other economic flows. As these capital gains are available to fund claims expenses, the net result provides a more meaningful reflection of the underlying operating performance of the PFC sector than the net results from transactions.

Table 2.14: Public financial corporations sector balance sheet

(\$ million)

	2013 Actual	2014 Revised	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate
Assets						
Financial assets						
Cash and deposits	4 158.4	3 828.1	4 004.0	4 224.3	4 382.8	4 603.1
Advances paid, investments, loans and placements	25 610.4	30 437.0	30 360.1	31 818.7	32 867.9	34 364.7
Loans receivable from non-financial public sector ^(a)	33 501.6	36 470.8	39 925.6	34 352.3	35 136.7	35 780.2
Receivables	3 122.3	2 511.6	2 507.2	2 535.1	2 586.4	2 617.6
Total financial assets	66 392.7	73 247.6	76 796.9	72 930.4	74 973.9	77 365.7
Non-financial assets						
Non-financial assets held for sale	26.4	..	..	..	..	..
Land, buildings, infrastructure, plant and equipment	63.8	71.6	64.8	54.2	48.7	43.9
Other non-financial assets	1 710.2	1 000.7	813.7	696.6	751.0	793.1
Total non-financial assets	1 800.4	1 072.3	878.5	750.9	799.7	837.1
Total assets	68 193.1	74 319.9	77 675.3	73 681.3	75 773.5	78 202.7
Liabilities						
Deposits held and advances received	5 986.4	5 638.6	5 612.9	5 617.0	5 383.4	5 513.5
Payables	2 138.5	2 246.0	2 327.3	2 625.1	2 636.5	2 655.3
Borrowings ^(b)	38 303.9	42 969.4	44 972.4	39 398.1	40 182.4	40 825.8
Employee benefits	89.5	75.3	77.4	79.7	81.1	82.8
Other provisions	22 527.5	22 789.0	23 797.2	24 779.6	25 999.4	27 300.4
Total liabilities	69 045.9	73 718.3	76 787.2	72 499.7	74 282.8	76 377.8
Net assets ^(c)	(852.8)	601.6	888.1	1 181.6	1 490.7	1 824.9
Accumulated surplus	(1 765.4)	553.4	816.9	1 086.7	1 372.5	1 682.9
Reserves	912.6	48.2	71.2	94.9	118.2	142.0
Net worth ^(c)	(852.8)	601.6	888.1	1 181.6	1 490.7	1 824.9
FISCAL AGGREGATES						
Net financial worth	(2 653.2)	(470.8)	9.6	430.7	691.1	987.9
Net financial liabilities	2 653.2	470.8	(9.6)	(430.7)	(691.1)	(987.9)
Net debt	(18 980.1)	(22 128.0)	(23 704.4)	(25 380.1)	(26 821.6)	(28 408.7)

Source: Department of Treasury and Finance

Notes:

- (a) Loans receivable from the non-financial public sector are measured at amortised cost.
- (b) Borrowings with the private sector are reported at market value.
- (c) Treasury Corporation of Victoria's external loan liabilities are reported at marked-to-market while the corresponding assets that is lending to the non-financial public sector, are reported at historical value. This mismatch results in the negative net asset position of the sector for the 2013 actual comparative figures.

Table 2.15: Public financial corporations sector cash flow statement^(a)

(\$ million)

	2012-13 Actual	2013-14 Revised	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Cash flows from operating activities						
Receipts						
Grants	2.9	..	0.1	0.1	0.1	..
Sales of goods and services ^(b)	4 116.4	4 321.1	4 557.9	4 769.1	4 970.2	5 240.5
Interest	2 202.6	2 730.7	2 817.0	2 797.7	2 724.1	2 828.3
Dividends	299.9	442.1	533.4	568.7	597.1	625.5
Other receipts	68.4	265.1	24.6	35.1	36.4	19.9
Total receipts	6 690.2	7 759.0	7 933.1	8 170.7	8 327.9	8 714.2
Payments						
Payments for employees	(288.5)	(322.4)	(300.5)	(304.9)	(315.2)	(324.4)
Superannuation	(23.3)	(23.9)	(23.4)	(23.9)	(24.7)	(25.5)
Interest	(1 954.5)	(2 061.4)	(2 217.4)	(2 091.5)	(2 006.4)	(2 073.8)
Goods and services ^(b)	(3 685.9)	(4 127.1)	(4 217.5)	(4 315.4)	(4 594.7)	(4 758.8)
Other payments	(16.5)	(19.7)	(2.4)	(112.5)	(313.7)	(325.3)
Total payments	(5 968.6)	(6 554.4)	(6 761.2)	(6 848.2)	(7 254.7)	(7 507.9)
Net cash flows from operating activities	721.6	1 204.6	1 171.9	1 322.5	1 073.2	1 206.4
Cash flows from investing activities						
Purchases of non-financial assets	(74.4)	(74.5)	(64.4)	(57.1)	(63.5)	(65.5)
Sales of non-financial assets	1.9	18.4	0.8	0.8	0.8	0.8
Cash flows from investments in non-financial assets	(72.5)	(56.1)	(63.7)	(56.4)	(62.7)	(64.8)
Net cash flow from other investing activities for policy and liquidity purposes	(3 604.8)	(5 125.2)	(4 127.6)	4 904.4	(976.0)	(1 229.6)
Net cash flows from investing activities	(3 677.3)	(5 181.3)	(4 191.3)	4 848.1	(1 038.8)	(1 294.4)
Cash flows from financing activities						
Advances received (net)	209.6	(24.1)	0.7	0.8	0.9	..
Net borrowings	3 000.0	4 647.0	3 549.3	(5 542.3)	816.4	675.3
Deposits received (net)	(697.0)	(323.8)	(26.4)	3.3	(234.5)	130.1
Other financing (net)	(443.8)	(652.8)	(328.3)	(412.0)	(458.7)	(497.1)
Net cash flows from financing activities	2 068.9	3 646.4	3 195.3	(5 950.2)	124.1	308.3
Net increase/(decrease) in cash and cash equivalents	(886.8)	(330.3)	175.9	220.3	158.6	220.3
Cash and cash equivalents at beginning of reporting period	5 045.2	4 158.4	3 828.1	4 004.0	4 224.3	4 382.8
Cash and cash equivalents at end of reporting period	4 158.4	3 828.1	4 004.0	4 224.3	4 382.8	4 603.1

Table 2.15: Public financial corporations sector cash flow statement (*continued*)

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Revised</i>	2014-15 <i>Estimate</i>	2015-16 <i>Estimate</i>	2016-17 <i>Estimate</i>	2017-18 <i>Estimate</i>
FISCAL AGGREGATES						
Net cash flows from operating activities	721.6	1 204.6	1 171.9	1 322.5	1 073.2	1 206.4
Dividends paid	(440.6)	(309.4)	(344.9)	(428.6)	(475.3)	(513.7)
Cash flows from investments in non-financial assets	(72.5)	(56.1)	(63.7)	(56.4)	(62.7)	(64.8)
Cash surplus/(deficit)	208.5	839.1	763.3	837.5	535.2	627.9

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
 (b) These items are inclusive of goods and service tax.

Table 2.16: Public financial corporations sector statement of changes in equity*(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Contribution by owners</i>
2012-13 Actual		
Balance at 1 July 2012	(4 675.8)	254.9
Net result	3 259.7	..
Dividends paid	(440.6)	..
Other comprehensive income for the year	91.3	..
Transactions with owners in their capacity as owners	..	(3.2)
Total equity at end of period	(1 765.4)	251.8
2013-14 Revised		
Balance at 1 July 2013	(1 765.4)	251.8
Net result	2 106.8	..
Dividends paid	(309.4)	..
Other comprehensive income for the year	521.4	..
Transactions with owners in their capacity as owners	..	(343.4)
Total equity at end of period	553.4	(91.6)
2014-15 Estimate		
Balance at 1 July 2014	553.4	(91.6)
Net result	615.2	..
Dividends paid	(344.9)	..
Other comprehensive income for the year	(6.7)	..
Transactions with owners in their capacity as owners	..	16.6
Total equity at end of period	816.9	(75.0)
2015-16 Estimate		
Balance at 1 July 2015	816.9	(75.0)
Net result	705.6	..
Dividends paid	(428.6)	..
Other comprehensive income for the year	(7.2)	..
Transactions with owners in their capacity as owners	..	16.6
Total equity at end of period	1 086.7	(58.4)
2016-17 Estimate		
Balance at 1 July 2016	1 086.7	(58.4)
Net result	768.5	..
Dividends paid	(475.3)	..
Other comprehensive income for the year	(7.4)	..
Transactions with owners in their capacity as owners	..	16.6
Total equity at end of period	1 372.5	(41.8)
2017-18 Estimate		
Balance at 1 July 2017	1 372.5	(41.8)
Net result	832.7	..
Dividends paid	(513.7)	..
Other comprehensive income for the year	(8.5)	..
Transactions with owners in their capacity as owners	..	16.6
Total equity at end of period	1 682.9	(25.2)

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
16.0	737.2	(3 667.7)
..	..	3 259.7
..	..	(440.6)
(1.0)	(91.3)	(1.0)
..	..	(3.2)
15.0	645.9	(852.8)
15.0	645.9	(852.8)
..	..	2 106.8
..	..	(309.4)
(12.9)	(508.2)	0.3
..	..	(343.4)
2.1	137.7	601.6
2.1	137.7	601.6
..	..	615.2
..	..	(344.9)
..	6.4	(0.3)
..	..	16.6
2.1	144.1	888.1
2.1	144.1	888.1
..	..	705.6
..	..	(428.6)
..	7.2	..
..	..	16.6
2.1	151.3	1 181.6
2.1	151.3	1 181.6
..	..	768.5
..	..	(475.3)
..	6.7	(0.7)
..	..	16.6
2.1	158.0	1 490.7
2.1	158.0	1 490.7
..	..	832.7
..	..	(513.7)
..	7.2	(1.3)
..	..	16.6
2.1	165.2	1 824.9

Table 2.17: Derivation of public financial corporations sector GFS cash surplus/(deficit)

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Cash surplus/(deficit)	208.5	839.1	763.3	837.5	535.2	627.9
Convergence differences:						
Acquisitions under finance leases and similar arrangements	..	..	..	..	..	..
GFS cash surplus/(deficit) ^(a)	208.5	839.1	763.3	837.5	535.2	627.9

Source: Department of Treasury and Finance

Note:

(a) Determined in accordance with the ABS GFS manual.

Table 2.18: Net acquisition of non-financial assets – public financial corporations sector

(\$ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Purchases of non-financial assets	74.4	74.5	64.4	57.1	63.5	65.5
Less: sales of non-financial assets	(1.9)	(18.4)	(0.8)	(0.8)	(0.8)	(0.8)
Less: depreciation	(39.3)	(47.9)	(57.1)	(56.7)	(60.9)	(61.2)
Plus: other movements in non-financial assets	..	..	..	..	..	..
Total net acquisition of non-financial assets	33.2	8.3	6.6	(0.3)	1.8	3.6

Source: Department of Treasury and Finance

Table 2.19: State of Victoria operating statement^(a)

	(\$ million)					
	2012-13 Actual	2013-14 Revised	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Revenue						
Taxation revenue	15 184.7	16 447.5	17 609.6	18 396.5	19 443.1	20 245.4
Interest	970.4	1 128.6	1 129.5	1 204.0	1 242.6	1 306.6
Dividends and rate equivalents	610.9	534.4	626.9	662.5	694.1	722.7
Sales of goods and services	12 896.9	13 821.5	14 001.8	14 312.9	14 290.3	14 599.0
Grants	21 790.4	24 000.3	24 725.2	25 435.2	26 131.3	27 423.4
Other revenue	2 749.6	2 510.4	2 509.1	2 506.9	2 545.1	2 568.6
Total revenue	54 203.0	58 442.6	60 602.1	62 518.0	64 346.5	66 865.7
Expenses						
Employee expenses	18 794.9	19 114.3	19 463.7	20 454.5	21 089.1	21 932.5
Superannuation interest expense ^(b)	1 076.8	1 052.1	1 023.9	1 011.0	993.8	973.7
Other superannuation	2 040.1	1 933.1	1 975.5	2 011.4	2 037.2	2 052.8
Depreciation	4 131.6	4 359.6	4 518.2	4 734.3	5 047.1	5 305.4
Interest expense	2 538.6	2 870.4	2 969.9	2 830.8	2 803.3	2 905.1
Grants and other transfers	5 398.3	5 099.2	5 421.1	5 592.7	6 021.9	6 346.6
Other operating expenses	23 342.6	24 532.7	25 236.7	24 490.2	25 109.8	25 963.9
Total expenses^(b)	57 322.8	58 961.3	60 609.0	61 125.0	63 102.2	65 479.9
Net result from transactions – net operating balance^(b)	(3 119.8)	(518.7)	(6.9)	1 393.0	1 244.4	1 385.8
Total other economic flows included in net result^(b)	4 655.8	2 426.8	1 213.1	4 411.3	1 302.4	1 372.6
Net result^(b)	1 536.0	1 908.2	1 206.2	5 804.3	2 546.8	2 758.4
Other economic flows – other comprehensive income						
Items that will not be reclassified to net result						
Changes in non-financial assets revaluation surplus ^(c)	1 161.4	2 004.1	7 600.7	2 531.1	1 495.3	412.3
Remeasurement of superannuation defined benefits plans ^(b)	7 989.8	2 148.7	494.9	504.9	514.1	522.5
Other movements in equity ^(c)	80.9	566.7	26.1	(107.5)	142.0	(16.0)
Items that may be reclassified subsequently to net result						
Net gain/(loss) on financial assets at fair value ^(c)	6.4	(47.5)	(1.1)	7.6	4.3	3.9
Total other economic flows – other comprehensive income^(b)	9 238.5	4 672.0	8 120.6	2 936.1	2 155.7	922.6
Comprehensive result – total change in net worth	10 774.5	6 580.2	9 326.8	8 740.4	4 702.4	3 681.1
FISCAL AGGREGATES						
Net operating balance^(b)	(3 119.8)	(518.7)	(6.9)	1 393.0	1 244.4	1 385.8
Less: net acquisition of non-financial assets from transactions	8 586.3	2 991.4	3 915.0	(2 567.7)	3 596.1	3 141.0
Net lending/(borrowing)	(11 706.1)	(3 510.1)	(3 921.9)	3 960.7	(2 351.7)	(1 755.1)

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in table above due to commercial sensitivities of balances.
- (b) 2012-13 comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented. Refer to Note 1 of Budget Paper No. 5, Chapter 1 Estimated Financial Statements for the general government sector.
- (c) 2013 actual comparative figures have been restated due to the reclassification of deferred tax liability balances.

Table 2.20: State of Victoria balance sheet

(\$ million)

	2013 Actual	2014 Revised	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate
Assets						
Financial assets						
Cash and deposits	6 252.9	6 656.8	6 953.5	7 467.6	7 973.0	8 524.9
Receivables	7 871.9	7 088.1	7 115.4	6 729.5	6 822.3	7 040.6
Advances paid, investments, loans and placements	27 695.7	32 500.4	32 462.4	33 967.1	35 048.9	36 589.3
Investments accounted for using equity method	1 666.1	1 666.1	1 666.1	1 666.1	1 666.1	1 666.1
Total financial assets	43 486.5	47 911.3	48 197.3	49 830.3	51 510.3	53 821.0
Non-financial assets						
Inventories	871.0	849.8	856.7	795.0	741.7	679.0
Non-financial assets held for sale	173.0	108.4	108.4	108.4	108.4	108.4
Land, buildings, infrastructure, plant and equipment	189 473.0	194 175.0	205 482.4	208 755.3	213 987.5	217 720.8
Other non-financial assets	2 053.1	2 080.7	2 091.3	2 049.4	2 068.4	1 968.6
Total non-financial assets	192 570.0	197 213.9	208 538.7	211 708.1	216 906.0	220 476.7
Total assets	236 056.6	245 125.3	256 736.1	261 538.4	268 416.2	274 297.7
Liabilities						
Deposits held and advances received	2 088.9	1 939.3	1 941.1	1 941.9	1 943.4	1 944.8
Payables	8 506.0	8 198.3	7 830.7	7 739.4	7 634.6	7 521.5
Borrowings	47 437.0	51 949.2	53 734.1	48 952.2	50 294.6	51 583.2
Employee benefits	5 624.7	5 788.8	6 027.5	6 282.6	6 547.4	6 812.4
Superannuation	25 225.4	23 296.5	22 995.3	22 646.2	22 156.1	21 626.3
Other provisions	23 542.4	23 741.1	24 668.4	25 696.7	26 858.5	28 146.6
Total liabilities	112 424.5	114 913.2	117 197.2	113 259.1	115 434.5	117 634.9
Net assets	123 632.1	130 212.1	139 538.9	148 279.3	152 981.7	156 662.8
Accumulated surplus ^(a)	43 470.5	48 550.0	50 261.4	56 413.3	59 561.8	62 777.1
Reserves ^(a)	80 111.4	81 612.1	89 227.5	91 815.9	93 369.9	93 835.7
Non-controlling interest	50.0	50.0	50.0	50.0	50.0	50.0
Net worth	123 631.9	130 212.1	139 538.9	148 279.3	152 981.7	156 662.8
FISCAL AGGREGATES						
Net financial worth	(68 937.9)	(67 001.9)	(68 999.8)	(63 428.8)	(63 924.2)	(63 814.0)
Net financial liabilities	68 937.9	67 001.9	68 999.8	63 428.8	63 924.2	63 814.0
Net debt	15 577.3	14 731.4	16 259.3	9 459.4	9 216.0	8 413.8

Source: Department of Treasury and Finance

Note:

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

Table 2.21: State of Victoria cash flow statement^(a)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash flows from operating activities						
Receipts						
Taxes received	14 872.0	16 457.4	17 585.9	18 408.7	19 404.3	20 126.5
Grants	21 899.6	23 964.7	24 723.3	25 494.7	26 131.0	27 423.2
Sales of goods and services ^(b)	13 548.2	15 395.0	15 676.2	16 038.2	15 970.5	16 342.5
Interest	1 203.0	1 075.6	1 079.2	1 156.4	1 197.6	1 244.9
Dividends and rate equivalents receipts	450.6	533.5	626.9	662.4	694.0	722.7
Other receipts	1 882.2	2 086.3	1 930.8	2 231.3	1 928.3	1 901.5
Total receipts	53 855.6	59 512.5	61 622.3	63 991.8	65 325.7	67 761.2
Payments						
Payments for employees	(18 551.6)	(18 953.3)	(19 228.0)	(20 202.5)	(20 827.6)	(21 670.7)
Superannuation	(2 652.5)	(2 765.4)	(2 805.6)	(2 866.6)	(3 007.1)	(3 033.8)
Interest paid	(2 384.2)	(2 833.9)	(2 974.6)	(2 842.2)	(2 818.9)	(2 905.9)
Grants and subsidies	(5 619.5)	(5 186.9)	(5 447.6)	(5 663.4)	(6 115.6)	(6 312.2)
Goods and services ^(b)	(21 399.7)	(23 927.3)	(24 541.6)	(23 676.5)	(24 180.3)	(24 964.2)
Other payments	(596.0)	(703.3)	(674.9)	(664.4)	(701.0)	(741.7)
Total payments	(51 203.4)	(54 370.2)	(55 672.3)	(55 915.6)	(57 650.4)	(59 628.5)
Net cash flows from operating activities	2 652.2	5 142.4	5 950.1	8 076.2	7 675.2	8 132.7
Cash flows from investing activities						
Net cash flows from investments in non-financial assets	(7 191.5)	(7 038.4)	(8 273.1)	(948.9)	(7 674.8)	(7 370.2)
Net cash flows from investments in financial assets for policy purposes	262.6	574.0	(139.1)	(99.9)	151.1	(6.6)
Net cash flows from investments in financial assets for liquidity management purposes	520.5	(2 508.0)	(521.2)	(707.0)	(232.2)	(626.9)
Net cash flows from investing activities	(6 408.4)	(8 972.3)	(8 933.3)	(1 755.8)	(7 755.8)	(8 003.7)
Cash flows from financing activities						
Advances received (net)	294.8	(12.6)	0.4	0.4	0.4	..
Net borrowings	2 981.8	4 383.5	3 276.1	(5 807.0)	585.5	421.5
Deposits received (net)	676.8	(137.1)	1.4	0.4	1.0	1.5
Other financing (net)	..	..	..	..	..	..
Net cash flows from financing activities	3 953.4	4 233.9	3 278.0	(5 806.2)	586.9	422.9
Net increase/(decrease) in cash and cash equivalents	197.2	403.9	294.7	514.2	506.4	551.9
Cash and cash equivalents at beginning of reporting period	6 055.6	6 252.9	6 656.8	6 951.5	7 465.6	7 972.0
Cash and cash equivalents at end of reporting period ^(c)	6 252.9	6 656.8	6 951.5	7 465.6	7 972.0	8 523.9

Table 2.21: State of Victoria cash flow statement (continued)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
FISCAL AGGREGATES						
Net cash flows from operating activities	2 652.2	5 142.4	5 950.1	8 076.2	7 675.2	8 132.7
Net cash flows from investments in non-financial assets	(7 191.5)	(7 038.4)	(8 273.1)	(948.9)	(7 674.8)	(7 370.2)
Cash surplus/(deficit)	(4 539.3)	(1 896.0)	(2 323.0)	7 127.2	0.5	762.5

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) These items are inclusive of goods and services tax.
- (c) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement.

Table 2.22: State of Victoria statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-controlling interest</i>
2012-13 Actual		
Balance at 1 July 2012	32 729.4	50.0
Net result	1 536.0	..
Other comprehensive income for the year	9 205.1	..
Transactions with owners in their capacity as owners	..	..
Total equity at end of period	43 470.5	50.0
2013-14 Revised		
Balance at 1 July 2013	43 470.5	50.0
Net result	1 908.2	..
Other comprehensive income for the year	3 171.3	..
Total equity at end of period	48 550.0	50.0
2014-15 Estimate		
Balance at 1 July 2014	48 550.0	50.0
Net result	1 206.2	..
Other comprehensive income for the year	505.3	..
Total equity at end of period	50 261.4	50.0
2015-16 Estimate		
Balance at 1 July 2015	50 261.4	50.0
Net result	5 804.3	..
Other comprehensive income for the year	347.6	..
Total equity at end of period	56 413.3	50.0
2016-17 Estimate		
Balance at 1 July 2016	56 413.3	50.0
Net result	2 546.8	..
Other comprehensive income for the year	601.7	..
Total equity at end of period	59 561.8	50.0
2017-18 Estimate		
Balance at 1 July 2017	59 561.8	50.0
Net result	2 758.4	..
Other comprehensive income for the year	456.8	..
Total equity at end of period	62 777.1	50.0

Source: Department of Treasury and Finance

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
77 528.5	2 549.4	112 857.3
..	..	1 536.0
795.4	(761.9)	9 238.6
..
78 323.9	1 787.5	123 631.9
78 323.9	1 787.5	123 631.9
..	..	1 908.2
2 004.1	(503.4)	4 672.0
80 328.0	1 284.1	130 212.1
80 328.0	1 284.1	130 212.1
..	..	1 206.2
7 600.7	14.7	8 120.6
87 928.6	1 298.8	139 538.9
87 928.6	1 298.8	139 538.9
..	..	5 804.3
2 531.1	57.4	2 936.1
90 459.7	1 356.2	148 279.3
90 459.7	1 356.2	148 279.3
..	..	2 546.8
1 495.3	58.6	2 155.7
91 955.0	1 414.9	152 981.7
91 955.0	1 414.9	152 981.7
..	..	2 758.4
409.2	56.6	922.6
92 364.2	1 471.5	156 662.8

Table 2.23: Derivation of whole of State GFS cash surplus/(deficit)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Cash surplus/(deficit)	(4 539.3)	(1 896.0)	(2 323.0)	7 127.2	0.5	762.5
Convergence differences:						
Acquisitions under finance leases and similar arrangements ^(a)	(5 433.8)	(111.0)	(36.4)	(1 050.4)	(793.3)	(892.6)
GFS cash surplus/(deficit)^(b)	(9 973.1)	(2 007.0)	(2 359.4)	6 076.8	(792.8)	(130.1)

Source: Department of Treasury and Finance

Notes:

- (a) The 2012-13 actual result reflects the recognition of the finance lease arrangement between the Government and Melbourne Water Corporation for the Victorian desalination plant, Peninsula Link and the biosolids drying facility. The finance lease acquisition in 2013-14 and 2014-15 relates to the metropolitan buses contract. The 2015-16 estimate relates to the Victorian Comprehensive Cancer Centre. The 2016-17 estimate relates to the new Bendigo Hospital project and the Cranbourne-Pakenham Rail Corridor project. The 2017-18 estimate relates to the Cranbourne-Pakenham Rail Corridor project and the Ravenhall Prison project.
- (b) Determined in accordance with the ABS GFS manual.

Table 2.24: Net acquisition of non-financial assets – State of Victoria^(a)

	(\$ million)					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Actual	Revised	Estimate	Estimate	Estimate	Estimate
Purchases of non-financial assets less sales of non-financial assets	7 191.5	7 038.4	8 273.1	948.9	7 674.8	7 370.2
Less: depreciation	(4 131.6)	(4 359.6)	(4 518.2)	(4 734.3)	(5 047.1)	(5 305.4)
Plus: other movements in non-financial assets ^(b)	5 526.4	312.6	160.1	1 217.7	968.4	1 076.1
Total net acquisition of non-financial assets	8 586.3	2 991.4	3 915.0	(2 567.7)	3 596.1	3 141.0

Source: Department of Treasury and Finance

Notes:

- (a) Certain line items have been aggregated in the table above due to commercial sensitivities of balances.
- (b) The other movements in non-financial assets amount in 2012-13 predominately reflects the acquisition of the Victorian desalination plant, Peninsula Link and the biosolids drying facility. The amounts in 2013-14 and 2014-15 predominately relates to the metropolitan buses contract. The 2015-16 estimate relates to the Victorian Comprehensive Cancer Centre. The 2016-17 estimate predominately relates to the new Bendigo Hospital project and the Cranbourne-Pakenham Rail Corridor project. The 2017-18 estimate predominately relates to the Cranbourne-Pakenham Rail Corridor project and the Ravenhall Prison project.

VICTORIA'S LOAN COUNCIL ALLOCATION

Under the Uniform Presentation Framework (UPF), Victoria is required to publish the Loan Council Allocation (LCA) estimates. The LCA is a measure of each government's net call on financial markets in a given financial year to meet its budget obligations. The method of public release is the responsibility of each jurisdiction. Victoria discloses its LCA information through the Financial Report for the State of Victoria, Budget Paper No. 5 *Statement of Finances and Budget Update*.

Table 2.25 compares the Victorian 2014-15 LCA nomination (based on 2013-14 *Budget Update* estimates) approved by the Loan Council in April 2014, with the 2014-15 revised LCA based upon 2014-15 *Budget* estimates.

Table 2.25: Loan Council Allocation

(\$ million)

	2014-15 Nomination	Budget estimate
General government cash deficit (+)	602.8	1 088.0
Public non-financial corporations sector cash deficit (+)	2 199.6	1 966.5
Non-financial public sector cash deficit (+) ^(a)	2 741.2	3 086.3
Acquisitions under finance leases and similar arrangements	36.4	36.4
ABS GFS cash deficit (+)	2 777.6	3 122.8
Net cash flows from investments in financial assets for policy purposes ^(b)	(0.8)	27.6
Memorandum items ^(c)	625.1	693.9
Loan Council Allocation	3 403.5	3 789.0
Tolerance limit ^(d)	1 124.7	1 139.9

Notes:

- (a) *The sum of the deficit of the general government and public non-financial corporations sector does not directly equal the non-financial public sector cash deficit due to inter-sectoral transfers, which are netted out in the calculation of the non-financial public sector figure. The non-financial public sector cash deficit excludes finance lease acquisitions.*
- (b) *The ABS GFS cash deficit is adjusted to include in the LCA the impact of net cash flows from investments in financial assets for policy purposes.*
- (c) *The ABS GFS cash deficit is adjusted to include in the LCA the impact of memorandum items, which include certain transactions that have many of the characteristics of public sector borrowings but do not constitute formal borrowings (e.g. operating leases). They also include, where appropriate, transactions that the Loan Council has agreed should not be included in the LCA (e.g. the over/under funding of employers' emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities).*
- (d) *A tolerance limit equal to 2 per cent of total non-financial public sector cash receipts from operating activities applies to the movement between a jurisdiction's LCA nomination and LCA budget estimate (calculated using estimates in the 2013-14 Budget Update), and again between the LCA budget estimate and LCA outcome (calculated using estimates in the 2014-15 Budget). The tolerance limit applying to the movement between Victoria's 2014-15 LCA nomination and its LCA budget estimate is \$1 124.7 million (2 per cent of \$56 233.5 million). The tolerance limit applying to the movement between Victoria's 2014-15 LCA budget estimate and LCA outcome is \$1 139.9 million (2 per cent of \$56 993.5 million).*

As part of the Loan Council arrangements, the Council has agreed that if at any time a state or territory finds that it is likely to exceed its tolerance limit, in either direction, it is required to provide an explanation to the Council and, in line with the emphasis of increased transparency, to make the explanation public. Victoria's 2014-15 LCA budget estimate (a deficit of \$3.8 billion) did not exceed the tolerance limit established under the LCA nomination process.

In the interest of transparency, the State is required to disclose the details of new infrastructure projects with private sector involvement that are expected to be contracted during the LCA year, and to report the full contingent exposure, if any. Exposure is to be measured by the Government's termination liabilities in a case of a private sector default and disclosed as a footnote to, rather than a component of, the LCA. The amount payable will not exceed the fair market value of the project (which is usually calculated by an independent valuer) less any costs incurred by the Government as a result of the default.

Listed below are details of the public private partnership projects that are expected to be contracted in the 2014-15 financial year.

Ravenhall Prison

The 2012-13 State Budget announced funding for a new 500-bed men's prison to be built in Victoria. On 17 September 2013, Government announced the expansion of the prison to accommodate 1 000 prisoners. The new medium-security facility will add capacity to the State's prison system. It will be built on existing Crown land at Ravenhall, adjacent to the Dame Phyllis Frost Centre and Metropolitan Remand Centre.

The Request for Proposal for the project was released in November 2013 and bids were submitted in April 2014. Contract execution is expected in late 2014. The successful consortium will design, build, finance and operate the prison for a period of 25 years. The construction of the facility is expected to be completed in 2017. Once operations at the prison commence, the State will begin quarterly payments to the private consortium, the value of which will depend on attainment of key performance indicators relating to ongoing service provision.

East West Link – Eastern Section

The East West Link will be an 18 kilometre cross-city road connection extending across Melbourne from the Eastern Freeway to the Western Ring Road. It has the potential to provide significant travel, economic, business, employment and community benefits for Melbourne and Victoria. It would close the gaps between the major metropolitan freeways to the east, west and north and provide a much-needed alternative to the Monash-West Gate freeways, including the West Gate Bridge.

The Government has commenced procurement for the Eastern Section of the East West Link between the Eastern Freeway and CityLink, the gateway to Melbourne's International Airport and Port. The overall cost for the Eastern Section is estimated to be \$6–\$8 billion.

The Request for Tender to deliver the project was released to the short listed bidders on 31 October 2013 and closed on 28 April 2014. Contract execution is expected in late 2014 with construction expected to be completed in 2019.

The successful consortium will be required to design, build, finance and maintain the roadway. The State will retain demand risk (toll revenue) and responsibility for toll collection, at least initially.

CityLink – Tulla widening

The CityLink – Tulla widening will build capacity, boost performance and improve safety on one of Melbourne’s busiest roads. This project will add extra lanes in each direction between the Bolte Bridge and the Tullamarine Freeway just north of English Street, Essendon Fields, as well as extra lanes on the Bolte Bridge and a section of the West Gate Freeway (eastbound) between Bolte Bridge and Power Street.

The Government has reached an in-principle agreement with Transurban to deliver the project under the Government’s unsolicited proposal guideline. Final binding agreement is expected in late 2014, subject to a final value for money assessment in accordance with the guideline. The project is fully self-funded at an approximate cost of \$850 million through an extension of the CityLink concession by one year, toll price increases remaining at a minimum 4.5 per cent (annually) for an additional year and truck tolls increasing to become consistent with national pricing for trucks on other motorway networks.

Construction is expected to commence in 2015 and be complete in 2017.

The project will be delivered jointly by the State and Transurban.

Cranbourne-Pakenham Rail Corridor project

The Cranbourne-Pakenham Rail Corridor project is a \$2–\$2.5 billion initiative to increase capacity on one of Melbourne’s busiest rail corridors. This increase will be delivered through 25 new high-capacity metropolitan trains, a new dedicated train maintenance depot at Pakenham East, high-capacity signalling along the rail corridor, power updates to support increased frequency of services. The project also includes four grade separations at Koornang Road, Murrumbeena Road, Clayton Road and Centre Road and planning for a further five.

The project is being managed through the Government’s unsolicited proposal guideline and, consistent with the guideline, the Government is in exclusive negotiations with a private consortium to deliver the project and a final binding agreement is expected in the second half of 2014. Construction is expected to start in 2015 and conclude in 2019.

There are no other Partnership Victoria contracts greater than \$5 million that are currently expected to be signed during the 2014-15 financial year.

CHAPTER 3 – DEPARTMENTAL FINANCIAL STATEMENTS

This chapter should be read in conjunction with Budget Paper No. 3 *Service Delivery* which provides an overview of the goods and services to be funded by the Government and delivered by departments in the coming financial year.

The following tables help to outline each department's forecast financial performance:

- the comprehensive operating statement provides details of the department's revenue and expenses on an accrual basis reflecting the cost of providing its outputs;
- the balance sheet shows all controlled assets and liabilities of the department. The difference between these represents the net asset position, which is an indicator of the State's equity interest in the department;
- the cash flow statement shows cash receipts and payments, including the cash impact of operating, financing and investing activities on departmental resources;
- the statement of changes in equity shows the impact of the net result and other comprehensive income items, such as the revaluation of non-financial assets, owner contributions, and the total equity of the department;
- the administered items statement provides details of the department's administered revenue and expenses, and its administered assets and liabilities. By their nature, most administered expenses are paid in cash in the year in which the item is recognised. Therefore an administered departmental cash flow statement is not provided; and
- payments on behalf of the State (where applicable) provides details of payments made by the department on behalf of the State Government, not directly reflecting the operations of the department.

The *Court Services Victoria Act 2014* establishes Court Services Victoria (CSV) as a new body corporate to provide, or arrange for the provision of, the administrative services and facilities necessary or desirable to support the functions of the Victorian courts, the Victorian Civil and Administrative Tribunal and the Judicial College of Victoria. This change has been reflected in both the Department of Justice's statements, and the statements of Courts.

DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Operating performance

The Department of Education and Early Childhood Development is expected to have a net result from transactions of \$86 million for 2014-15 which is broadly consistent with the expected results for 2013-14.

The operating statement shows an increase in total income from transactions to \$12 151 million in 2014-15, compared to the 2013-14 revised budget of \$11 922 million (1.9 per cent). This is primarily a result of indexation on existing funding and additional funding for initiatives including:

- Vocational Education and Training;
- Resourcing Schools to Raise Performance;
- Enrolment Based Funding for Schools; and
- Automotive Workers package.

Total operating expenses are budgeted to increase by \$231 million (1.9 per cent) between the 2013-14 revised budget and the 2014-15 budget in line with the increase in revenue for the year.

The enactment of the *Education and Training Reform Amendment (Dual Sector Universities) Act 2013* resulted in the dual sector TAFEs deconsolidation from the general government sector from 1 January 2014. The net impact of the deconsolidation is reflected in 'other losses from economic flows'.

Balance sheet

The Department's net asset position is expected to increase by \$103 million compared to the 2013-14 revised budget, reflecting a projected increase in total assets of \$151 million and an increase in total liabilities of \$48 million.

The expected increase in total assets from the 2013-14 revised budget to the 2014-15 budget is primarily attributable to an increase in property, plant and equipment under the State's continued investment for new schools, major upgrades and land acquisitions.

Investing and financing

Cash flows from operating activities are consistent with the trends discussed in the statement of operating performance.

Cash flows from investing activities primarily reflects the purchase of property, plant and equipment from the continued asset commitment by government in the TAFE and school sectors.

Administered items statement

Total income from transactions administered by the Department on behalf of the State is expected to increase by \$131 million in 2014-15 compared to the 2013-14 revised budget. This is primarily due to an increase in general recurrent Commonwealth funding provided to the non-government school sector under the School Funding Reform framework.

Total administered expenses are expected to increase in line with the anticipated increase in administered income.

Table 3.1.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	10 375.8	10 236.2	10 528.5	10 817.9
Special appropriations	6.5	26.5	0.3	13.0
Interest	45.6	46.1	35.9	35.2
Sale of goods and services	737.4	816.1	698.5	687.6
Grants	125.5	67.1	89.3	20.1
Other income	551.1	544.9	569.5	577.4
Total income from transactions	11 841.9	11 736.7	11 922.1	12 151.3
Expenses from transactions				
Employee benefits	6 207.7	6 241.6	6 115.0	6 163.8
Depreciation	386.2	386.3	376.4	365.2
Interest expense	16.6	17.7	14.8	14.8
Grants and other transfers	867.0	814.3	860.0	840.9
Capital asset charge	1 258.1	1 266.3	1 266.3	1 287.1
Other operating expenses	3 047.5	2 835.9	3 202.4	3 393.9
Total expenses from transactions	11 783.2	11 562.2	11 834.9	12 065.7
Net result from transactions (net operating balance)	58.7	174.5	87.2	85.6
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(38.7)	0.3	(2.9)	13.3
Net gain/(loss) on financial instruments and statutory receivables/payables	4.9	(0.2)	(1.5)	(0.3)
Other gains/(losses) from economic flows	30.6	0.1	(852.1)	(2.0)
Total other economic flows included in net result	(3.2)	0.2	(856.6)	11.0
Net result	55.5	174.7	(769.4)	96.6
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	0.3	..	..	..
Asset revaluation reserve	587.7	14.9	(374.5)	(42.6)
Financial assets available-for-sale reserve	..	..	..	..
Other	(5.0)	..	389.1	(2.8)
Total other economic flows – other comprehensive income	583.0	14.9	14.5	(45.3)
Comprehensive result	638.6	189.6	(754.8)	51.3

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Table 3.1.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	874.1	897.2	812.3	806.6
Receivables	1 341.9	1 478.4	1 444.6	1 474.7
Other financial assets	357.7	386.8	350.6	363.2
Total financial assets	2 573.6	2 762.4	2 607.5	2 644.6
Non-financial assets				
Inventories	3.7	3.8	4.9	6.0
Non-financial assets classified as held for sale including disposal group assets	137.5	137.5	125.5	125.5
Property, plant and equipment	17 051.6	17 184.7	16 260.7	16 369.6
Biological assets	3.7	3.7	3.6	3.5
Investment properties	29.6	29.6	29.6	34.1
Intangible assets	61.3	68.9	49.6	48.9
Other	29.5	29.8	22.7	22.4
Total non-financial assets	17 316.8	17 458.1	16 496.6	16 610.0
Total assets	19 890.5	20 220.4	19 104.1	19 254.6
Liabilities				
Payables	804.0	825.2	708.9	712.1
Borrowings	230.7	237.3	209.8	211.2
Provisions	1 430.4	1 464.9	1 410.3	1 453.6
Total liabilities	2 465.1	2 527.3	2 329.0	2 376.9
Net assets	17 425.4	17 693.1	16 775.1	16 877.7
Equity				
Accumulated surplus/(deficit)	2 525.2	2 699.9	2 149.7	2 246.2
Reserves	5 588.1	5 603.0	5 208.8	5 163.6
Contributed capital	9 312.1	9 390.2	9 416.6	9 467.9
Total equity	17 425.4	17 693.1	16 775.1	16 877.7

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Table 3.1.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	10 503.2	10 324.7	10 611.0	10 848.0
Receipts from other entities	658.4	810.9	690.9	676.8
Interest received	45.6	46.1	35.9	35.2
Other receipts	546.3	551.0	568.4	587.8
Total receipts	11 753.4	11 732.7	11 906.2	12 147.9
Payments				
Payments of grants and other transfers	(931.5)	(812.5)	(867.1)	(837.1)
Payments to suppliers and employees	(8 979.1)	(9 033.7)	(9 302.4)	(9 513.3)
Capital asset charge	(1 258.1)	(1 266.3)	(1 266.3)	(1 287.1)
Interest and other costs of finance paid	(16.6)	(17.7)	(14.8)	(14.8)
Total payments	(11 185.3)	(11 130.3)	(11 450.6)	(11 652.4)
Net cash flows from/(used in) operating activities	568.1	602.4	455.6	495.5
Cash flows from investing activities				
Net investment	(11.5)	(134.8)	(96.3)	(43.6)
Payments for non-financial assets	(608.6)	(516.0)	(555.9)	(527.7)
Proceeds from sale of non-financial assets	9.8	4.0	17.1	18.0
Net loans to other parties	(4.5)	..	(0.1)	..
Net (purchase)/disposal of investments – policy purposes	(11.6)	..	..	..
Net cash flow from/(used in) investing activities	(626.5)	(646.8)	(635.2)	(553.4)
Cash flows from financing activities				
Owner contributions by State Government	48.1	78.1	101.5	51.3
Repayment of finance leases	(1.7)	(3.9)	(6.7)	(4.2)
Net borrowings	(9.4)	(6.6)	23.0	5.2
Net cash flows from/(used in) financing activities	37.0	67.5	117.8	52.2
Net increase/(decrease) in cash and cash equivalents	(21.4)	23.1	(61.8)	(5.7)
Cash and cash equivalents at the beginning of the financial year	895.5	874.1	874.1	812.3
Cash and cash equivalents at the end of the financial year	874.1	897.2	812.3	806.6

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Table 3.1.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	2 469.1	9 332.7	4 979.8	25.8	16 807.5
Comprehensive result	56.2	..	587.7	(5.3)	638.6
Transactions with owners in their capacity as owners	..	(20.6)	..	..	(20.6)
Closing balance 30 June 2013 (actual)	2 525.2	9 312.1	5 567.5	20.6	17 425.4
Comprehensive result	174.7	..	14.9	..	189.6
Transactions with owners in their capacity as owners	..	78.1	..	..	78.1
Closing balance 30 June 2014 (budget)	2 699.9	9 390.2	5 582.4	20.6	17 693.1
Comprehensive result	(375.6)	..	(374.5)	(4.8)	(754.8)
Transactions with owners in their capacity as owners	..	104.5	..	..	104.5
Closing balance 30 June 2014 (revised)	2 149.7	9 416.6	5 193.0	15.8	16 775.1
Comprehensive result	96.6	..	(42.6)	(2.7)	51.3
Transactions with owners in their capacity as owners	..	51.4	..	..	51.4
Closing balance 30 June 2015 (estimate)	2 246.2	9 467.9	5 150.4	13.1	16 877.7

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

Table 3.1.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Administered income				
Sale of goods and services	2.0	2.7	2.7	2.8
Grants	2 275.3	2 456.3	2 442.6	2 573.0
Interest	0.1	0.1	0.1	0.1
Other income	1.8	1.8	1.8	1.8
Total administered income	2 279.2	2 460.9	2 447.2	2 577.7
Administered expenses				
Expenses on behalf of the State	0.8	..	..	..
Grants and other transfers	2 277.9	2 456.5	2 442.8	2 573.2
Payments into the Consolidated Fund	(33.5)	61.4	61.4	37.5
Total administered expenses	2 245.2	2 517.8	2 504.2	2 610.6
Income less expenses	33.9	(57.0)	(57.0)	(33.0)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(35.7)	57.0	57.0	33.0
Total other economic flows included in net result	(35.7)	57.0	57.0	33.0
Net result	(1.7)	..	..	..
Comprehensive result	(1.7)	..	..	..
Administered assets				
Cash and deposits	..	..	..	..
Receivables	4.8	4.8	4.9	4.9
Other financial assets	1.4	1.4	1.4	1.4
Total administered assets	6.2	6.2	6.2	6.3
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	6.2	6.2	6.2	6.3

Sources: Departments of Education and Early Childhood Development and Treasury and Finance

DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES

Operating performance

The Department of Environment and Primary Industries is expected to have a net result from transactions of \$100.2 million for the 2014-15 financial year.

The Department anticipates that total income from transactions and total operating expenditure will be similar in 2014-15 to the 2013-14 revised budget.

Balance sheet

The Department's net asset position is estimated to increase by \$129.3 million in 2014-15. This increase is driven by higher financial assets mainly due to a higher balance in the Sustainability Fund.

Significant capital expenditure projects in 2014-15 include:

- Macalister Irrigation District 2030: \$7.5 million in 2014-15 (\$32 million over three years); and
- Sunraysia Modernisation: \$50.5 million in 2014-15.

Investing and financing

The Department is anticipating a slight reduction of \$2.1 million in its net cash position for 2014-15. This follows a \$36.6 million reduction that was forecast for 2013-14. This is due to continuing investment in property, plant and equipment assets.

Cash flows for investing activities include payments for property, plant and equipment assets of \$97.9 million, reflecting the Government's continued investment in the environment, primary industries and water sectors.

Administered items statement

The Department administers certain expenses on behalf of the State relating to Victoria's share of Murray-Darling Basin Authority operating costs.

Commonwealth funding reflected as grants and other income includes a range of Commonwealth own purpose payments for:

- Bush Broker; and
- Caring for our Country.

Other than Commonwealth grants, the Department's administered income represents contributions to the Victorian desalination plant project, the Goulburn-Murray Water connections project and environment levy contributions.

Table 3.2.1: Comprehensive operating statement

(\$million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	1 030.7	1 357.1	1 423.4	1 463.6
Special appropriations	14.5	..	2.0	..
Interest	9.5	10.5	15.2	18.4
Sale of goods and services	72.1	65.9	93.2	82.7
Grants	37.4	48.3	39.3	27.5
Fair value of assets and services received free of charge or for nominal consideration	5.0	..	..	..
Other income	304.4	313.9	331.9	334.5
Total income from transactions	1 473.7	1 795.6	1 905.2	1 926.7
Expenses from transactions				
Employee benefits	313.7	400.7	416.7	420.9
Depreciation	50.9	85.0	85.0	86.3
Interest expense	2.0	18.3	19.1	19.1
Grants and other transfers	558.5	646.2	627.2	641.3
Capital asset charge	76.6	113.3	113.3	114.4
Other operating expenses	398.5	455.8	574.4	544.5
Total expenses from transactions	1 400.3	1 719.4	1 835.8	1 826.5
Net result from transactions (net operating balance)	73.3	76.2	69.4	100.2
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	220.5	5.7	2.6	0.1
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	4.0	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(1.1)	(1.0)	(5.4)	(1.0)
Other gains/(losses) from economic flows	1.1	..	..	..
Total other economic flows included in net result	224.5	4.8	(2.8)	(0.9)
Net result	297.8	81.0	66.6	99.3
Other economic flows – other comprehensive income				
Asset revaluation reserve	8.2	251.7	251.7	0.5
Financial assets available-for-sale reserve	..	..	(0.1)	..
Other	(33.7)	4.7	8.1	..
Total other economic flows – other comprehensive income	(25.5)	256.3	259.7	0.5
Comprehensive result	272.3	337.3	326.3	99.8

Sources: Departments of Environment and Primary Industries and Treasury and Finance

Table 3.2.2: Balance sheet

(\$million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	292.2	361.6	302.4	300.2
Receivables	250.6	405.4	365.6	414.9
Other financial assets	263.1	328.7	326.4	386.4
Investments accounted for using equity method	14.4	14.4	..	..
Total financial assets	820.3	1 110.2	994.4	1 101.6
Non-financial assets				
Inventories	12.9	45.6	17.8	22.3
Non-financial assets classified as held for sale including disposal group assets	0.6	1.2	0.8	0.8
Property, plant and equipment	7 346.3	8 431.6	8 389.0	8 391.4
Biological assets	..	1.6	36.5	36.5
Intangible assets	28.7	36.4	73.0	76.1
Other	10.1	13.4	12.0	12.0
Total non-financial assets	7 398.6	8 529.9	8 529.1	8 539.0
Total assets	8 218.9	9 640.0	9 523.4	9 640.6
Liabilities				
Payables	128.3	203.0	201.2	194.6
Borrowings	28.9	264.0	283.2	274.6
Provisions	140.3	205.3	181.3	184.4
Total liabilities	297.5	672.3	665.8	653.6
Net assets	7 921.4	8 967.7	8 857.7	8 987.0
Equity				
Accumulated surplus/(deficit)	346.8	411.8	421.6	520.9
Reserves	5 653.0	6 158.7	5 904.6	5 905.1
Contributed capital	1 921.5	2 397.2	2 531.5	2 560.9
Total equity	7 921.4	8 967.7	8 857.7	8 987.0

Sources: Departments of Environment and Primary Industries and Treasury and Finance

Table 3.2.3: Statement of cash flows

	(\$million)			
	2012-13	2013-14	2013-14	2014-15
	<i>Actual</i>	<i>Budget</i>	<i>Revised</i>	<i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	1 053.0	1 360.1	1 432.1	1 468.1
Receipts from other entities	369.5	402.2	417.0	397.6
Interest received	8.9	10.5	15.2	18.4
Other receipts	16.9	1.5	19.4	13.4
Total receipts	1 448.3	1 774.2	1 883.8	1 897.5
Payments				
Payments of grants and other transfers	(541.7)	(646.2)	(627.2)	(641.3)
Payments to suppliers and employees	(703.9)	(879.1)	(1 012.6)	(973.5)
Capital asset charge	(76.6)	(113.3)	(113.3)	(114.4)
Interest and other costs of finance paid	(2.0)	(18.0)	(18.8)	(18.8)
Total payments	(1 324.2)	(1 656.7)	(1 771.9)	(1 748.1)
Net cash flows from/(used in) operating activities	124.1	117.5	111.9	149.5
Cash flows from investing activities				
Net investment	(127.8)	(56.5)	(50.8)	(76.2)
Payments for non-financial assets	(43.4)	(153.1)	(159.4)	(97.9)
Proceeds from sale of non-financial assets	0.8	5.7	..	..
Net (purchase)/disposal of investments – policy purposes	(5.2)	..	..	..
Net cash flow from/(used in) investing activities	(175.6)	(203.8)	(210.2)	(174.2)
Cash flows from financing activities				
Owner contributions by State Government	(1.1)	171.0	77.6	36.2
Net borrowings	68.1	(14.3)	(15.7)	(13.5)
Net cash flows from/(used in) financing activities	67.0	156.7	61.9	22.7
Net increase/(decrease) in cash and cash equivalents	15.5	70.4	(36.5)	(2.0)
Cash and cash equivalents at the beginning of the financial year	276.7	291.2	338.9	302.4
Cash and cash equivalents at the end of the financial year	292.2	361.6	302.5	300.3

Sources: Departments of Environment and Primary Industries and Treasury and Finance

Table 3.2.4: Statement of changes in equity

(\$million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	82.7	1 920.3	5 644.9	..	7 647.9
Comprehensive result	264.1	..	8.2	..	272.3
Transactions with owners in their capacity as owners	..	1.2	..	..	1.2
Closing balance 30 June 2013 (actual)	346.8	1 921.5	5 653.0	..	7 921.4
Comprehensive result	65.0	..	505.7	..	570.6
Transactions with owners in their capacity as owners	..	475.7	..	..	475.7
Closing balance 30 June 2014 (budget)	411.8	2 397.2	6 158.7	..	8 967.7
Machinery of Government	..	540.5	..	..	540.5
Comprehensive result	74.8	..	251.7	(0.1)	326.3
Transactions with owners in their capacity as owners	..	69.4	..	..	69.4
Closing balance 30 June 2014 (revised)	421.6	2 531.5	5 904.7	(0.1)	8 857.7
Comprehensive result	99.3	..	0.5	..	99.8
Transactions with owners in their capacity as owners	..	29.4	..	..	29.4
Closing balance 30 June 2015 (estimate)	520.9	2 560.9	5 905.2	(0.1)	8 987.0

Sources: Departments of Environment and Primary Industries and Treasury and Finance

Table 3.2.5: Administered items statement

(\$million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Administered income				
Appropriations – payments made on behalf of the State	447.4	688.3	674.0	696.7
Fair value of assets and services received free of charge or for nominal consideration	16.1	..	7.8	..
Sale of goods and services	714.1	220.1	209.3	222.8
Grants	27.5	16.4	27.1	24.9
Interest	302.5	484.7	484.7	478.3
Other income	93.0	151.8	148.2	142.4
Total administered income	1 600.8	1 561.2	1 551.0	1 565.0
Administered expenses				
Expenses on behalf of the State	106.0	607.5	108.8	126.8
Grants and other transfers	30.7	26.3	26.0	30.7
Payments into the Consolidated Fund	1 087.0	952.0	952.0	978.8
Interest and Depreciation expense	313.4	..	483.1	478.3
Total administered expenses	1 537.0	1 585.7	1 569.9	1 614.5
Income less expenses	63.7	(24.5)	(18.8)	(49.5)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(21.1)	24.7	28.8	42.8
Other gains/(losses) from other economic flows	(0.3)	..	..	..
Total other economic flows included in net result	(21.4)	24.7	28.7	42.8
Net result	42.3	0.1	9.9	(6.7)
Other economic flows – other comprehensive income				
Asset revaluation reserve	28.0	25.8	2.8	25.8
Other	(23.7)	..	1.6	..
Total other economic flows – other comprehensive income	4.4	25.8	4.4	25.8
Comprehensive result	46.7	25.9	14.3	19.1
Administered assets				
Cash and deposits	1.4	1.9	..	..
Receivables	4 206.7	4 398.1	4 315.4	4 253.0
Other financial assets	0.1	0.1	0.1	0.1
Other	11.9	11.9	16.0	16.0
Property, plant and equipment	692.5	718.2	701.9	727.6
Intangible assets	104.1	104.2	103.4	103.5
Total administered assets	5 016.7	5 234.5	5 136.8	5 100.2
Administered liabilities				
Payables	111.9	118.2	123.2	123.0
Borrowings	4 316.0	4 261.5	4 261.5	4 200.6
Total administered liabilities	4 427.9	4 379.7	4 384.7	4 323.6
Net assets	588.8	854.8	752.1	776.6

Sources: Departments of Environment and Primary Industries and Treasury and Finance

Table 3.2.6: Payments made on behalf of the State*(\$million)*

<i>Accounts</i>	<i>2013-14 Budget</i>	<i>2013-14 Revised</i>	<i>2014-15 Budget</i>
Murray-Darling Basin contribution	26.3	26.0	30.7
Victorian Desalination Project finance lease liability	662.0	643.6	666.0
Total	688.3	669.6	696.7

Sources: Departments of Environment and Primary Industries and Treasury and Finance

DEPARTMENT OF HEALTH

Operating performance

The Department of Health net result from transactions is an estimated \$99 million in 2014-15.

The operating statement shows an increase in income of \$460 million between the 2013-14 revised budget and the 2014-15 budget. This is due to:

- new State Government initiatives, announced in the *2014-15 Budget*, including boosting elective surgery capacity, responding to patient demand growth and health services winter demand capacity enhancement;
- continuing implementation of initiatives announced in previous budgets, including Securing Victoria's health system – treating more patients, and waiting list and emergency department reform;
- additional funding for anticipated cost increases in 2014-15; and
- additional Commonwealth funding available under the National Health Reform Agreement.

Operating expenses are budgeted to increase by \$592 million between the 2013-14 revised budget and 2014-15 budget and flow from the increases in income outlined above.

Balance sheet

The Department's net asset position is estimated to improve by \$384 million between the 2013-14 revised budget and the 2014-15 budget, reflecting an increase in total assets of \$471 million, and an increase in total liabilities of \$87 million.

The estimated increase in assets is mainly due to increased financial receivables largely representing appropriation received for depreciation not being fully drawn down in cash.

The movement in liabilities of \$87 million between the 2013-14 revised budget and the 2014-15 budget reflects the increases of leave entitlements for staff employed in the health sector.

Investing and financing

Cash flows from operating activities are consistent with the trends discussed in the statement of operating performance above.

Cash flows from investing activities include payment for property, plant and equipment (totalling \$896 million) reflecting the continued asset investment in health services, and include new initiatives to expand service capacity and enhance infrastructure. These comprise payments in respect of the delivery and continued implementation of previously announced health infrastructure including the Monash Children's Hospital and redevelopments at the Box Hill Hospital, Bendigo Hospital, Frankston Hospital and Geelong Hospital.

Administered items statement

Revenue administered by the Department on behalf of the State and third parties (including the National Health Funding Pool) are forecast to increase by \$490 million from the 2013-14 revised budget to the 2014-15 budget.

Table 3.3.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	8 552.8	7 967.1	7 948.5	8 348.3
Special appropriations	1 219.4	1 356.1	1 505.9	1 192.7
Interest	74.4	67.8	67.8	67.8
Sale of goods and services	1 615.9	1 638.8	1 638.8	1 693.5
Grants	3 072.4	4 179.4	4 168.0	4 487.3
Fair value of assets and services received free of charge or for nominal consideration	16.1	..	..	..
Other income	445.2	394.0	396.9	395.8
Total income from transactions	14 996.4	15 603.2	15 725.9	16 185.5
Expenses from transactions				
Employee benefits	7 833.2	8 044.6	8 098.1	8 337.1
Depreciation	702.0	876.9	876.9	893.0
Interest expense	81.8	76.4	76.4	76.2
Grants and other transfers	508.5	669.8	739.6	799.5
Capital asset charge	758.2	823.6	814.6	879.0
Other operating expenses	4 786.1	4 990.0	4 888.9	5 101.2
Total expenses from transactions	14 669.8	15 481.3	15 494.5	16 086.1
Net result from transactions (net operating balance)	326.6	122.0	231.4	99.4
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(11.3)	(28.2)	(28.2)	..
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	0.8	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(23.7)	..	..	..
Other gains/(losses) from economic flows	(4.2)	(10.4)	(10.4)	(10.4)
Total other economic flows included in net result	(38.4)	(38.6)	(38.6)	(10.4)
Net result	288.1	83.4	192.8	89.0
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	25.6	..	..	..
Asset revaluation reserve	64.9	580.5	580.5	..
Financial assets available-for-sale reserve	27.4	..	..	..
Other	2.7	..	..	..
Total other economic flows – other comprehensive income	120.6	580.5	580.5	..
Comprehensive result	408.7	663.9	773.3	89.0

Sources: Departments of Health and Treasury and Finance

Table 3.3.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	746.3	824.6	827.3	927.2
Receivables	1 596.3	2 004.4	1 950.1	2 378.2
Other financial assets	824.7	824.7	824.7	824.7
Investments accounted for using equity method	2.2	2.2	2.2	2.2
Total financial assets	3 169.5	3 655.8	3 604.3	4 132.3
Non-financial assets				
Inventories	75.0	75.0	75.0	75.0
Non-financial assets classified as held for sale including disposal group assets	0.6	0.6	0.6	0.6
Property, plant and equipment	10 289.2	11 140.4	11 141.7	11 098.7
Investment properties	24.0	24.0	24.0	24.0
Intangible assets	111.4	90.4	90.4	69.7
Other	29.3	29.3	43.1	49.7
Total non-financial assets	10 529.5	11 359.7	11 374.7	11 317.7
Total assets	13 699.0	15 015.5	14 979.0	15 450.0
Liabilities				
Payables	1 213.0	1 213.5	1 213.5	1 214.0
Borrowings	1 417.3	1 401.4	1 401.4	1 385.4
Provisions	1 939.4	2 012.8	2 037.6	2 140.6
Total liabilities	4 569.8	4 627.7	4 652.6	4 740.0
Net assets	9 129.3	10 387.7	10 326.5	10 710.0
Equity				
Accumulated surplus/(deficit)	634.9	718.2	827.6	916.6
Reserves	3 567.6	4 148.1	4 148.1	4 148.1
Contributed capital	4 926.8	5 521.5	5 350.7	5 645.2
Total equity	9 129.3	10 387.8	10 326.5	10 710.0

Sources: Departments of Health and Treasury and Finance

Table 3.3.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	10 321.4	9 888.8	10 021.3	10 123.5
Receipts from other entities	4 045.9	5 206.9	5 194.1	5 552.6
Interest received	65.0	67.8	67.8	67.8
Other receipts	537.6	433.8	436.7	435.6
Total receipts	14 969.9	15 597.2	15 719.9	16 179.5
Payments				
Payments of grants and other transfers	(456.4)	(669.8)	(739.6)	(799.6)
Payments to suppliers and employees	(12 508.8)	(12 960.7)	(12 902.0)	(13 325.0)
Capital asset charge	(758.2)	(823.6)	(814.6)	(879.0)
Interest and other costs of finance paid	(81.5)	(76.4)	(76.4)	(76.2)
Total payments	(13 804.9)	(14 530.5)	(14 532.7)	(15 079.8)
Net cash flows from/(used in) operating activities	1 165.0	1 066.7	1 187.2	1 099.7
Cash flows from investing activities				
Net investment	(382.0)	(402.1)	(328.3)	(422.1)
Payments for non-financial assets	(771.8)	(1 205.1)	(1 206.4)	(896.2)
Proceeds from sale of non-financial assets	23.2	40.0	40.0	40.0
Net loans to other parties	0.1	..	..	..
Net (purchase)/disposal of investments – policy purposes	0.7	..	..	..
Net cash flow from/(used in) investing activities	(1 129.8)	(1 567.2)	(1 494.7)	(1 278.3)
Cash flows from financing activities				
Owner contributions by State Government	(5.0)	594.7	423.9	294.5
Repayment of finance leases	(6.0)	(12.4)	(12.4)	(12.4)
Net borrowings	25.7	(3.5)	(23.1)	(3.7)
Net cash flows from/(used in) financing activities	14.7	578.8	388.5	278.5
Net increase/(decrease) in cash and cash equivalents	50.0	78.3	81.0	99.9
Cash and cash equivalents at the beginning of the financial year	696.4	746.3	746.3	827.3
Cash and cash equivalents at the end of the financial year	746.4	824.6	827.3	927.2

Sources: Departments of Health and Treasury and Finance

Table 3.3.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	227.7	4 912.8	2 992.9	573.2	8 706.6
Comprehensive result	407.2	..	64.9	(63.3)	408.7
Transactions with owners in their capacity as owners	..	14.0	..	..	14.0
Closing balance 30 June 2013 (actual)	634.9	4 926.8	3 057.8	509.8	9 129.3
Comprehensive result	83.4	..	580.5	..	663.9
Transactions with owners in their capacity as owners	..	594.7	..	..	594.7
Closing balance 30 June 2014 (budget)	718.2	5 521.5	3 638.3	509.8	10 387.8
Comprehensive result	192.8	..	580.5	..	773.3
Transactions with owners in their capacity as owners	..	423.9	..	..	423.9
Closing balance 30 June 2014 (revised)	827.6	5 350.7	3 638.3	509.8	10 326.5
Comprehensive result	89.0	..	..	..	89.0
Transactions with owners in their capacity as owners	..	294.5	..	..	294.5
Closing balance 30 June 2015 (estimate)	916.6	5 645.2	3 638.3	509.8	10 710.0

Sources: Departments of Health and Treasury and Finance

Table 3.3.5: Administered items statement

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Administered income				
Sale of goods and services	330.9	320.9	301.2	284.3
Grants	4 455.9	6 598.1	6 606.6	7 106.2
Interest	1.9	3.0	3.0	3.0
Other income	1.6	10.2	10.2	17.7
Total administered income	4 790.3	6 932.3	6 921.0	7 411.1
Administered expenses				
Expenses on behalf of the State	332.9	488.9	555.3	624.3
Grants and other transfers	4 070.0	6 078.6	6 011.6	6 457.0
Payments into the Consolidated Fund	425.7	394.5	383.8	331.4
Total administered expenses	4 828.6	6 962.0	6 950.7	7 412.6
Income less expenses	(38.3)	(29.7)	(29.7)	(1.5)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	28.3	29.7	29.7	1.5
Other gains/(losses) from other economic flows	(0.9)	..	..	..
Total other economic flows included in net result	27.3	29.7	29.7	1.5
Net result	(11.0)	..	..	..
Other economic flows – other comprehensive income				
Other	(0.1)	..	..	..
Total other economic flows – other comprehensive income	(0.1)	..	..	..
Comprehensive result	(11.1)	..	..	..
Administered assets				
Cash and deposits	0.2	0.2	0.2	0.2
Receivables	14.3	14.3	14.3	14.3
Other	26.6	26.6	26.6	26.6
Total administered assets	41.1	41.0	41.0	41.0
Administered liabilities				
Payables	26.6	26.6	26.6	26.6
Total administered liabilities	26.6	26.6	26.6	26.6
Net assets	14.6	14.5	14.5	14.5

Sources: Departments of Health and Treasury and Finance

DEPARTMENT OF HUMAN SERVICES

Operating performance

The Department of Human Services is expected to have a net result from transactions for 2014-15 of \$5.3 million.

The operating statement shows an increase in income from transactions of \$189.2 million (5.1 per cent) between the 2013-14 revised budget to the 2014-15 budget. This increase is primarily a result of:

- new initiatives announced in the *2014-15 Budget*, including out-of-home care-demand and support for therapeutic care, expansion of child protection and Child First, addressing violence against women and children, Aboriginal kinship care, individualised support for people with a disability, their families and carers, preparation for expanding the youth justice centre in Malmsbury, and supporting concessions to pensioners and beneficiaries;
- the full year effect of initiatives announced in previous budgets; and
- additional funding allocated for anticipated cost increases in 2014-15.

Operating expenses are budgeted to increase by \$189.2 million (5.1 per cent) between the 2013-14 revised budget and 2014-15 budget largely due to the factors outlined above.

Balance sheet

The Department's net asset position in 2014-15 is expected to increase by \$43.0 million compared with the 2013-14 revised budget, reflecting an increase in total assets of \$65.2 million and an increase in total liabilities of \$22.2 million.

The expected increase in assets reflects the Government's commitment to build new community service facilities and infrastructure based on new models of care and demand growth. The movement in assets between the 2013-14 revised budget and 2014-15 budget includes funding for out-of-home care residential capacity, closing the Oakleigh Centre (including new support accommodation in the local area) and the *Services Connect* initiative.

The increase in liabilities is largely due to increases of leave entitlements for staff employed in the community services sector.

Investing and financing

Cash flows from operating activities are consistent with the trends discussed in the statement of operating performance.

Cash flows from investing activities include payments for non-financial assets (totalling \$97.4 million) reflecting the Government's continued asset investment in the community services sector.

Administered items statement

Transactions administered by the Department primarily relate to sales of goods and services, associated with the introduction of a standardised board and lodging fee structure for residents in disability residential services from 1 April 2014.

Table 3.4.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	3 448.3	3 581.3	3 589.7	3 779.2
Special appropriations	63.9	63.9	63.9	63.9
Interest	0.2	0.4	0.4	0.4
Sale of goods and services	18.7	16.4	16.4	16.3
Grants	12.3	8.2	12.4	12.0
Fair value of assets and services received free of charge or for nominal consideration	0.3	..	..	..
Other income	3.9	0.7	0.7	0.7
Total income from transactions	3 547.7	3 670.9	3 683.4	3 872.6
Expenses from transactions				
Employee benefits	833.4	831.3	831.4	852.0
Depreciation	33.7	36.8	36.8	39.6
Interest expense	2.4	2.9	2.9	2.9
Grants and other transfers	662.2	647.4	682.4	683.6
Capital asset charge	55.6	58.0	58.0	60.2
Other operating expenses	1 950.2	2 089.2	2 066.6	2 229.0
Total expenses from transactions	3 537.5	3 665.6	3 678.1	3 867.3
Net result from transactions (net operating balance)	10.3	5.3	5.3	5.3
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(11.0)	(3.8)	(3.8)	(3.8)
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.5)	..	..	..
Other gains/(losses) from economic flows	1.7	(0.1)	(0.1)	(0.1)
Total other economic flows included in net result	(9.8)	(3.8)	(3.8)	(3.8)
Net result	0.4	1.4	1.4	1.4
Other economic flows – other comprehensive income				
Asset revaluation reserve	(0.5)	..	..	..
Financial assets available-for-sale reserve	0.3	..	..	..
Total other economic flows – other comprehensive income	(0.2)	..	..	..
Comprehensive result	0.2	1.4	1.4	1.4

Sources: Departments of Human Services and Treasury and Finance

Table 3.4.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	37.1	44.1	44.4	51.8
Receivables	259.5	302.3	294.6	298.6
Other financial assets	7.3	7.3	7.3	7.3
Total financial assets	303.9	353.7	346.4	357.6
Non-financial assets				
Inventories	0.4	0.4	0.4	0.4
Non-financial assets classified as held for sale including disposal group assets	1.0	1.0	1.0	1.0
Property, plant and equipment	747.0	786.1	772.8	820.8
Intangible assets	21.7	20.1	25.4	31.4
Other	3.8	3.8	3.8	3.8
Total non-financial assets	773.8	811.4	803.5	857.4
Total assets	1 077.7	1 165.1	1 149.9	1 215.0
Liabilities				
Payables	159.7	161.3	161.3	162.9
Borrowings	44.8	46.3	46.3	47.9
Provisions	225.0	244.4	244.1	263.2
Total liabilities	429.5	452.0	451.8	474.0
Net assets	648.2	713.1	698.0	741.1
Equity				
Accumulated surplus/(deficit)	311.3	312.8	313.1	314.6
Contributed capital and Reserves	336.8	400.3	384.9	426.5
Total equity	648.2	713.1	698.0	741.1

Sources: Departments of Human Services and Treasury and Finance

Table 3.4.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	3 512.4	3 645.7	3 654.0	3 843.6
Receipts from other entities	12.9	9.1	13.2	12.8
Interest received	0.2	0.4	0.4	0.4
Other receipts	(7.3)	21.4	21.4	21.4
Total receipts	3 518.2	3 676.5	3 689.0	3 878.2
Payments				
Payments of grants and other transfers	(662.1)	(647.4)	(682.4)	(683.6)
Payments to suppliers and employees	(2 763.4)	(2 899.5)	(2 877.8)	(3 060.4)
Capital asset charge	(55.6)	(58.0)	(58.0)	(60.2)
Interest and other costs of finance paid	(2.4)	(2.9)	(2.9)	(2.9)
Total payments	(3 483.6)	(3 607.8)	(3 621.1)	(3 807.0)
Net cash flows from/(used in) operating activities	34.6	68.7	67.9	71.2
Cash flows from investing activities				
Net investment	(16.1)	(48.1)	(40.2)	(9.5)
Payments for non-financial assets	(32.0)	(78.3)	(70.3)	(97.4)
Proceeds from sale of non-financial assets	12.5	..	..	..
Net cash flow from/(used in) investing activities	(35.7)	(126.3)	(110.5)	(106.9)
Cash flows from financing activities				
Owner contributions by State Government	13.3	63.5	48.3	41.6
Repayment of finance leases	(19.4)	..	..	..
Net borrowings	13.1	1.5	1.5	1.5
Net cash flows from/(used in) financing activities	7.0	65.0	49.9	43.1
Net increase/(decrease) in cash and cash equivalents	6.0	7.3	7.3	7.3
Cash and cash equivalents at the beginning of the financial year	30.5	36.8	37.1	44.4
Cash and cash equivalents at the end of the financial year	37.1	44.1	44.4	51.8

Sources: Departments of Human Services and Treasury and Finance

Table 3.4.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	310.6	(117.7)	440.1	1.7	634.6
Comprehensive result	0.7	..	(0.5)	..	0.2
Transactions with owners in their capacity as owners	..	13.3	..	..	13.3
Closing balance 30 June 2013 (actual)	311.3	(104.4)	439.6	1.7	648.2
Comprehensive result	1.4	..	..	..	1.4
Transactions with owners in their capacity as owners	..	63.5	..	..	63.5
Closing balance 30 June 2014 (budget)	312.8	(41.0)	439.6	1.7	713.1
Comprehensive result	1.4	..	..	..	1.4
Transactions with owners in their capacity as owners	..	48.3	..	..	48.3
Closing balance 30 June 2014 (revised)	312.8	(56.1)	439.6	1.7	698.0
Comprehensive result	1.4	..	..	..	1.4
Transactions with owners in their capacity as owners	..	41.6	..	..	41.6
Closing balance 30 June 2015 (estimate)	314.2	(14.5)	439.6	1.7	741.0

Sources: Departments of Human Services and Treasury and Finance

Table 3.4.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Administered income				
Sale of goods and services	10.0	42.2	14.7	29.8
Grants	15.2	3.5	3.5	3.1
Other income	1.2	0.8	0.8	0.8
Total administered income	26.4	46.5	19.0	33.7
Administered expenses				
Expenses on behalf of the State	2.7	0.8	0.8	0.8
Grants and other transfers	1.7	..	..	..
Payments into the Consolidated Fund	30.6	52.2	24.7	39.1
Total administered expenses	34.9	53.0	25.5	39.9
Income less expenses	(8.5)	(6.5)	(6.5)	(6.3)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	8.9	6.5	6.5	6.3
Other gains/(losses) from other economic flows	(0.1)	..	..	..
Total other economic flows included in net result	8.9	6.5	6.5	6.3
Net result	0.3	..	..	..
Comprehensive result	0.3	..	..	..
Administered assets				
Cash and deposits	0.6	0.6	0.6	0.6
Receivables	4.7	4.7	4.7	4.7
Other financial assets	0.9	0.9	0.9	0.9
Total administered assets	6.3	6.3	6.3	6.3
Administered liabilities				
Provisions	4.2	4.2	4.2	4.2
Total administered liabilities	4.2	4.2	4.2	4.2
Net assets	2.1	2.1	2.1	2.1

Sources: Departments of Human Services and Treasury and Finance

DEPARTMENT OF JUSTICE

Operating performance

The net result from transactions for the Department of Justice is forecast to improve from a revised budget deficit of \$34.7 million for 2013-14 to an estimated deficit of \$12.7 million in 2014-15. The estimated deficit in 2014-15 reflects the impact of increasing expenditure for the Liquor and Gambling Information System, and a re-phase of expenditure to align with an additional gambling prevention program, both of which are drawing down on prior year accumulated surplus.

Output appropriation revenue in 2014-15 will increase by \$104.9 million compared to the 2013-14 revised budget. This is due to:

- new output initiatives announced in the *2014-15 Budget*, including Corrections system expansion, Adult parole system funding, Targeted women's correctional response and Social and Community Services Equal Remuneration Order; and
- the continuing implementation of existing initiatives, including additional capacity across the prison system, increasing numbers of Protective Service officers and the recruitment of additional police officers.

This increase is offset by the separation of Courts. The *Court Services Victoria Act 2014* established Courts as a statutory public sector body to provide the administrative services and facilities for Victoria's courts and Victorian Civil and Administrative Tribunal, which are currently delivered through the Department of Justice. This change takes effect from 1 July 2014 and estimates for the *2014-15 Budget* reflect this separation.

Estimated 2014-15 departmental operating expenses are forecast to increase by approximately the same amount as revenue due to the factors identified above.

Balance sheet

The Department's 2014-15 net asset position is estimated to improve by \$18.6 million compared to the 2013-14 revised budget. This is largely attributable to additional capital investment, particularly in the corrections system. This is partially offset by the transfer out of net assets to Courts.

Investing and financing

The increase in payments for non-financial assets in 2014-15 reflects new asset investment programs for the Department of Justice, such as Corrections system expansion and continuing implementation of asset investment programs commenced in earlier budgets such as a new high security unit at Barwon and additional prison beds. In addition, funding is provided for new initiatives such as replacement of respiratory protection equipment, ESTA triple zero (000) communications enhancement and Victoria police station replacements in Echuca and St Kilda Road.

Administered items statement

Revenue administered by the Department of Justice on behalf of the State and third parties is forecast to rise by \$45.0 million in 2014-15 relative to the 2013-14 revised budget. This is driven by increases in gaming taxation and fines revenue being greater than the reduction in fees and special appropriations transferred to the Courts. Administered expenses are expected to increase by \$23.5 million over the same period largely due to the transfer of higher fines, fee and taxation revenue into the Consolidated Fund.

Other economic flows have increased relative to the 2013-14 revised budget due to the recognition of bad and doubtful debts resulting from fine related enforcement activities. Outstanding debts will continue to be vigorously pursued through all legal means, however prudent accounting requires that provision be made for such debts.

Table 3.5.1: Comprehensive operating statement

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i> ^(a)
Net result from continuing operations				
Income from transactions				
Output appropriations	4 157.7	5 114.8	5 128.9	5 233.8
Special appropriations	137.8	142.9	152.2	73.8
Interest	66.3	69.1	57.0	67.3
Sale of goods and services	14.7	15.4	16.6	16.6
Grants	48.8	51.6	49.7	48.7
Fair value of assets and services received free of charge or for nominal consideration	37.0	..	..	..
Other income	18.9	11.5	11.5	11.5
Total income from transactions	4 481.1	5 405.4	5 415.8	5 451.8
Expenses from transactions				
Employee benefits	2 469.7	2 585.2	2 612.8	2 555.1
Depreciation	183.5	178.9	197.3	167.3
Interest expense	37.6	40.3	40.3	28.8
Grants and other transfers	356.7	928.4	949.2	1 055.4
Capital asset charge	200.4	238.5	216.3	196.1
Other operating expenses	1 185.8	1 416.2	1 434.6	1 461.8
Total expenses from transactions	4 433.7	5 387.5	5 450.5	5 464.5
Net result from transactions (net operating balance)	47.4	17.9	(34.7)	(12.7)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	10.1	10.7	10.7	10.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(2.3)	..	..	..
Other gains/(losses) from economic flows	7.6	..	..	..
Total other economic flows included in net result	15.4	10.7	10.7	10.7
Net result	62.8	28.6	(24.0)	(2.0)
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	(0.4)	..	..	..
Asset revaluation reserve	(20.7)	..	..	..
Other	0.8	..	..	..
Total other economic flows – other comprehensive income	(20.3)	..	..	..
Comprehensive result	42.5	28.6	(24.0)	(2.0)

Sources: Departments of Justice and Treasury and Finance

Note:

(a) The 2014-15 budget reflects the separation of Courts, which is effective from 1 July 2014.

Table 3.5.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i> ^(a)
Assets				
Financial assets				
Cash and deposits	307.3	320.1	301.7	295.5
Receivables	710.7	765.4	722.9	750.5
Other financial assets	246.7	270.7	270.7	280.2
Total financial assets	1 264.8	1 356.2	1 295.2	1 326.3
Non-financial assets				
Inventories	15.4	15.4	15.4	15.4
Non-financial assets classified as held for sale including disposal group assets	13.3	6.7	9.2	9.2
Property, plant and equipment	3 934.5	4 579.1	4 238.3	3 821.2
Intangible assets	119.4	118.8	119.6	84.9
Other	9.9	9.9	9.9	9.9
Total non-financial assets	4 092.5	4 729.9	4 392.4	3 940.6
Total assets	5 357.3	6 086.1	5 687.7	5 266.9
Liabilities				
Payables	480.5	501.1	513.7	241.8
Borrowings	407.4	374.1	374.1	235.7
Provisions	659.0	674.1	691.3	662.3
Total liabilities	1 546.9	1 549.4	1 579.1	1 139.8
Net assets	3 810.4	4 536.7	4 108.6	4 127.2
Equity				
Accumulated surplus/(deficit)	700.2	728.8	676.2	674.3
Reserves	1 540.0	1 540.0	1 540.0	1 540.0
Contributed capital	1 570.2	2 267.9	1 892.3	1 912.9
Total equity	3 810.4	4 536.7	4 108.6	4 127.2

Sources: Departments of Justice and Treasury and Finance

Note:

(a) The 2014-15 budget reflects the separation of Courts, which is effective from 1 July 2014.

Table 3.5.3: Statement of cash flows

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget ^(a)
Cash flows from operating activities				
Receipts				
Receipts from Government	4 299.1	5 262.1	5 284.9	5 311.5
Receipts from other entities	60.9	59.8	59.6	58.6
Interest received	62.3	68.7	56.7	66.7
Other receipts	(3.3)	15.1	15.3	15.1
Total receipts	4 418.9	5 405.7	5 416.5	5 451.9
Payments				
Payments of grants and other transfers	(357.3)	(929.1)	(950.2)	(1 056.0)
Payments to suppliers and employees	(3 626.6)	(3 965.9)	(4 010.4)	(3 977.8)
Capital asset charge	(200.4)	(238.5)	(216.3)	(196.1)
Interest and other costs of finance paid	(37.4)	(40.1)	(40.1)	(28.6)
Total payments	(4 221.7)	(5 173.5)	(5 217.0)	(5 258.5)
Net cash flows from/(used in) operating activities	197.3	232.2	199.6	193.4
Cash flows from investing activities				
Net investment	(55.2)	(164.5)	(35.9)	(79.3)
Payments for non-financial assets	(258.5)	(839.6)	(492.3)	(852.3)
Proceeds from sale of non-financial assets	34.1	34.0	34.0	34.0
Net loans to other parties	9.1	..	..	..
Net (purchase)/disposal of investments – policy purposes	..	..	..	..
Net cash flow from/(used in) investing activities	(270.6)	(970.1)	(494.2)	(897.5)
Cash flows from financing activities				
Owner contributions by State Government	99.9	697.7	322.1	728.5
Repayment of finance leases	(21.6)	(22.4)	(22.4)	(17.6)
Net borrowings	188.3	75.2	(10.9)	(11.3)
Net cash flows from/(used in) financing activities	266.7	750.5	288.9	699.6
Net increase/(decrease) in cash and cash equivalents	193.3	12.6	(5.8)	(4.5)
Cash and cash equivalents at the beginning of the financial year	114.0	307.5	307.5	300.0
Cash and cash equivalents at the end of the financial year	307.3	320.2	301.7	295.5

Sources: Departments of Justice and Treasury and Finance

Note:

(a) The 2014-15 budget reflects the separation of Courts, which is effective from 1 July 2014.

Table 3.5.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	637.0	1 478.0	1 560.7	..	3 675.7
Comprehensive result	63.2	..	(20.7)	..	42.5
Transactions with owners in their capacity as owners	..	92.2	..	..	92.2
Closing balance 30 June 2013 (actual)	700.2	1 570.2	1 540.0	..	3 810.4
Comprehensive result	28.6	..	..	..	28.6
Transactions with owners in their capacity as owners	..	697.7	..	..	697.7
Closing balance 30 June 2014 (budget)	728.8	2 267.9	1 540.0	..	4 536.7
Comprehensive result	(24.0)	..	..	..	(24.0)
Transactions with owners in their capacity as owners	..	322.1	..	..	322.1
Closing balance 30 June 2014 (revised)	676.2	1 892.3	1 540.0	..	4 108.6
Comprehensive result	(2.0)	..	..	..	(2.0)
Transactions with owners in their capacity as owners	..	20.6	..	..	20.6
Closing balance 30 June 2015 (estimate)^(a)	674.3	1 912.9	1 540.0	..	4 127.2

Sources: Departments of Justice and Treasury and Finance

Note:

(a) The 2014-15 estimate reflects the separation of Courts, which is effective from 1 July 2014.

Table 3.5.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget ^(a)
Administered income				
Appropriations – payments made on behalf of the State	35.4	54.5	54.5	54.5
Special appropriations	47.7	63.7	63.9	20.7
Sale of goods and services	506.3	456.5	498.0	395.4
Grants	4.3	7.0	9.0	9.3
Interest	15.1	..	11.1	7.8
Other income	2 446.9	2 624.3	2 375.2	2 569.1
Total administered income	3 055.8	3 206.0	3 011.7	3 056.7
Administered expenses				
Expenses on behalf of the State	22.2	13.6	12.6	12.7
Grants and other transfers	38.8	58.8	59.0	15.7
Payments into the Consolidated Fund	2 515.7	2 840.3	2 619.4	2 686.0
Total administered expenses	2 576.8	2 912.8	2 691.0	2 714.5
Income less expenses	479.0	293.2	320.7	342.2
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	2.5	0.7	0.7	0.7
Other gains/(losses) from other economic flows	(344.7)	(365.9)	(262.7)	(280.9)
Total other economic flows included in net result	(342.2)	(365.2)	(262.0)	(280.2)
Net result	136.8	(72.0)	58.7	62.1
Other economic flows – other comprehensive income				
Other	(3.2)	..	..	..
Total other economic flows – other comprehensive income	(3.2)	..	..	..
Comprehensive result	133.5	(72.0)	58.7	62.1
Administered assets				
Cash and deposits	72.8	72.4	72.4	65.1
Receivables	1 598.9	1 387.2	1 521.7	1 448.1
Other financial assets	..	2.0	2.0	4.0
Total administered assets	1 671.7	1 461.6	1 596.2	1 517.3
Administered liabilities				
Payables	1 368.4	1 230.2	1 234.1	1 092.8
Provisions	1.4	1.4	1.4	0.6
Total administered liabilities	1 369.9	1 231.6	1 235.5	1 093.3
Net assets	301.9	230.0	360.6	423.9

Sources: Departments of Justice and Treasury and Finance

Note:

(a) The 2014-15 budget reflects the separation of Courts, which is effective from 1 July 2014.

Table 3.5.6: Payments made on behalf of the State

(\$ million)

<i>Accounts</i>	<i>2013-14 Budget</i>	<i>2013-14 Revised</i>	<i>2014-15 Budget</i>
Tattersalls duty payments to other jurisdictions	54.5	54.5	54.5
Total	54.5	54.5	54.5

Sources: Departments of Justice and Treasury and Finance

DEPARTMENT OF PREMIER AND CABINET

Operating performance

The net result from transactions for the Department of Premier and Cabinet is forecast to increase from \$4.5 million in the 2013-14 revised budget to \$6.5 million in the 2014-15 budget.

The Department anticipates that total income from transactions in 2014-15 will increase by \$11.0 million compared to the 2013-14 revised budget. This increase is primarily due to new output initiative funding announced in the *2014-15 Budget*, including:

- Arts Centre Melbourne additional funding;
- Summer in Southbank; and
- World War I centenary commemorations.

Estimated 2014-15 departmental operating expenses are forecast to increase by a similar amount as revenue due to the factors identified above.

Balance sheet

The Department's net asset position is estimated to increase by \$28.9 million in 2014-15. This results from funding for new asset initiatives in the 2014-15 budget, as well as from an increased financial receivable representing appropriation received for depreciation not being fully drawn down in cash.

New and renewed asset initiative funding reflected in the 2014-15 budget includes:

- Arts and Cultural Facilities Maintenance Fund;
- Arts Centre Melbourne building services upgrade; and
- Museum Victoria exhibition renewal.

Investing and financing

The Department's statement of cash flows shows a decrease in payments for non-financial assets from \$80.4 million in the 2013-14 revised budget to \$59.4 million in the 2014-15 budget due to the Shrine of Remembrance development being substantially completed during 2013-14.

Included in 2014-15 are the new asset initiatives identified above, further expenditure on existing capital projects, and other projects funded from minor works and other revenues of the arts agencies.

Administered items statement

The Department's administered items statement shows increased revenue and expenditure in both the 2013-14 revised budget and the 2014-15 budget. This is due to \$5 million funding provided over two years for the Hazelwood Mine Fire Inquiry, as announced in March 2014.

Table 3.6.1: Comprehensive operating statement

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	548.8	579.2	573.4	593.8
Special appropriations	8.3	8.3	8.7	8.7
Interest	7.0	3.3	2.8	2.9
Sale of goods and services	64.1	50.2	58.6	56.9
Grants	15.6	11.5	15.5	7.3
Fair value of assets and services received free of charge or for nominal consideration	0.6	1.5	1.5	1.7
Other income	26.8	26.0	24.3	24.5
Total income from transactions	671.1	680.0	684.7	695.7
Expenses from transactions				
Employee benefits	215.8	221.6	236.2	240.4
Depreciation	64.6	62.0	62.1	67.8
Interest expense	0.1	..	..	..
Grants and other transfers	102.1	123.1	115.3	123.0
Capital asset charge	98.7	99.6	99.6	100.4
Other operating expenses	178.1	165.0	167.1	157.6
Total expenses from transactions	659.4	671.3	680.2	689.2
Net result from transactions (net operating balance)	11.6	8.7	4.5	6.5
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(0.6)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	2.3	(0.2)	(0.9)	(0.8)
Other gains/(losses) from economic flows	0.3	..	..	..
Total other economic flows included in net result	2.0	(0.2)	(0.9)	(0.8)
Net result	13.6	8.5	3.6	5.7
Other economic flows – other comprehensive income				
Asset revaluation reserve	8.9	..	..	..
Financial assets available-for-sale reserve	2.7	1.0	1.1	1.1
Other	5.0	0.3	18.7	(4.1)
Total other economic flows – other comprehensive income	16.6	1.2	19.8	(2.9)
Comprehensive result	30.2	9.7	23.3	2.8

Sources: Departments of Premier and Cabinet and Treasury and Finance

Table 3.6.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i>	<i>2014</i>	<i>2014</i>	<i>2015</i>
	<i>Actual</i>	<i>Budget</i>	<i>Revised</i>	<i>Budget</i>
Assets				
Financial assets				
Cash and deposits	55.1	52.5	57.2	54.5
Receivables	159.6	188.5	190.5	232.9
Other financial assets	75.9	74.5	72.2	73.3
Total financial assets	290.6	315.5	319.9	360.6
Non-financial assets				
Inventories	3.7	3.7	3.8	3.7
Property, plant and equipment	6 601.2	6 619.0	6 643.9	6 631.6
Intangible assets	4.2	4.2	7.5	7.4
Other	1.0	1.0	0.9	0.9
Total non-financial assets	6 610.1	6 628.0	6 656.0	6 643.6
Total assets	6 900.7	6 943.4	6 975.9	7 004.3
Liabilities				
Payables	26.8	27.0	26.2	25.6
Borrowings	2.6	2.6	2.8	2.8
Provisions	43.7	47.1	45.7	45.8
Total liabilities	73.1	76.7	74.7	74.1
Net assets	6 827.6	6 866.7	6 901.3	6 930.2
Equity				
Accumulated surplus/(deficit)	73.5	71.3	60.6	58.1
Reserves	5 159.9	5 171.8	5 196.2	5 201.5
Contributed capital	1 594.2	1 623.6	1 644.5	1 670.6
Total equity	6 827.6	6 866.7	6 901.3	6 930.2

Sources: Departments of Premier and Cabinet and Treasury and Finance

Table 3.6.3: Statement of cash flows

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Cash flows from operating activities				
Receipts				
Receipts from Government	557.1	587.6	582.1	602.4
Receipts from other entities	79.9	61.3	73.2	62.3
Interest received	7.1	3.3	2.8	2.9
Other receipts	29.5	26.1	26.0	26.1
Total receipts	673.6	678.3	684.0	693.8
Payments				
Payments of grants and other transfers	(102.7)	(123.1)	(115.3)	(123.0)
Payments to suppliers and employees	(391.4)	(380.9)	(401.4)	(396.9)
Capital asset charge	(98.7)	(99.6)	(99.6)	(100.4)
Interest and other costs of finance paid	(0.1)	..	..	..
Total payments	(593.0)	(603.6)	(616.3)	(620.3)
Net cash flows from/(used in) operating activities	80.6	74.8	67.8	73.4
Cash flows from investing activities				
Net investment	(40.7)	(23.4)	(23.4)	(42.1)
Payments for non-financial assets	(25.1)	(80.4)	(80.4)	(59.4)
Proceeds from sale of non-financial assets	0.8	..	..	..
Net cash flow from/(used in) investing activities	(65.0)	(103.8)	(103.7)	(101.5)
Cash flows from financing activities				
Owner contributions by State Government	(6.6)	29.7	38.7	26.1
Net borrowings	(0.3)	(0.2)	(0.9)	(0.8)
Net cash flows from/(used in) financing activities	(6.9)	29.5	37.9	25.3
Net increase/(decrease) in cash and cash equivalents	8.7	0.4	1.9	(2.8)
Cash and cash equivalents at the beginning of the financial year	46.4	52.0	55.3	57.2
Cash and cash equivalents at the end of the financial year	55.1	52.5	57.2	54.5

Sources: Departments of Premier and Cabinet and Treasury and Finance

Table 3.6.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	68.9	1 599.9	4 808.0	326.2	6 803.1
Comprehensive result	4.6	..	8.9	16.8	30.2
Transactions with owners in their capacity as owners	..	(5.7)	..	..	(5.7)
Closing balance 30 June 2013 (actual)	73.5	1 594.2	4 816.9	343.0	6 827.6
Comprehensive result	(2.2)	..	..	11.9	9.7
Transactions with owners in their capacity as owners	..	29.4	..	..	29.4
Closing balance 30 June 2014 (budget)	71.3	1 623.6	4 816.9	354.9	6 866.7
Machinery of Government	..	11.6	..	..	11.6
Comprehensive result	(12.9)	..	..	36.3	23.3
Transactions with owners in their capacity as owners	..	38.7	..	..	38.7
Closing balance 30 June 2014 (revised)	60.6	1 644.5	4 816.9	379.3	6 901.3
Comprehensive result	(2.5)	..	..	5.3	2.8
Transactions with owners in their capacity as owners	..	26.1	..	..	26.1
Closing balance 30 June 2015 (estimate)	58.1	1 670.6	4 816.9	384.6	6 930.2

Sources: Departments of Premier and Cabinet and Treasury and Finance

Table 3.6.5: Administered items statement

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Administered income				
Appropriations – payments made on behalf of the State	..	..	1.5	3.5
Sale of goods and services	0.5	0.5	0.5	1.3
Other income	0.1	0.3	0.3	0.3
Total administered income	0.6	0.8	2.3	5.1
Administered expenses				
Expenses on behalf of the State	..	..	1.5	3.5
Payments into the Consolidated Fund	0.6	0.8	0.8	1.6
Total administered expenses	0.6	0.8	2.3	5.1
Income less expenses	..	..	..	..
Net result	..	..	..	..
Comprehensive result	..	..	..	..
Administered assets				
Cash and deposits	0.3	0.3	0.3	0.3
Receivables	0.1	0.1	0.1	0.1
Total administered assets	0.3	0.3	0.3	0.3
Administered liabilities				
Payables	0.2	0.2	0.2	0.2
Total administered liabilities	0.2	0.2	0.2	0.2
Net assets	0.1	0.1	0.1	0.1

Sources: Departments of Premier and Cabinet and Treasury and Finance

Table 3.6.6: Payments made on behalf of the State

(\$ million)

<i>Accounts</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Hazelwood Mine Fire Inquiry	..	1.5	3.5
Total	..	1.5	3.5

Sources: Departments of Premier and Cabinet and Treasury and Finance

DEPARTMENT OF STATE DEVELOPMENT, BUSINESS AND INNOVATION

Operating performance

The net result from transactions for the Department of State Development, Business and Innovation is forecast to be a deficit of \$31.4 million in 2014-15. This is mainly due to additional expenditure from the Regional Growth Fund that is sourced from revenue recognised in previous years.

The operating statement shows a decrease in total income from transactions of \$70.3 million (6.3 per cent) to \$1.059 billion, compared to the 2013-14 revised budget of \$1.130 billion. This decrease is mainly due to the majority of the remaining revenue from the Kew Residential Services Redevelopment project being received in 2013-14, with a lower amount of revenue expected in 2014-15.

Income from transactions is sourced from appropriations, Commonwealth funding, Major Events trust funds and external revenue for projects managed by Major Projects Victoria.

Total budgeted income for 2014-15 includes funding for initiatives announced in the *2014-15 Budget* including Regional Connectivity program, Business Events, Global Health Melbourne, CenITex transformation, Melbourne Marketing and Development projects along the Richmond to Footscray rail corridor.

Operating expenses of \$1.091 billion in 2014-15 have decreased by \$71.8 million from the 2013-14 revised budget and reflect decreased expenditure associated with the revenue reduction mentioned above.

Balance sheet

The Department's net asset position is expected to decrease by \$362.4 million compared to the 2013-14 revised budget. The expected decrease in net assets is mainly due to the proposed transfer of the Melbourne Wholesale Markets Development from the Department to the Melbourne Markets Authority in 2014-15.

Investing and financing

Cash flows from investing activities in 2014-15 primarily reflect new asset investment programs such as Ballarat West Employment Zone – Stage 1, Regional Connectivity Program, Melbourne Exhibition Centre – Adjustment and continuing implementation of asset investment programs commenced in earlier budgets such as Melbourne Wholesale Markets Development and Federation Square Asset Replacement. Capital outlay by CenITex for IT equipment and infrastructure is also included.

Administered items statement

Total income from transactions is expected to decrease by \$3.4 million (2.3 per cent) to \$142.8 million in 2014-15 compared to the 2013-14 revised budget.

The administered appropriation and interest expense for 2014-15 relates to the quarterly service payments associated with the Melbourne Exhibition and Convention Centre. The Department has previously recognised an administered liability for the lease payments and a loan receivable from the Melbourne Convention and Exhibition Trust.

Other income includes royalty revenue for brown coal and other earth resources which are received by the Department and transferred into the Consolidated Fund.

Table 3.7.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	438.1	787.3	727.5	786.2
Interest	2.4	10.2	10.5	10.4
Sale of goods and services	2.3	60.8	169.4	188.3
Grants	84.1	11.6	82.4	3.0
Other income	100.8	189.7	139.9	71.5
Total income from transactions	627.8	1 059.6	1 129.7	1 059.4
Expenses from transactions				
Employee benefits	94.3	134.6	197.0	198.0
Depreciation	4.4	7.9	37.2	36.2
Interest expense	0.1	..	..	..
Grants and other transfers	279.6	461.8	480.9	440.2
Capital asset charge	9.5	9.8	9.8	10.6
Other operating expenses	235.4	444.3	437.5	405.7
Total expenses from transactions	623.3	1 058.5	1 162.6	1 090.8
Net result from transactions (net operating balance)	4.5	1.1	(32.9)	(31.4)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(4.5)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	..	(0.2)	(0.2)	(0.2)
Other gains/(losses) from economic flows	0.1	..	..	..
Total other economic flows included in net result	(4.5)	(0.2)	(0.2)	(0.2)
Net result	..	1.0	(33.1)	(31.6)
Other economic flows – other comprehensive income				
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	(29.3)	..	..	..
Asset revaluation reserve	..	0.6	0.6	..
Financial assets available-for-sale reserve	..	..	0.1	..
Other	29.3	..	18.6	2.5
Total other economic flows – other comprehensive income	..	0.6	19.3	2.5
Comprehensive result	0.1	1.5	(13.8)	(29.1)

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Table 3.7.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i>	<i>2014</i>	<i>2014</i>	<i>2015</i>
	<i>Actual</i>	<i>Budget</i>	<i>Revised</i>	<i>Budget</i>
Assets				
Financial assets				
Cash and deposits	134.3	375.0	362.7	342.4
Receivables	77.4	97.6	153.0	159.6
Other financial assets	38.2	37.3	37.4	36.3
Investments accounted for using equity method	35.0	35.0	35.0	35.0
Total financial assets	285.0	544.9	588.0	573.3
Non-financial assets				
Inventories	23.6	23.6	7.1	..
Property, plant and equipment	584.9	689.2	661.5	321.6
Intangible assets	18.0	28.5	43.7	43.2
Other	39.5	41.0	40.3	40.7
Total non-financial assets	666.1	782.4	752.6	405.6
Total assets	951.1	1 327.3	1 340.7	978.9
Liabilities				
Payables	88.6	120.7	124.9	125.5
Borrowings	1.2	4.7	3.9	3.9
Provisions	35.1	47.1	50.7	50.7
Total liabilities	124.9	172.5	179.6	180.2
Net assets	826.2	1 154.8	1 161.1	798.7
Equity				
Accumulated surplus/(deficit)	154.7	155.6	(86.8)	(115.9)
Reserves	31.0	31.7	31.7	31.7
Contributed capital	640.6	967.5	1 216.2	882.9
Total equity	826.2	1 154.8	1 161.1	798.7

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Table 3.7.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	438.1	790.3	727.5	786.2
Receipts from other entities	94.3	69.4	89.9	25.4
Interest received	2.8	10.1	10.5	10.4
Other receipts	100.3	188.7	300.7	237.4
Total receipts	635.5	1 058.5	1 128.6	1 059.4
Payments				
Payments of grants and other transfers	(136.8)	(461.8)	(480.9)	(440.2)
Payments to suppliers and employees	(467.4)	(567.8)	(606.5)	(603.4)
Capital asset charge	(9.5)	(9.8)	(9.8)	(10.6)
Interest and other costs of finance paid	(0.1)	..	..	..
Total payments	(613.8)	(1 039.4)	(1 097.3)	(1 054.3)
Net cash flows from/(used in) operating activities	21.7	19.1	31.3	5.1
Cash flows from investing activities				
Net investment	38.4	(7.8)	(6.1)	(5.5)
Payments for non-financial assets	(113.8)	(118.7)	(94.7)	(136.4)
Proceeds from sale of non-financial assets	(0.2)	..	..	..
Net loans to other parties	(0.9)	0.9	0.9	0.9
Net cash flow from/(used in) investing activities	(76.5)	(125.6)	(99.9)	(141.0)
Cash flows from financing activities				
Owner contributions by State Government	118.0	345.6	103.5	116.7
Repayment of finance leases	(0.1)	..	..	..
Net borrowings	32.8	1.5	(14.5)	(1.0)
Net cash flows from/(used in) financing activities	150.7	347.1	89.0	115.7
Net increase/(decrease) in cash and cash equivalents	95.9	240.6	20.4	(20.2)
Cash and cash equivalents at the beginning of the financial year	38.4	134.4	342.3	362.7
Cash and cash equivalents at the end of the financial year	134.4	375.0	362.7	342.4

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Table 3.7.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	160.9	532.2	31.0	..	724.1
Comprehensive result	(6.3)	..	..	..	(6.3)
Transactions with owners in their capacity as owners	..	108.4	..	..	108.4
Closing balance 30 June 2013 (actual)	154.7	640.6	31.0	..	826.2
Comprehensive result	0.9	..	0.6	0.1	1.6
Transactions with owners in their capacity as owners	..	327.0	..	..	327.0
Closing balance 30 June 2014 (budget)	155.6	967.5	31.6	0.1	1 154.8
Machinery of Government	..	263.9	..	..	263.9
Comprehensive result	(241.5)	..	0.6	0.1	(240.8)
Transactions with owners in their capacity as owners	..	311.9	..	..	311.9
Closing balance 30 June 2014 (revised)	(86.8)	1 216.3	31.6	0.1	1 161.2
Comprehensive result	(29.1)	..	..	..	(29.1)
Transactions with owners in their capacity as owners	..	(333.4)	..	..	(333.4)
Closing balance 30 June 2015 (estimate)	(115.9)	882.9	31.6	0.1	798.7

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Table 3.7.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Administered income				
Appropriations – payments made on behalf of the State	59.0	64.0	61.5	63.7
Sale of goods and services	1.0	9.8	8.9	3.2
Grants	1.1	5.0	5.4	6.3
Interest	16.8	14.3	14.3	14.3
Other income	18.1	52.7	56.1	55.3
Total administered income	96.1	145.8	146.2	142.8
Administered expenses				
Expenses on behalf of the State	54.1	42.0	39.5	41.7
Grants and other transfers	4.9	8.0	8.0	8.0
Payments into the Consolidated Fund	43.3	70.6	68.2	62.6
Total administered expenses	102.3	120.6	115.7	112.3
Income less expenses	(6.2)	25.3	30.5	30.5
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	13.3	5.3	..	..
Other gains/(losses) from other economic flows	(0.1)	(0.1)	(0.1)	(0.1)
Total other economic flows included in net result	13.3	5.2	(0.1)	(0.1)
Net result	7.1	30.4	30.4	30.4
Other economic flows – other comprehensive income				
Other	..	(1.4)	(1.4)	..
Total other economic flows – other comprehensive income	..	(1.4)	(1.4)	..
Comprehensive result	7.1	29.0	29.0	30.4
Administered assets				
Cash and deposits	1.9	3.3	6.5	6.8
Receivables	289.9	371.9	423.4	437.7
Total administered assets	291.8	375.2	429.9	444.5
Administered liabilities				
Payables	87.0	86.7	88.3	86.5
Borrowings	461.1	447.1	447.1	433.1
Total administered liabilities	548.1	533.8	535.4	519.6
Net assets	(256.2)	(158.6)	(105.5)	(75.1)

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

Table 3.7.6: Payments made on behalf of the State*(\$ million)*

<i>Accounts</i>	<i>2013-14 Budget</i>	<i>2013-14 Revised</i>	<i>2014-15 Budget</i>
Finance Lease Interest	42.0	37.0	41.7
Grants to public non-financial corporations	8.0	8.0	8.0
Finance lease liability	14.0	14.0	14.0
Total	64.0	59.0	63.7

Sources: Departments of State Development, Business and Innovation and Treasury and Finance

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE

Operating performance

The Department of Transport, Planning and Local Infrastructure is expected to have a net result from transactions of \$183.3 million for the 2014-15 financial year. This is largely the result of Commonwealth and other funding for road projects being recognised as operating income but applied for asset investment (capital) purposes.

Total income and expenditures are expected to marginally decline in 2014-15 as compared to the 2013-14 State Budget mainly due to the cessation of Ticketing Guarantee payments. Metropolitan train and tram operators now receive a percentage of fare revenue directly.

Balance sheet

The Department's net asset position is estimated to increase by \$1.61 billion in 2014-15 compared to the 2013-14 budget. This comprises an estimated increase in total assets of \$1.74 billion and an estimated increase in total liabilities of \$0.13 billion.

Major movements in total assets include the construction of new roads, public transport and sporting infrastructure, as highlighted below.

Investing and financing

Cash flows from operating activities are consistent with the trends discussed above.

The expected investments in property, plant and equipment in 2014-15 reflect approved cash flows for existing road, public transport and sport related asset projects and new initiatives announced in the *2014-15 Budget*, including:

- planning and development for Melbourne Rail Link;
- planning, development and project approvals for East West Link – Western Section;
- Melbourne Park Redevelopment – Stage two;
- Metro Level Crossing Blitz;
- Princes Highway duplication project;
- planning and development for Cranbourne-Pakenham Rail Corridor project; and
- Murray Basin Rail Project.

Administered items statement

Transactions administered by the Department on behalf of the State in 2014-15 include the collection of road and public transport regulatory fees and fines revenues, Commonwealth financial assistance payments to local government and the collection of fees and charges for land title transactions. The estimates also include the progressive recognition of concession fees paid in advance by Transurban under the CityLink contract.

Administered payments are affected by the items outlined above.

Table 3.8.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	5 055.4	5 383.2	5 372.3	5 692.2
Special appropriations	1.9	7.0	17.0	13.9
Interest	6.1	4.3	6.6	6.5
Sale of goods and services	768.7	855.9	633.4	396.2
Grants	249.6	281.7	253.2	305.7
Fair value of assets and services received free of charge or for nominal consideration	54.0	..	12.0	..
Other income	140.5	113.3	135.3	113.6
Total income from transactions	6 276.2	6 645.3	6 429.8	6 528.1
Expenses from transactions				
Employee benefits	425.1	476.7	470.4	483.5
Depreciation	588.4	631.8	652.3	665.4
Interest expense	76.8	126.6	132.7	130.7
Grants and other transfers	2 077.1	2 309.7	2 254.0	2 390.1
Capital asset charge	80.3	87.6	87.6	88.6
Other operating expenses	2 932.2	2 942.6	2 800.6	2 586.4
Total expenses from transactions	6 179.8	6 575.1	6 397.8	6 344.7
Net result from transactions (net operating balance)	96.4	70.3	32.0	183.3
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(14.1)	..	1.2	0.7
Net gain/(loss) on financial instruments and statutory receivables/payables	(0.2)	(0.1)	..	(0.1)
Other gains/(losses) from economic flows	3.5	(0.2)	..	..
Total other economic flows included in net result	(10.8)	(0.3)	1.2	0.7
Net result	85.6	69.9	33.2	184.0
Other economic flows – other comprehensive income				
Asset revaluation reserve	(28.4)	3 071.0	35.5	3 922.2
Other	..	..	..	(2.5)
Total other economic flows – other comprehensive income	(28.4)	3 071.1	35.5	3 919.7
Comprehensive result	57.3	3 141.0	68.7	4 103.7

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Table 3.8.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i>
Assets				
Financial assets				
Cash and deposits	917.6	1 039.9	1 054.6	1 409.3
Receivables	801.3	842.0	877.5	873.3
Other financial assets	50.0	50.0	50.0	50.0
Investments accounted for using equity method	1.0	1.0	15.4	15.4
Total financial assets	1 769.9	1 932.8	1 997.6	2 348.0
Non-financial assets				
Inventories	21.4	21.4	21.4	21.4
Property, plant and equipment	47 213.8	51 069.7	47 955.9	52 407.6
Intangible assets	94.0	108.9	104.2	92.3
Other	14.2	14.3	14.3	14.3
Total non-financial assets	47 343.4	51 214.2	48 095.7	52 535.6
Total assets	49 113.4	53 147.1	50 093.3	54 883.5
Liabilities				
Payables	1 075.7	1 106.7	1 091.0	1 082.7
Borrowings	1 214.5	1 184.5	1 296.0	1 298.9
Provisions	487.0	524.1	537.0	560.8
Total liabilities	2 777.2	2 815.3	2 924.0	2 942.4
Net assets	46 336.2	50 331.7	47 169.3	51 941.2
Equity				
Accumulated surplus/(deficit)	16 895.8	16 965.7	16 928.9	17 112.9
Reserves	13 298.4	16 369.5	13 333.9	17 256.1
Contributed capital	16 142.0	16 996.5	16 906.5	17 572.1
Total equity	46 336.2	50 331.7	47 169.3	51 941.2

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Table 3.8.3: Statement of cash flows

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Cash flows from operating activities				
Receipts				
Receipts from Government	5 057.5	5 390.2	5 389.3	5 706.1
Receipts from other entities	1 063.3	1 169.1	916.5	732.5
Interest received	6.1	4.3	6.6	6.5
Other receipts	87.1	81.5	105.3	83.0
Total receipts	6 214.0	6 645.1	6 417.7	6 528.0
Payments				
Payments of grants and other transfers	(2 111.3)	(2 309.7)	(2 254.0)	(2 390.1)
Payments to suppliers and employees	(2 951.8)	(3 400.8)	(3 236.0)	(3 046.6)
Capital asset charge	(80.3)	(87.6)	(87.6)	(88.6)
Interest and other costs of finance paid	(52.8)	(126.8)	(133.7)	(131.4)
Total payments	(5 196.2)	(5 924.9)	(5 711.3)	(5 656.7)
Net cash flows from/(used in) operating activities	1 017.8	720.2	706.4	871.3
Cash flows from investing activities				
Net investment	(42.1)	6.3	(29.7)	3.7
Payments for non-financial assets	(1 613.1)	(2 069.2)	(1 832.0)	(2 262.2)
Proceeds from sale of non-financial assets	24.1	15.0	12.9	10.7
Net loans to other parties	(2.7)	0.6	(5.6)	1.1
Net (purchase)/disposal of investments – policy purposes	(1.0)	..	..	..
Net cash flow from/(used in) investing activities	(1 634.9)	(2 047.4)	(1 854.4)	(2 246.6)
Cash flows from financing activities				
Owner contributions by State Government	743.7	1 480.1	1 229.2	1 764.1
Repayment of finance leases	(11.0)	(29.9)	(30.4)	(33.3)
Net borrowings	(7.2)	(0.7)	(0.2)	(0.7)
Net cash flows from/(used in) financing activities	725.5	1 449.5	1 198.7	1 730.0
Net increase/(decrease) in cash and cash equivalents	108.4	122.3	50.7	354.7
Cash and cash equivalents at the beginning of the financial year	809.2	917.6	1 003.9	1 054.6
Cash and cash equivalents at the end of the financial year	917.6	1 039.9	1 054.6	1 409.3

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Table 3.8.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	16 810.1	15 810.0	13 326.8	..	45 946.9
Comprehensive result	85.6	..	(28.4)	..	57.3
Transactions with owners in their capacity as owners	..	332.0	..	..	332.0
Closing balance 30 June 2013 (actual)	16 895.8	16 142.0	13 298.4	..	46 336.2
Comprehensive result	69.9	..	3 071.0	..	3 140.9
Transactions with owners in their capacity as owners	..	854.6	..	..	854.6
Closing balance 30 June 2014 (budget)	16 965.6	16 996.5	16 369.5	..	50 331.6
Machinery of Government changes	..	330.3	..	..	330.3
Comprehensive result	33.2	..	35.5	..	68.7
Transactions with owners in their capacity as owners	..	434.2	..	..	434.2
Closing balance 30 June 2014 (revised)	16 928.9	16 906.5	13 333.9	..	47 169.3
Comprehensive result	184.0	..	3 922.2	..	4 106.2
Transactions with owners in their capacity as owners	..	665.6	..	..	665.6
Closing balance 30 June 2015 (estimate)	17 112.9	17 572.1	17 256.1	..	51 941.2

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Table 3.8.5: Administered items statement

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Administered income				
Appropriations – payments made on behalf of the State	..	0.9	0.9	0.9
Sale of goods and services	112.6	443.0	423.9	438.6
Grants	..	548.0	280.7	570.4
Other income	1 965.4	2 056.1	2 056.9	2 269.7
Total administered income	2 078.0	3 048.0	2 762.3	3 279.6
Administered expenses				
Expenses on behalf of the State	30.9	32.1	37.6	49.9
Grants and other transfers	..	548.9	281.6	571.3
Payments into the Consolidated Fund	2 012.1	2 455.0	2 436.0	2 662.5
Total administered expenses	2 043.0	3 035.9	2 755.2	3 283.7
Income less expenses	35.0	12.1	7.2	(4.1)
Other economic flows included in net result				
Other gains/(losses) from other economic flows	(16.7)	(13.8)	(14.4)	(14.2)
Total other economic flows included in net result	(16.7)	(13.8)	(14.4)	(14.2)
Net result	18.4	(1.8)	(7.3)	(18.3)
Administered assets				
Cash and deposits	9.7	11.3	9.5	9.5
Receivables	43.9	44.6	47.6	47.6
Total administered assets	53.6	56.0	57.0	57.0
Administered liabilities				
Payables	348.8	350.7	350.9	350.2
Total administered liabilities	348.8	350.7	350.9	350.2
Net assets	(295.2)	(294.7)	(293.8)	(293.1)

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

Table 3.8.6: Payments made on behalf of the State

(\$ million)

<i>Accounts</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Anzac Day administered trust	0.9	0.9	0.9
Total	0.9	0.9	0.9

Sources: Departments of Transport, Planning and Local Infrastructure and Treasury and Finance

DEPARTMENT OF TREASURY AND FINANCE

Operating performance

The net result for transactions of the Department of Treasury and Finance is forecast to increase from \$2 million to \$5.6 million in the 2014-15 budget.

The Department's revenue for output delivery and corresponding budgeted expenses are expected to decrease from \$311.1 million in the 2013-14 revised budget to \$295.1 million in 2014-15. The decrease is primarily attributable to additional efficiency measures and lower amortisation costs of \$7 million for municipal land valuations.

Revenue from the sales of goods and services (and corresponding underlying expenditure) is expected to remain steady, representing the centralised shared services provided for accommodation, car pool and library services to Victorian Government departments and agencies.

Balance sheet

Controlled net assets are budgeted to increase by \$40.7 million between the 2013-14 revised budget and the 2014-15 budget. Receivables are estimated to increase by \$27.3 million, mainly due to financial arrangements provided to the Department for capital expenditure. Non-financial assets will increase \$21.9 million, largely resulting from the purchase of municipal land valuations and asset revaluations. The increase in liabilities of \$9.6 million relates to the government motor vehicle lease facility and provision for employee benefits.

Investing and financing

The Department's 2014-15 payment for non-financial assets is \$13.8 million higher than the 2013-14 revised budget, predominantly resulting from the purchase of municipal land valuations.

Administered items statement

The Department administers a large amount of transactions on behalf of the State. While these transactions flow through the Department, it does not exercise direct control over these funds, which have been earmarked to specific items. These administered items include grants provided by the Commonwealth Government (for example, under national agreements), the collection of State taxation income, and administration of the State's superannuation expenses.

Total administered income is expected to increase by \$1.5 billion between the 2013-14 revised budget and the 2014-15 budget. Total grant revenue is estimated to increase by \$228 million, primarily associated with the Commonwealth Government aggregated payments, covering most Victorian Specific Purpose and National Partnership payments.

The increase in other income of \$1.0 billion mainly relates to State taxation revenues.

Administered operating expenses are expected to increase, largely reflecting the increase in revenue receipts that are required to be transferred into the Consolidated Fund.

Table 3.9.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Net result from continuing operations				
Income from transactions				
Output appropriations	246.2	247.8	252.9	236.9
Special appropriations	1.6	..	..	..
Interest	10.9	12.2	12.2	12.2
Sale of goods and services	165.3	181.2	19.4	19.4
Other income	26.8	26.6	26.6	26.6
Total income from transactions	450.7	467.8	311.1	295.1
Expenses from transactions				
Employee benefits	198.5	197.8	127.6	124.2
Depreciation	57.0	66.3	42.5	38.0
Interest expense	10.2	13.4	13.4	13.4
Grants and other transfers	4.6	7.2	8.7	5.6
Capital asset charge	21.2	21.2	21.2	21.2
Other operating expenses	159.3	154.0	95.7	87.1
Total expenses from transactions	450.8	460.0	309.0	289.5
Net result from transactions (net operating balance)	..	7.8	2.0	5.6
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	0.6	..	..	..
Other gains/(losses) from economic flows	(0.2)	..	..	..
Total other economic flows included in net result	0.4	..	..	..
Net result	0.4	7.8	2.0	5.6
Other economic flows – other comprehensive income				
Asset revaluation reserve	..	..	..	29.7
Total other economic flows – other comprehensive income	..	..	..	29.7
Comprehensive result	0.4	7.8	2.0	35.3

Sources: Department of Treasury and Finance

Table 3.9.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i>	<i>2014</i>	<i>2014</i>	<i>2015</i>
	<i>Actual</i>	<i>Budget</i>	<i>Revised</i>	<i>Budget</i>
Assets				
Financial assets				
Cash and deposits	100.3	104.4	88.4	89.5
Receivables	318.6	356.2	358.2	385.5
Total financial assets	418.9	460.6	446.6	475.0
Non-financial assets				
Inventories	16.2	16.2	16.2	16.2
Property, plant and equipment	584.3	572.0	508.7	521.5
Intangible assets	49.7	34.1	20.7	29.8
Other	19.8	19.8	7.4	7.4
Total non-financial assets	669.9	642.0	552.9	574.8
Total assets	1 088.8	1 102.6	999.5	1 049.8
Liabilities				
Payables	100.6	101.4	72.0	72.2
Borrowings	230.8	235.8	235.7	240.7
Provisions	48.8	51.2	41.1	45.5
Total liabilities	380.2	388.4	348.8	358.4
Net assets	708.6	714.2	650.7	691.4
Equity				
Accumulated surplus/(deficit)	101.9	109.7	168.7	174.3
Reserves	237.1	237.1	237.1	266.8
Contributed capital	369.6	367.4	244.9	250.3
Total equity	708.6	714.2	650.7	691.4

Sources: Department of Treasury and Finance

Table 3.9.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	247.8	247.8	252.9	236.9
Interest received	8.7	12.2	12.2	12.2
Other receipts	204.4	208.2	46.4	46.4
Total receipts	460.9	468.2	311.5	295.5
Payments				
Payments of grants and other transfers	(16.5)	(12.6)	(14.2)	(11.0)
Payments to suppliers and employees	(371.4)	(333.3)	(219.9)	(206.8)
Capital asset charge	(21.2)	(21.2)	(21.2)	(21.2)
Interest and other costs of finance paid	(10.9)	(13.4)	(13.4)	(13.4)
Total payments	(420.0)	(380.6)	(268.7)	(252.5)
Net cash flows from/(used in) operating activities	40.9	87.6	42.8	43.0
Cash flows from investing activities				
Net investment	(20.1)	(32.6)	(34.2)	(17.3)
Payments for non-financial assets	(44.2)	(45.9)	(18.8)	(32.6)
Proceeds from sale of non-financial assets	1.3	..	..	..
Net loans to other parties	..	(0.7)	(0.7)	(0.1)
Net cash flow from/(used in) investing activities	(63.0)	(79.2)	(53.6)	(50.1)
Cash flows from financing activities				
Owner contributions by State Government	(0.1)	5.3	6.0	7.8
Repayment of finance leases	(0.2)	..	..	..
Net borrowings	34.8	(9.6)	6.4	0.3
Net cash flows from/(used in) financing activities	34.5	(4.3)	12.4	8.1
Net increase/(decrease) in cash and cash equivalents	12.4	4.1	1.6	1.1
Cash and cash equivalents at the beginning of the financial year	87.9	100.3	86.8	88.4
Cash and cash equivalents at the end of the financial year	100.3	104.4	88.4	89.5

Sources: Department of Treasury and Finance

Table 3.9.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	101.8	372.1	237.1	..	711.0
Comprehensive result	0.1	..	..	..	0.1
Transactions with owners in their capacity as owners	..	(2.5)	..	..	(2.5)
Closing balance 30 June 2013 (actual)	101.9	369.6	237.1	..	708.6
Comprehensive result	7.8	..	..	..	7.8
Transactions with owners in their capacity as owners	..	(2.2)	..	..	(2.2)
Closing balance 30 June 2014 (budget)	109.7	367.4	237.1	..	714.2
Comprehensive result	66.8	..	..	..	66.8
Transactions with owners in their capacity as owners	..	(124.7)	..	..	(124.7)
Closing balance 30 June 2014 (revised)	168.7	244.9	237.1	..	650.8
Comprehensive result	5.6	..	29.7	..	35.3
Transactions with owners in their capacity as owners	..	5.4	..	..	5.4
Closing balance 30 June 2015 (estimate)	174.3	250.3	266.8	..	691.5

Sources: Department of Treasury and Finance

Table 3.9.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Administered income				
Appropriations – payments made on behalf of the State	2 229.1	2 170.2	2 182.1	2 434.3
Special appropriations	1 181.8	2 300.6	2 280.5	2 252.4
Fair value of assets and services received free of charge or for nominal consideration	..	..	..	..
Sale of goods and services	19.6	39.2	39.1	39.4
Grants	18 091.7	18 418.2	19 461.9	19 690.2
Interest	54.8	44.1	66.1	64.6
Other income	16 904.3	17 776.7	18 216.0	19 257.9
Total administered income	38 481.2	40 749.1	42 245.8	43 738.8
Administered expenses				
Expenses on behalf of the State	2 840.9	3 159.3	3 018.0	3 080.4
Grants and other transfers	2 939.7	2 837.0	2 973.8	2 950.3
Payments into the Consolidated Fund	36 032.9	34 728.9	36 465.3	37 495.3
Total administered expenses	41 813.5	40 725.2	42 457.1	43 525.9
Income less expenses	(3 332.3)	23.9	(211.3)	212.9
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	9.0	42.5	42.5	58.6
Net actuarial gains/(losses) of superannuation defined benefit plans	7 947.8	..	..	..
Other gains/(losses) from other economic flows	(48.4)	19.5	(24.1)	26.3
Total other economic flows included in net result	7 908.4	61.9	18.4	84.9
Net result	4 576.1	85.8	(192.9)	297.8
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans	..	593.2	2 142.3	499.2
Other	(0.3)	..	..	..
Total other economic flows – other comprehensive income	(0.4)	593.2	2 142.3	499.2
Comprehensive result	4 575.7	679.0	1 949.4	797.0
Administered assets				
Cash and deposits	1 616.9	1 924.2	1 797.6	4 087.7
Receivables	493.4	3 996.5	2 086.5	2 032.7
Other financial assets	900.0	900.0	900.0	900.0
Property, plant and equipment	..	156.3	145.8	526.3
Total administered assets	3 010.3	6 977.1	4 930.0	7 546.6
Administered liabilities				
Payables	627.8	478.6	513.6	410.3
Borrowings	22 867.8	26 505.8	24 814.3	27 036.5
Provisions	4.4	4.4	4.4	4.5
Other	25 139.5	24 930.7	23 226.6	22 924.7
Total administered liabilities	48 639.6	51 919.7	48 559.0	50 376.0
Net assets	(45 629.2)	(44 942.6)	(43 629.1)	(42 829.3)

Sources: Department of Treasury and Finance

Table 3.9.6: Payments made on behalf of the State*(\$ million)*

<i>Accounts</i>	<i>2013-14 Budget</i>	<i>2013-14 Revised</i>	<i>2014-15 Budget</i>
Superannuation and pension payments	16.4	16.4	16.4
Interest	1 287.5	1 312.0	1 355.5
Current and capital grants	243.9	258.6	235.3
Operating supplies and consumables	255.3	257.6	270.9
Other	367.1	363.6	565.4
Total	2 170.3	2 208.2	2 443.6

Sources: Department of Treasury and Finance

PARLIAMENT (INCLUDING VICTORIAN AUDITOR-GENERAL'S OFFICE)

Operating performance

Parliament and the Victorian Auditor-General's Office are expected to have a balanced net result from transactions for 2014-15.

The combined operating statement shows an increase in total income of \$11.7 million (6.8 per cent) from the 2013-14 revised budget to the 2014-15 budget. The variation in annual appropriation revenue is primarily due to expected carryover of Parliamentary Services Department appropriation funding from 2013-14 to 2014-15 and the impact of indexation on Parliament's base appropriation.

Balance sheet

No significant movements below.

Investing and financing

No significant movements below.

Table 3.10.1: Comprehensive operating statement

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	134.0	138.8	133.7	144.7
Special appropriations	33.0	34.4	37.9	38.6
Sale of goods and services	1.4	..	..	..
Grants	0.2	..	..	..
Fair value of assets and services received free of charge or for nominal consideration	0.1	0.3	..	..
Total income from transactions	168.7	173.5	171.6	183.3
Expenses from transactions				
Employee benefits	96.0	96.9	102.5	107.9
Depreciation	15.2	14.9	14.6	14.7
Interest expense	0.2	0.2	0.2	0.2
Capital asset charge	2.4	2.4	2.3	2.3
Other operating expenses	52.0	58.6	51.9	58.1
Total expenses from transactions	165.9	172.9	171.6	183.3
Net result from transactions (net operating balance)	2.8	0.6	..	..
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	0.4	..	..	..
Other gains/(losses) from economic flows	0.4	..	..	..
Total other economic flows included in net result	0.8	..	..	..
Net result	3.6	0.6	..	..
Other economic flows – other comprehensive income				
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	3.6	0.6	..	..

Sources: Parliament of Victoria and Department of Treasury and Finance

Table 3.10.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i>
Assets				
Financial assets				
Receivables	63.9	80.4	80.8	90.4
Total financial assets	63.9	80.4	80.8	90.4
Non-financial assets				
Inventories	0.1	0.1	0.1	0.1
Property, plant and equipment	449.1	437.5	436.0	422.6
Biological assets	..	..	..	..
Investment properties	..	..	..	..
Intangible assets	0.2	0.2	..	0.1
Other	2.3	2.6	2.7	2.3
Total non-financial assets	451.7	440.4	438.8	425.1
Total assets	515.6	520.8	519.6	515.5
Liabilities				
Payables	5.0	6.0	5.3	4.9
Borrowings	3.5	3.7	3.7	3.5
Provisions	16.2	19.7	19.7	16.3
Total liabilities	24.7	29.4	28.8	24.7
Net assets	490.8	491.4	490.8	490.8
Equity				
Accumulated surplus/(deficit)	41.1	41.6	41.1	41.1
Reserves	278.3	278.3	278.3	278.3
Contributed capital	171.5	171.5	171.5	171.5
Total equity	490.8	491.4	490.8	490.8

Sources: Parliament of Victoria and Department of Treasury and Finance

Table 3.10.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	167.4	173.2	171.6	183.2
Receipts from other entities	1.5	..	..	..
Other receipts	0.1	..	..	0.2
Total receipts	169.1	173.2	171.6	183.5
Payments				
Payments to suppliers and employees	(146.3)	(150.9)	(151.0)	(169.5)
Capital asset charge	(2.4)	(2.4)	(2.3)	(2.3)
Interest and other costs of finance paid	(0.2)	(0.2)	(0.2)	(0.2)
Total payments	(148.9)	(153.6)	(153.6)	(172.0)
Net cash flows from/(used in) operating activities	20.2	19.6	18.0	11.5
Cash flows from investing activities				
Net investment	(11.2)	(16.6)	(16.9)	(9.9)
Payments for non-financial assets	(12.4)	(3.3)	(1.3)	(1.5)
Proceeds from sale of non-financial assets	1.3	..	..	..
Net cash flow from/(used in) investing activities	(22.2)	(19.9)	(18.2)	(11.3)
Cash flows from financing activities				
Repayment of finance leases	(0.1)	..	(0.1)	0.1
Net borrowings	2.2	0.2	0.3	(0.2)
Net cash flows from/(used in) financing activities	2.0	0.2	0.1	(0.1)
Net increase/(decrease) in cash and cash equivalents	..	..	..	..
Cash and cash equivalents at the beginning of the financial year	..	..	..	..
Cash and cash equivalents at the end of the financial year	..	..	..	..

Sources: Parliament of Victoria and Department of Treasury and Finance

Table 3.10.4: Statement of changes of equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012	37.4	171.5	278.3	..	487.2
Comprehensive result	3.6	..	..	..	3.6
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2013 (actual)	41.1	171.5	278.3	..	490.8
Comprehensive result	0.6	..	..	..	0.6
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2014 (budget)	41.6	171.5	278.3	..	491.4
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2014 (revised)	41.1	171.5	278.3	..	490.8
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2015 (estimate)	41.1	171.5	278.3	..	490.8

Sources: Parliament of Victoria and Department of Treasury and Finance

Table 3.10.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget
Administered income				
Sale of goods and services	23.1	21.2	23.1	23.8
Other income	0.2	..	..	..
Total administered income	23.4	21.2	23.1	23.8
Administered expenses				
Payments into the Consolidated Fund	23.5	17.8	19.3	20.8
Total administered expenses	23.5	17.8	19.3	20.8
Income less expenses	(0.2)	3.4	3.8	2.9
Other economic flows included in net result				
Total other economic flows included in net result	..	..	..	..
Net result	(0.2)	3.4	3.8	2.9
Other economic flows – other comprehensive income				
Other	..	..	..	(6.5)
Total other economic flows – other comprehensive income	..	..	..	(6.5)
Comprehensive result	(0.2)	3.4	3.8	(3.6)
Administered assets				
Cash and deposits	1.9	..	..	..
Receivables	3.0	8.4	8.8	5.2
Total administered assets	5.0	8.4	8.8	5.2
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	5.0	8.4	8.8	5.2

Sources: Parliament of Victoria and Department of Treasury and Finance

COURTS

Operating performance

Courts is estimated to have a balanced net result from transactions for 2014-15 year, including operating income and expenditure of \$454.6 million.

Balance sheet

Courts begins operations from 1 July 2014.

Investing and financing

The payments for non-financial assets in 2014-15 reflect new asset investment and the continued implementation of asset investment programs commenced in previous budgets such as the new Children's Court at Broadmeadows and incremental funding of information technology. The investing activity is financed by a net cash inflow from operations and a capital contribution from the State Government.

Administered items statement

Transactions administered by Courts include the administration of special appropriations to award victims for loss of earnings suffered, or reasonably likely to be suffered as a direct result of an act of violence. In addition, Courts collects revenue from court fees and fines.

Table 3.11.1: Comprehensive operating statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget ^(a)
Net result from continuing operations				
Income from transactions				
Output appropriations	306.6
Special appropriations	131.4
Interest
Sale of goods and services
Grants	16.6
Fair value of assets and services received free of charge or for nominal consideration
Other income
Total income from transactions	454.6
Expenses from transactions				
Employee benefits	260.8
Depreciation	30.2
Interest expense	11.4
Grants and other transfers	0.8
Capital asset charge	40.6
Other operating expenses	110.8
Total expenses from transactions	454.6
Net result from transactions (net operating balance)
Net result
Comprehensive result

Sources: Department of Treasury and Finance and Courts

Note:

(a) Courts begins operations from 1 July 2014, precluding prior year comparators.

Table 3.11.2: Balance sheet

(\$ million)

	<i>Estimated as at 30 Jun</i>			
	<i>2013</i> <i>Actual</i>	<i>2014</i> <i>Budget</i>	<i>2014</i> <i>Revised</i>	<i>2015</i> <i>Budget</i> ^(a)
Assets				
Financial assets				
Cash and deposits	1.7
Receivables	46.9
Total financial assets	48.6
Non-financial assets				
Property, plant and equipment	813.3
Intangible assets	28.1
Total non-financial assets	841.4
Total assets	890.0
Liabilities				
Payables	12.1
Borrowings	104.7
Provisions	62.8
Total liabilities	179.6
Net assets	710.4
Equity				
Contributed capital	710.4
Total equity	710.4

Sources: Department of Treasury and Finance and Courts

Note:

(a) Courts begins operations from 1 July 2014, precluding prior year comparators.

Table 3.11.3: Statement of cash flows

(\$ million)

	2012-13 <i>Actual</i>	2013-14 <i>Budget</i>	2013-14 <i>Revised</i>	2014-15 <i>Budget</i> ^(a)
Cash flows from operating activities				
Receipts				
Receipts from Government	441.4
Receipts from other entities	14.8
Interest received
Goods and Services Tax recovered from ATO
Dividends received
Other receipts
Total receipts	456.3
Payments				
Payments of grants and other transfers	(0.8)
Payments to suppliers and employees	(371.6)
Capital asset charge	(40.6)
Goods and Services Tax paid to the ATO
Interest and other costs of finance paid	(11.4)
Total payments	(424.4)
Net cash flows from/(used in) operating activities	31.9
Cash flows from investing activities				
Net investment	(4.3)
Payments for non-financial assets	(23.6)
Proceeds from sale of non-financial assets
Net loans to other parties
Net (purchase)/disposal of investments – policy purposes
Net cash flow from/(used in) investing activities	(27.9)
Cash flows from financing activities				
Owner contributions by State Government	2.5
Repayment of finance leases	(4.8)
Net borrowings	(0.1)
Dividends paid
Net cash flows from/(used in) financing activities	(2.3)
Net increase/(decrease) in cash and cash equivalents	1.7
Cash and cash equivalents at the beginning of the financial year
Cash and cash equivalents at the end of the financial year	1.7

Sources: Department of Treasury and Finance and Courts

Note:

(a) Courts begins operations from 1 July 2014, precluding prior year comparators.

Table 3.11.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2012
Comprehensive result
Transactions with owners in their capacity as owners
Closing balance 30 June 2013 (actual)
Comprehensive result
Transactions with owners in their capacity as owners
Closing balance 30 June 2014 (budget)
Comprehensive result
Transactions with owners in their capacity as owners
Closing balance 30 June 2014 (revised)
Comprehensive result
Transactions with owners in their capacity as owners	..	710.4	..	..	710.4
Closing balance 30 June 2015 (estimate)^(a)	..	710.4	..	..	710.4

Sources: Department of Treasury and Finance and Courts

Note:

(a) Courts begins operations from 1 July 2014, precluding prior year comparators.

Table 3.11.5: Administered items statement

(\$ million)

	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget ^(a)
Administered income				
Special Appropriations	58.1
Sale of goods and services	57.1
Other income	20.9
Total administered income	136.1
Administered expenses				
Grants and other transfers	58.1
Payments into the Consolidated Fund	78.0
Total administered expenses	136.1
Income less expenses
Net result
Comprehensive result
Administered assets				
Cash and deposits	6.8
Total administered assets	6.8
Administered liabilities				
Payables	7.2
Provisions	0.9
Total administered liabilities	8.0
Net assets	(1.2)

Sources: Department of Treasury and Finance and Courts

Note:

(a) Courts begins operations from 1 July 2014, precluding prior year comparators.

CHAPTER 4 – STATE REVENUE

This chapter outlines expected movements in the major categories of general government revenue between 2013-14 and 2017-18.

Table 4.1: General government sector revenue

(\$ million)

	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>	2015-16 <i>Estimate</i>	2016-17 <i>Estimate</i>	2017-18 <i>Estimate</i>
Taxation revenue	16 857.5	18 067.5	18 845.4	19 754.1	20 583.0
Interest revenue	843.7	842.1	862.0	872.5	878.2
Dividends, income tax equivalent and rate equivalent revenue	646.0	584.7	910.7	1 049.8	1 127.0
Sales of goods and services	6 569.9	6 478.4	6 753.2	6 762.3	6 789.7
Grants	24 082.3	24 855.3	25 551.6	26 235.7	27 528.5
Other revenue	2 094.1	2 073.9	2 057.1	2 089.5	2 088.3
Total revenue from transactions	51 093.5	52 901.9	54 980.0	56 764.0	58 994.6

Source: Department of Treasury and Finance

Total revenue from transactions is forecast to grow by 3.5 per cent in 2014-15, and by an average of 3.7 per cent a year over the forward estimates. Revenue is expected to recover from several years of slower growth and maintain a steady trend over the forward estimates.

State taxation revenue is expected to increase in 2014-15, driven by land tax and land transfer duty. Over the forward estimates, taxation is forecast to increase at a more moderate rate as the economy returns to trend growth.

The improving property market is driving higher revenue from land tax and land transfer duty. Land tax is affected by land values, with the latest land revaluation cycle driving the increase in land tax revenue in 2014-15. Land transfer duty is affected by property turnover and prices, with turnover highly variable between years.

The 2014-15 *Budget* is facing revenue pressures from GST funding. In 2014-15 Victoria is estimated to receive only 22.0 per cent of the GST pool, well below the estimated population share in that year of 24.8 per cent.

Continued funding for some national agreements has not yet been confirmed by the Commonwealth Government. Consequently, the *2014-15 Budget* does not include this funding. The State of Victoria will pay its share of these funding agreements and this is reflected in the *2014-15 Budget*. However, Victoria will not meet any funding gap left by Commonwealth funding agreements that do not continue.

Specific purpose grants (both for on-passing and for State expenditure responsibilities) are anticipated to increase by 3.6 per cent in 2014-15, reflecting increased revenue under the National Health Reform agreement and growth in grants to both government and non-government schools.

TAXATION

Overall, taxation revenue is expected to grow by 7.2 per cent in 2014-15, driven by growth in land tax and land transfer duty. Moderate growth in taxation revenue of 4.4 per cent is expected over the forward estimates.

Payroll tax is expected to grow by 4.2 per cent in 2014-15 reflecting an improvement in employment growth compared to the previous three years.

The increase in land tax revenue in 2014-15 is driven by the land revaluation process that occurs every second year. This latest revaluation cycle covers the period from 2012 to 2014.

Land transfer duty is a significant component of overall revenue, and the property market exhibits strong cyclical behaviour not necessarily aligned with the general economic cycle. Following a strong increase in land transfer duty in 2013-14, moderation in growth to 6.0 per cent a year has been forecast for the budget and forward estimates. Given the volatility inherent in land transfer duty, the forecasts return to trend growth, balancing the risks on either side.

Gambling revenue is expected to increase by 8.3 per cent in 2014-15, primarily due to the change to electronic gaming machine (EGM) tax rates announced in the *2013-14 Budget Update* to restore the Government's share of EGM revenue to previous levels. Over the forward estimates, growth in EGM revenue is expected to be moderate, reflecting the long-term decline in gambling as a share of household consumption.

Budget Paper No. 3 Chapter 1 *Output, Asset Investment, Savings and Revenue Initiatives* contains details of revenue initiatives. Further information on current taxes and duties can be found on the website of the State Revenue Office (www.sro.vic.gov.au).

Table 4.2: Taxation estimates

(\$ million)

	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>	2015-16 <i>Estimate</i>	2016-17 <i>Estimate</i>	2017-18 <i>Estimate</i>
Taxes on employers' payroll and labour force	4 930.0	5 135.0	5 422.5	5 730.4	6 054.9
Taxes on property					
Land tax	1 627.8	1 903.6	1 866.4	2 088.4	2 029.7
Congestion levy	92.6	122.3	125.2	128.3	131.5
Land transfer duty	4 189.2	4 440.6	4 707.3	4 989.5	5 288.6
Other property duties	6.8	6.9	7.1	7.3	7.5
Metropolitan improvement levy	147.1	145.7	150.8	157.4	158.0
Fire Services Property Levy ^(a)	631.2	626.5	618.7	627.1	625.8
Financial accommodation levy	115.1	151.0	188.9	210.3	232.3
Growth areas infrastructure contribution	83.1	71.5	75.4	79.6	84.0
	6 892.9	7 468.2	7 739.9	8 287.8	8 557.4
Gambling taxes					
Public lotteries	398.5	412.2	427.2	444.5	458.1
Electronic gaming machines	967.2	1 070.1	1 093.6	1 120.9	1 151.6
Casino	208.0	224.6	234.1	245.7	257.9
Racing	85.7	87.9	88.8	89.6	92.3
Other	19.1	22.4	28.1	35.5	44.6
	1 678.5	1 817.2	1 871.8	1 936.2	2 004.5
Levies on statutory corporations ^(b)	112.5	112.5	112.5	..	..
Taxes on insurance					
Non-life insurance	868.8	913.9	972.4	1 038.5	1 109.2
Life insurance ^(c)	3.7	..	..	..	..
Duty on compulsory third party premiums	170.5	180.5	189.7	198.4	207.5
Insurance contributions to fire brigades ^(d)	5.8	..	..	..	..
	1 048.8	1 094.4	1 162.1	1 236.9	1 316.7
Motor vehicle taxes					
Vehicle registration fees	1 244.3	1 421.2	1 492.3	1 565.9	1 642.7
Duty on vehicle registrations and transfers	656.9	714.0	735.1	757.0	779.7
	1 901.2	2 135.1	2 227.5	2 322.9	2 422.4
Other taxes					
Liquor licence fees	23.1	22.4	21.8	22.4	23.0
Landfill levy	163.8	172.7	174.4	175.9	158.9
Transport fees	106.8	110.0	113.0	41.6	45.2
	293.7	305.2	309.2	239.8	227.1
Total taxation	16 857.5	18 067.5	18 845.4	19 754.1	20 583.0

Source: Department of Treasury and Finance

Notes:

- (a) Higher than expected fire services property levy revenue in 2013-14 is due to revenue from a small number of non-rateable properties and supplementary valuations undertaken during 2013-14. Any revenue surplus to that required to meet statutory funding obligations will flow through to reduced net levy revenue requirements in 2014-15 when the 2014-15 rates are set, which is required by 31 May.
- (b) The existing environmental levy payable by water authorities is not expected to continue beyond 2015-16.
- (c) Life insurance duty is to be abolished from 1 July 2014.
- (d) This is the residual contribution by insurance companies from funds collected in 2012-13.

Payroll tax

Payroll tax is levied on taxable Victorian wages, defined to include salaries and wages, commissions, bonuses, taxable fringe benefits and payments to some contractors. Since July 2010, payroll tax of 4.9 per cent has been levied on businesses with a taxable total Australian wage bill above an annual tax-free threshold of \$550 000.

The *2014-15 Budget* introduces a payroll tax rate reduction from 4.9 to 4.85 per cent from 1 July 2014. This measure will benefit approximately 39 000 Victorian employers. Businesses in Victoria with payrolls between \$4.7 million and \$26.7 million will pay the lowest payroll tax in Australia.

Payroll tax collections have remained below trend growth in recent years, notwithstanding employment growth over this period. This apparent inconsistency is due to the fact that recent growth in hours worked has been concentrated in industries that are typically exempt from payroll tax.

Examples of such industries include health, education and public administration (see Chart 4.1). In contrast, there has been weak employment growth in payroll tax liable industries.

Chart 4.1: Annual growth in total hours worked in Victoria



Source: Australian Bureau of Statistics, Department of Treasury and Finance and WorkSafe Victoria

Employment growth over the budget and forward estimates is expected to improve and return to a more balanced composition of employment growth. Payroll tax revenue is expected to return to a trend rate of 5.6 per cent a year by 2015-16, consistent with growth in wages and employment.

Taxes on property

Land tax

Land tax is an annual tax assessed on the site value of the land. Certain categories of land are exempt under the *Land Tax Act 2005*.

Land tax revenue is forecast to increase in 2014-15 by 16.9 per cent as a result of the land revaluation process that occurs every second year and which is currently under way. This latest revaluation cycle covers the period from 2012 to 2014. The strength in the residential property market towards the end of 2013 is likely to be reflected in land values. However, the forecasts also reflect movements in commercial and industrial land, which are not expected to increase as strongly. Overall, the expectation is that the current revaluation will be moderately above that of recent cycles.

Over the forward estimates, land tax growth is expected to follow its typical pattern of slight declines in non-revaluation years (due to disaggregation of holdings of taxable land) and trend growth in 2016-17.

Congestion levy

The congestion levy is an annual charge on owners of non-residential off-street car parking spaces in Melbourne's central business district and surrounding areas. The levy is subject to indexation based on the consumer price index.

Growth in revenue is expected in 2014-15 due to an extension of the area covered by the levy announced in the *2013-14 Budget Update* which comes into effect on 1 January 2015.

Over the forward estimates, growth is expected to be in line with trend inflation growth of around 2.5 per cent a year.

Land transfer duty

Duty is payable on most transactions that result in a change of ownership of land and associated real assets. Various exemptions and concessions are available, such as for concession card holders and first homebuyers.

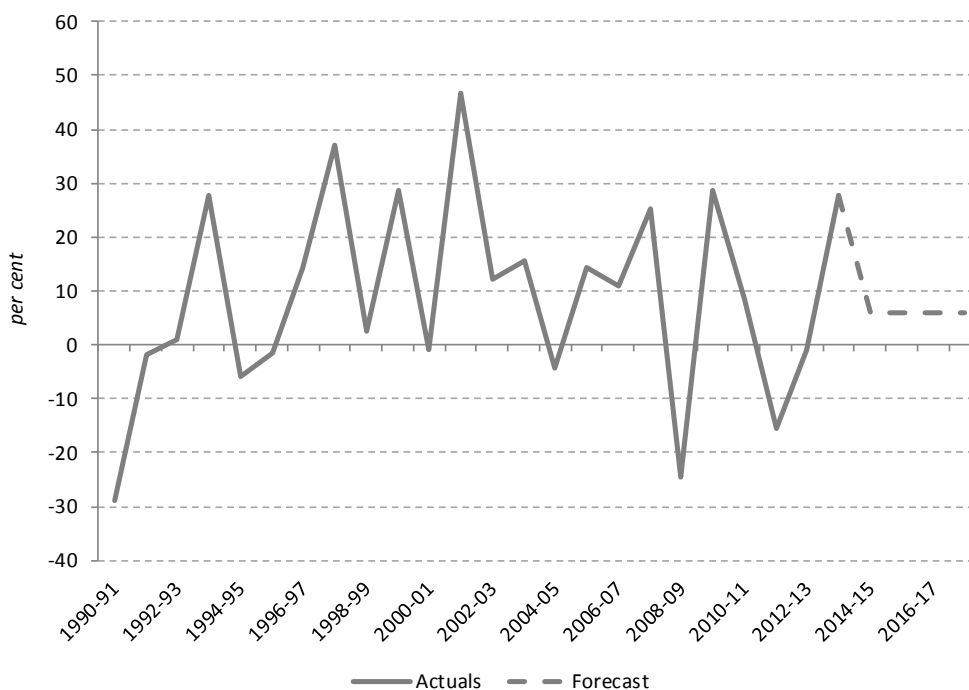
Following a strong increase in land transfer duty in 2013-14, moderation in growth to 6.0 per cent a year is forecast for the budget and forward estimates.

The property market has experienced an increase in activity since late 2012 (and especially in the latter part of 2013) with sales volumes, auction clearance rates and house prices all rising.

This strength has carried over to the early part of 2014. The property market continues to perform strongly in both volumes and prices. However, leading indicators such as consumer sentiment and housing finance point to a moderation in future growth. Auction clearance rates have also recently moderated.

The property market exhibits strong cyclical behaviour which flows directly to movements in land transfer duty. This translates to uncertainty in forecasting estimates of revenue for future years, in relation to both when the current strength of the property market will end, and to what degree transaction revenue will slow or retract. Chart 4.2 shows the history of annual movements in land transfer duty. Given the degree of volatility, the forecasts return to trend growth, balancing the risks on either side.

Chart 4.2: Annual growth rates in land transfer duty



Source: Department of Treasury and Finance

Metropolitan improvement levy

The metropolitan improvement levy is charged on all properties in the metropolitan area for the management of metropolitan parks, open spaces and waterways.

A slight decline in revenue is expected in 2014-15 due to additional revenue collected in 2013-14 by Yarra Valley Water.

Growth over the forward estimates is driven by indexation and an expected increase in the number of properties in the metropolitan area.

Fire Services Property Levy

The Government has enacted the Victorian Bushfires Royal Commission's recommendation to replace the previous insurance-based levy with a property-based levy. The new levy commenced in 2013-14.

The Fire Services Property Levy is collected through council rates. The rate of the levy varies for residential, industrial, commercial and primary production properties. Concessions are also available for holders of various concession cards.

The increase in the Fire Services Property Levy over the budget and forward estimates since the *2013-14 Budget Update* reflects the Government's additional investment in the State's fire services as part of the *2014-15 Budget*. This includes replacing respiratory protection equipment units, and the replacement and upgrade of firefighting vehicles for the Country Fire Authority.

Financial accommodation levy

The financial accommodation levy is designed to remove the market advantage some government-owned entities may have with respect to borrowing, due to their sovereign status. This is to ensure that borrowings are valued appropriately in financing decisions for capital projects.

Growth over the budget and forward estimates reflects expectations for the borrowing requirements of the relevant institutions.

Growth Areas Infrastructure Contributions

The Growth Areas Infrastructure Contribution (GAIC) applies to land brought into the urban growth boundary in recent years and zoned for urban development. The revenue is used to help provide community infrastructure in these areas.

GAIC revenue is expected to broadly grow in line with nominal gross state product over the budget and forward estimates.

Gambling taxes

Gambling taxes are imposed on public lotteries, electronic gaming machines (EGMs), the casino operator, racing and other forms of gambling. The taxes are typically in the form of a percentage of net expenditure, with the tax rate varying according to the category of gambling. Net expenditure is equal to the amount gambled less prizes or refunds to players. Gambling tax includes revenue associated with the gaming, wagering and keno licence premiums.

Gambling revenue is forecast to grow by 8.3 per cent in 2014-15, and by an average of 3.3 per cent a year over the forward estimates. This is lower than growth in total taxation revenue and reflects the long-term decline in gambling as a share of household consumption.

Growth in 2014-15 is driven by tax rate changes announced in the *2013-14 Budget Update*. The changes increase the two top marginal rates for EGMs and reduce the minimum return to player ratio, to bring it into line with ratios used in New South Wales and Queensland.

In 2014-15, it is estimated that more than 80 per cent of total gambling revenue will be transferred to the Hospitals and Charities Fund, the Mental Health Fund and Community Support Fund, including funding for the Victorian Responsible Gambling Foundation, with remaining revenue available for general government purposes.

Casino electronic gaming machine levy

The introduction of a casino EGM levy and the associated estimates in the *2013-14 Budget Update* were subject to the satisfactory conclusion of negotiations and mutual agreement between the Victorian Government and the casino operator. While discussions are continuing, mutual agreement has not been reached at this time. Consequently the associated estimates are not included in the *2014-15 Budget*.

Levies on statutory corporations

Water corporations are required to pay an annual environmental contribution to fund initiatives that promote the sustainable management of water and address adverse environmental impacts associated with water use.

The current levy runs to 2015-16 and will raise \$112.5 million per year.

Taxes on insurance

Duty is payable on non-life insurance premiums at a rate of 10 per cent. Examples include insurance against damage to, or loss of, motor vehicles and household contents.

Growth in non-life insurance revenue in 2014-15 of 5.2 per cent reflects market expectations for weakness in commercial premium growth. This is due to an increase in competitive pressures (driven by the attraction of new entrants responding to strong recent premium growth) as well as reduced reinsurance costs.

Over the forward estimates, non-life insurance taxation is forecast to increase around trend growth of 6.7 per cent a year.

Currently, duty is also payable on the sum insured for life insurance policies. The Government will abolish life insurance duty from 1 July 2014. This will provide the insurance industry with a simpler regime for compliance with the tax system. Further details can be found in Budget Paper No. 3 Chapter 1 *Output, Asset Investment, Savings and Revenue Initiatives*.

Motor vehicle taxes

Motor vehicle taxes include vehicle registration fees and duty on the transfer and registration of vehicles. Motor vehicle registration fees vary according to vehicle type and use, while duty is on the market value or the purchase price of the vehicle (whichever is greater).

The *2014-15 Budget* introduces revenue initiatives relating to motor vehicle taxation. Stamp duty on motor vehicle sales will increase by \$0.40 per \$200 from 1 July 2014. Light vehicle registration fees will increase by \$25 to \$270 (including indexation) from 1 July 2014. The revenue from these initiatives will support Government investment in major new road infrastructure and initiatives which support workers from industries in transition including the automotive industry. Further details can be found in Budget Paper No. 3 Chapter 1 *Output, Asset Investment, Savings and Revenue Initiatives*.

Motor vehicle taxes are expected to grow steadily over the forward estimates period reflecting growth in the population and trend inflation growth.

Other taxes

Other tax revenue includes liquor licence fees, the landfill levy and transport fees (comprising concession fees paid in advance by Transurban with respect to Melbourne CityLink and the Port Licence Fee). The expected medium term lease over the operations of the Port of Melbourne leads to a decline in revenue in 2016-17 as the Port Licence Fee will no longer be collected.

INTEREST REVENUE

Interest revenue is earned on holdings of cash and deposits across a number of general government sector agencies, including departments, hospitals and schools.

Forecasts over the budget and forward estimates are relatively flat, reflecting expectations for cash holdings of government sector agencies.

DIVIDENDS, INCOME TAX EQUIVALENT AND RATE EQUIVALENT REVENUE

This category comprises dividends, income tax and rate equivalent revenue received by the State from government business enterprises. Details are shown in Table 4.3.

Dividends and income tax equivalent revenue is expected to fall to \$584.7 million in 2014-15, before increasing to \$1.1 billion by 2017-18. The increase reflects improving financial performance by the State's insurance agencies.

Table 4.3: Dividends, income tax equivalent and rate equivalent revenue

	(\$ million)				
	2013-14	2014-15	2015-16	2016-17	2017-18
	Revised	Budget	Estimate	Estimate	Estimate
Dividends	453.6	416.1	613.1	568.6	624.9
Income tax equivalent revenue	186.9	162.9	291.7	475.0	495.6
Local government rate equivalent revenue	5.5	5.7	6.0	6.2	6.6
Total dividends, income tax equivalent and rate equivalent revenue	646.0	584.7	910.7	1 049.8	1 127.0

Source: Department of Treasury and Finance

SALES OF GOODS AND SERVICES

Sales of goods and services comprise a number of categories, the largest being fees for the provision of services (such as revenue earned in the form of fees from the sale of services and capital asset charge from VicTrack). Details are shown in Table 4.4. Provision of services revenue is expected to drive a moderation in total sales of goods and services growth in 2014-15 before broadly stabilising across the forward estimates period.

The decline in sales of goods and services of \$92 million in 2014-15 is driven by a decline in revenue from provision of services of \$161 million which primarily reflects a change in public transport fare revenue sharing arrangements with Metro Trains and Yarra Trams following the full rollout of the *myki* ticketing system. This is partially offset by an increase in capital assets charge of \$108 million from VicTrack.

Table 4.4: Sales of goods and services

	(\$ million)				
	2013-14	2014-15	2015-16	2016-17	2017-18
	Revised	Budget	Estimate	Estimate	Estimate
Motor vehicle regulatory fees	226.5	213.3	210.5	195.0	174.5
Other regulatory fees	465.0	437.2	467.9	482.2	490.0
Sale of goods	95.8	96.1	89.6	89.3	90.1
Provision of services	4 135.3	3 974.3	4 140.9	4 121.1	4 142.7
Rental	54.7	54.8	55.0	55.0	55.0
Refunds and reimbursements	68.4	69.8	71.3	71.3	71.3
Inter-sector capital asset charge	1 524.4	1 632.8	1 718.2	1 748.4	1 766.1
Total sales of goods and services	6 569.9	6 478.4	6 753.2	6 762.3	6 789.7

Source: Department of Treasury and Finance

GRANTS

Table 4.5 provides a summary of the estimates for the various grants categories. The detailed estimates provided in this chapter represent the latest information available to the Victorian Government at the time of the *2014-15 Budget*. Grants are expected to grow by 3.2 per cent in 2014-15, primarily driven by growth in specific purpose payments for on-passing. Across the forward estimates, total grants are expected to grow at a rate of 3.5 per cent a year, driven by both growth in GST revenue and in specific purpose payments for on-passing.

Continued funding for some national agreements has not yet been confirmed by the Commonwealth Government. Specifically, this includes funding for Early Childhood Education and for Improving Public Hospital Services, while funding for Homelessness has been extended for 2014-15 only. The *2014-15 Budget* does not include funding not confirmed by the Commonwealth. Victoria will pay its share of these funding agreements and this is reflected in the *2014-15 Budget*. However, Victoria will not meet any funding gap left by Commonwealth funding agreements that do not continue.

From 1 January 2014, funding under the National Education Agreement was replaced by funding committed for Students First – A fairer funding agreement for schools. Thus, for 2013-14, education funding is provided across these two agreements while from 2014-15 onwards, education funding is provided solely under Students First – A fairer funding agreement for schools.

Table 4.5: Grants

	<i>(\$ million)</i>				
	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
General purpose grants - goods and services tax	11 508.9	11 781.9	12 593.4	13 481.9	14 862.8
Specific purpose grants for on-passing	2 713.6	3 140.1	3 360.4	3 568.9	3 730.8
Grants for specific purposes	9 765.9	9 792.8	9 472.3	9 072.2	8 822.3
Total	23 988.4	24 714.9	25 426.1	26 123.1	27 415.9
Other contributions and grants	93.9	140.4	125.4	112.6	112.6
Total grants	24 082.3	24 855.3	25 551.6	26 235.7	27 528.5

Source: Department of Treasury and Finance

General purpose grants

In accordance with the 2008 *Intergovernmental Agreement on Federal Financial Relations*, all GST revenue is distributed to the states and territories. GST grants received by a state or territory reflect its share, as determined by the Commonwealth Treasurer on the recommendation of the Commonwealth Grants Commission (CGC), and national GST collections.

Every year the CGC updates its recommended GST relativities consistent with the terms of reference from the Commonwealth Treasurer. The recommendations of the CGC's *Report on GST Revenue Sharing Relativities – 2014 Update* resulted in a decrease in Victoria's GST share to 22.0 per cent of the total GST pool in 2014-15. This compares with a GST share of 22.5 per cent in 2013-14 (Table 4.6).

Table 4.6: Victoria's forecast GST relativities and share

	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Actual</i>	<i>Actual</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Victoria's relativity	0.90398	0.88282	0.89337	0.90520	0.94460
GST share (%)	22.5	22.0	22.3	22.6	23.7
Victoria's population share	24.8	24.8	24.9	24.9	24.9

Source: Department of Treasury and Finance and Commonwealth Grants Commission.

Note:

The figures for GST and population shares for 2013-14 and 2014-15 are estimates.

GST grants to Victoria are expected to be \$11.8 billion in 2014-15, or 2.4 per cent higher than in 2013-14. This subdued growth in GST revenue reflects the decline in Victoria's share of the national GST pool. Victoria's GST relativity for 2014-15 will decline to 0.88, compared to 0.90 in 2013-14. If the relativity remained unchanged at 0.90, Victoria would receive \$290 million more in GST in 2014-15.

Growth in GST revenue is expected to increase to an average of 8.1 per cent per year over the forward estimates. This reflects forecast growth in the national pool and some improvement in Victoria's relativity.

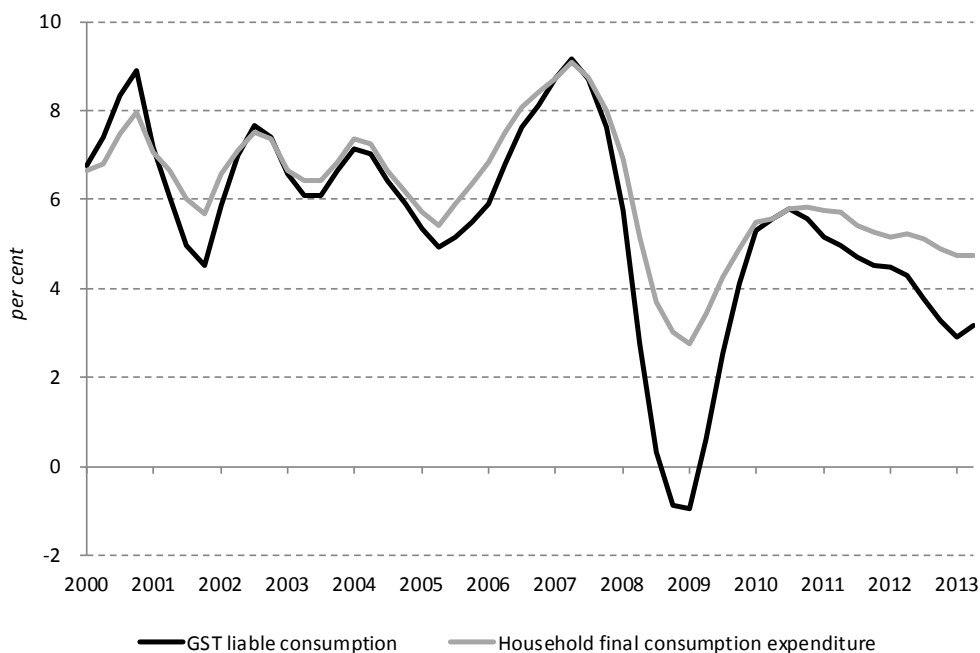
Despite expectations of an increase in Victoria's GST relativity from 2015-16, Victoria's share of the GST pool is expected to remain below its share of the national population throughout the forward estimates.

Notable sources of risk to the outlook for Victoria's relativities include the extent and treatment of Commonwealth payments for infrastructure and disability services over coming years, and the outcome of the CGC *2015 Methodology Review of GST Revenue Sharing Relativities*.

In the *Mid-Year Economic and Fiscal Outlook 2013-14* released in December 2013, the national GST pool was forecast to grow by 5.4 per cent in 2014-15. Nominal (national) household consumption has shown signs of recovery, supported by improved retail conditions and lower net household savings, while strength in dwelling approvals is expected to flow to dwelling investment.

The depreciation of the Australian dollar over the past year has begun to place upward pressure on the price of tradable goods, which are more likely to attract GST compared to non-tradable services. The latest consumption data show tentative signs that lagging growth in GST liable consumption may be turning, supporting a return to trend growth in the GST national pool by 2015-16 (Chart 4.3).

Chart 4.3: Annual growth in national household consumption



Sources: *Department of Treasury and Finance and Australian Bureau of Statistics*

Downside risks remain to the national GST pool due to the national economic outlook.

Specific purpose grants for on-passing

Table 4.7 summarises estimates of grants from the Commonwealth that are passed on to other entities. Growth in specific purpose grants for on-passing in 2014-15 reflects an increase in both grants for local governments and in education funding for non-government schools. From 1 January 2014, funding for non-government schools under the National Education Agreement was replaced by funding committed for Students First – A fairer funding agreement for schools.

Table 4.7: Grants for on-passing

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
Commonwealth Government grants to local government			
<i>Financial assistance grants to local government (operating)</i>			
An equal per capita basis is used for distributing total assistance to the states and territories pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .	205.6	417.2	102.9
<i>Identified local roads grants to local government</i>			
Funding to local councils is provided on a per capita and road length basis pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .	75.1	153.2	103.9
National Education Agreement			
Support for school services. Replaced by Students First – A fairer funding agreement for schools from 1 January 2014.			
Non-government schools	1 197.6	..	(100.0)
Students First – A fairer funding agreement for schools			
Support for school services.			
Non-government schools	1 235.3	2 569.8	108.0
Total grants for on-passing	2 713.6	3 140.1	15.7

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2013-14 and 2014-15.

Grants for specific purposes

Table 4.8 lists Commonwealth grants for specific purposes, with detailed tables by broad expenditure categories provided in Tables 4.9 to 4.15. Tied grants are expected to grow modestly in 2014-15, reflecting increases across most sectors, partially offset by falls in funding for infrastructure and affordable housing.

Table 4.8: Grants for specific purposes

(\$ million)

	2013-14 <i>Revised</i>	2014-15 <i>Budget</i>	Change % ^(a)
Health	4 281.5	4 407.0	2.9
Education	1 735.0	1 750.5	0.9
Community services	423.3	445.8	5.3
Environment	239.4	309.1	29.1
Infrastructure	1 803.2	1 586.9	(12.0)
Affordable housing	343.8	326.0	(5.2)
Contingent/Other	939.7	967.6	3.0
Total grants for specific purposes	9 765.9	9 792.8	0.3

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2013-14 and 2014-15.

Table 4.9: Payments for health services

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
National Health Reform Agreement			
The National Health Reform Agreement sets out the shared intention of the Commonwealth, state and territory governments to work in partnership for all Australians and ensure the sustainability of the Australian health system.	3 486.7	3 756.9	7.8
National Partnerships			
<i>Essential Vaccines</i>			
Funding for the Essential Vaccines Program to deliver immunisation programs, reducing the incidence of vaccine preventable diseases.	61.8	61.0	(1.3)
<i>Victorian Comprehensive Cancer Centre</i>			
Funding is provided to develop the Victorian Comprehensive Cancer Centre. The Centre will drive innovation in cancer treatment and research.	67.0	67.0	0
<i>Public Dental Waiting List Program</i>			
Funding to provide public dental services to Victorians on public dental waiting lists.	36.0	32.2	(10.6)
<i>Aged Care Assessment</i>			
Funding is provided for the Aged Care Assessment Program to assess the needs of frail, older people and assist them to gain access to the most appropriate types of health and aged care.	24.2	24.2	0
<i>Preventive Health</i>			
Funding is provided under the National Partnership Agreement on Preventive Health to address the rising prevalence of lifestyle-related chronic diseases.	13.0	13.0	0
<i>Victorian Cytology Service</i>			
Funding is provided for the Victorian Cytology Service to prevent morbidity and mortality from cervical cancer amongst Victorian women.	8.5	8.9	5.1
<i>Expansion of Gippsland Cancer Care Centre</i>			
Funding is provided to expand and enhance radiotherapy services for the Gippsland region.	8.0	..	(100.0)

Table 4.9: Payments for health services (continued)

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
COAG — National Health and Hospitals Reform			
<i>Home and Community Care</i>			
The Home and Community Care Program delivers integrated home and community care services to frail older people, people with disabilities and their carers.	378.5	378.1	(0.1)
<i>Improving public hospital services</i>			
Funding for improved public patient access to elective surgery, emergency departments and sub-acute care services by improving efficiency and capacity in public hospitals.	154.7	..	(100.0)
<i>Financial assistance for long-stay older patients</i>			
Funding is provided under the National Partnership Agreement on financial assistance for long-stay older patients.	4.1	..	(100.0)
<i>Supporting National Mental Health Reform</i>			
Funding is provided to deliver improved health, social, economic and housing outcomes for people with severe and persistent mental illness.	9.3	9.5	1.4
<i>National Reform Agenda for Organ and Tissue Donation</i>			
Funding to increase Australians' access to organ and tissue transplants.	8.2	..	(100.0)
<i>Statewide enhancements to regional cancer services</i>			
Funding is provided to improve existing regional cancer services in Victoria including in Bendigo and Traralgon.	4.0	..	(100.0)
<i>Home and Community Care for Veterans</i>			
This represents the Department of Veterans' Affairs contribution to the Victorian Home and Community Care program.	4.0	..	(100.0)
Other	13.5	56.2	317.2
Total health services	4 281.5	4 407.0	2.9

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2013-14 and 2014-15.

Table 4.10: Payments for education services

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
National Education Agreement			
The National Education Agreement provides support for school services. This agreement will be replaced by Students First – A fairer funding agreement for schools from 1 January 2014.			
Government schools	494.7	..	(100.0)
Students First – A fairer funding agreement for schools			
Support for school services			
Government schools	558.5	1 200.8	115
National Agreement for Skills and Workforce Development			
The National Agreement for Skills and Workforce Development provides funding for the delivery of training services.			
	349.3	355.4	1.7
National Partnerships			
<i>Early childhood education</i>			
Funding is provided to assist Victoria meet the Council of Australian Government's target of access to 15 hours of early childhood education a week for all children.			
	97.9	56.6	(42.2)
<i>Skills for all Australians – Skills Reform</i>			
Funding to support long-term reform in the vocational education and training sector. This National Partnership replaces the Productivity Places Program.			
	59.3	93.9	58.3
<i>Low socioeconomic status school communities</i>			
Funding to support a suite of school reforms designed to provide high quality teaching for participating schools. Non-government schools also participate in this National Partnership.			
	20.5	..	(100.0)
<i>Trade training centres in schools</i>			
Funding to build new or upgrade existing trade or vocational education and training facilities in secondary schools.			
	39.3	18.4	(53.3)
<i>More Support for Students with Disabilities</i>			
This initiative strengthens the capacity of schools and teachers to support students with disabilities, improving student learning experiences and educational outcomes.			
Government schools	14.8	11.1	(25.1)
Non-government schools	5.5	3.2	(42.1)
<i>Literacy and numeracy</i>			
Funding to improve the performance of students who are falling behind in literacy and/or numeracy, including targeted groups with a particular emphasis on students from disadvantaged backgrounds.			
Government schools	9.8	..	(100.0)
Non-government schools	4.3	..	(100.0)

Table 4.10: Payments for education services (continued)

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
<i>TAFE fee waivers for child care qualifications</i>			
Funding to develop a child care workforce with high level qualifications to provide a strong foundation for the health and educational development of children.	6.2	4.4	(28.3)
<i>Youth Attainment and Transitions</i>			
Funding to increase participation of young people in education and training, increase attainment levels, and improve successful transition from schools.	8.5	..	(100.0)
<i>Skills for all Australians – Training places for single and teenage parents</i>			
Funding for single and teenage parents to improve training outcomes with a guarantee of priority access to a government funded training place.	6.3	6.3	..
<i>Indigenous early childhood development</i>			
Funding to address the high levels of disadvantage experienced by Indigenous children in Victoria.	5.2	..	(100.0)
<i>National Quality Agenda on Early Childhood Education and Care</i>			
Funding for the establishment of a jointly governed and unified National Quality Framework which aims to improve the quality of early childhood services.	4.6	..	(100.0)
Other	50.2	0.2	(99.5)
Total education services	1 735.0	1 750.5	0.9

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2013-14 and 2014-15.

Table 4.11: Payments for community services

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
<i>National Disability Agreement</i>			
Funding is provided to ensure that people with a disability and their carers have an enhanced quality of life and participate as valued members of the community.	329.8	345.1	4.7
National Partnerships			
<i>Certain concessions for pensioners and seniors card holders</i>			
Funding contribution for the provision of certain concessions for pensioners.	71.2	73.7	3.6
<i>Pay equity for the social and community services sector</i>			
Funding for the Commonwealth's share of wage increases arising from Fair Work Australia's decision to grant an Equal Remuneration Order in the Social and Community Services sector.	18.9	23.9	26.2
Other	3.5	3.1	(12.2)
Total community services	423.3	445.8	5.3

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2013-14 and 2014-15.

Table 4.12: Payments for affordable housing

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
National Affordable Housing Agreement			
Funding for provision of affordable, safe and sustainable housing that contributes to economic and social participation in the community.	311.1	323.5	4.0
National Partnerships			
<i>Transitional National Partnership Agreement on Homelessness</i> ^(b)			
This National Partnership replaced the National Partnership Agreement on Homelessness. Its focus is on maintaining the current level of services to assist people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion while a longer term reform plan is developed.	30.1	..	(100.0)
<i>Homelessness</i> ^(c)			
This is a one-year Agreement for 2014-15 to provide support to homelessness service providers. This Agreement contributes to the objective of the National Affordable Housing Agreement that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation.	..	tbc	na
<i>Remote Indigenous Housing</i>			
This funding aims to improve housing conditions and help close the gap in life outcomes between Indigenous and non-Indigenous Australians.	2.5	2.5	..
Other	..	..	na
Total affordable housing	343.8	326.0	(5.2)

Source: Department of Treasury and Finance

Notes:

(a) Per cent change between 2013-14 and 2014-15.

(b) One-off grant.

(c) Does not include funding expected from the Commonwealth in 2014-15 (pending final negotiations).

Table 4.13: Payments for infrastructure services

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
National Partnerships			
<i>Regional Rail Link</i>			
In May 2009 the Commonwealth Government announced its contribution of \$3.2 billion to the Regional Rail Link project. Dedicated regional tracks will be built from West Werribee Junction to Deer Park, then along the existing rail corridor from Sunshine to Southern Cross Station. When complete, passengers on the Geelong, Bendigo and Ballarat lines will have a streamlined journey through the metropolitan system.			
	878.0	535.0	(39.1)
<i>Nation Building – AusLink (Road and Rail)</i>			
In early 2009 the State and Commonwealth Governments entered into a memorandum of understanding for agreed rail and road projects to be delivered under the Nation Building Program (which includes National Network construction projects, formerly named AusLink II). From 2009 to 2014, the Commonwealth Government will make a funding contribution towards agreed projects.			
	400.7	382.6	(4.5)
Other payments to the State			
<i>East West Link – Eastern Section^(b)</i>			
East West Link – Eastern Section is a 6 kilometre roadway connecting the Eastern Freeway at Hoddle Street with CityLink in Parkville. The roadway will ease traffic congestion, improve travel times and boost Victoria's productivity.			
	500.0	600.0	20.0
<i>East West Link – Western Section^(c)</i>			
The East West Link – Western Section comprises an above ground connection from City Link to the Port of Melbourne and a further connection from the Port through to the Western Ring Road.			
	..	..	na
<i>Interstate Road Transport</i>			
The Federal Interstate Registration Scheme levies registration charges on vehicles engaged in interstate trade and commerce. The Commonwealth Government pays a share of revenue collected under the FIRS scheme to states and territories, to cover the costs of maintenance and upkeep on roads used by these motor vehicles.			
	21.6	21.0	(2.9)
Other	2.9	48.4	1 573.9
Total infrastructure services	1 803.2	1 586.9	(12.0)

Source: Department of Treasury and Finance

Notes:

- (a) Per cent change between 2013-14 and 2014-15.
- (b) The 2013-14 Budget Update referred to the East West Link – Eastern Section as East West Link – Stage 1. Additional Commonwealth funding of \$400 million has been allocated for 2015-16.
- (c) The profile of the Commonwealth Government's \$1.5 billion contribution for East West Link – Western Section is subject to finalisation.

Table 4.14: Payments for environment services

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
National Partnerships			
<i>Water for the Future</i>			
A long-term Commonwealth initiative to better balance the water needs of communities, farmers and the environment. It contains a suite of urban and rural policies and programs, including significant funding for water purchasing, irrigation modernisation, desalination, recycling and stormwater capture.	198.7	272.8	37.3
Other payments to the State			
<i>Caring for Our Country</i>			
Funding to help communities, farmers and other land managers protect the natural environment.	27.1	24.9	(8.1)
Other	13.6	11.5	(15.9)
Total environment services	239.4	309.1	29.1

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2013-14 and 2014-15.

Table 4.15: Payments for contingent and other services

(\$ million)

	2013-14 Revised	2014-15 Budget	Change % ^(a)
National Partnerships			
<i>Victoria Legal Aid</i>			
Funding for a share of the service delivery costs of Victoria Legal Aid on Commonwealth law matters.	44.9	45.7	1.8
<i>National Disaster Resilience Program</i>			
Funding to identify and address natural disaster risk priorities across the nation. Funding is provided by the Commonwealth for initiatives to create safer and sustainable communities by better enabling them to withstand the effects of floods, storms, fires and other natural disasters.	4.2	4.2	..
<i>Natural Disaster Relief</i>			
Applies to natural disasters declared in Victoria. The grants are driven by claims following recent bushfires in January and February 2014, and previous flood events.	53.4	7.2	(86.5)
Other	837.2	910.4	8.7
Total other services	939.7	967.6	3.0

Source: Department of Treasury and Finance

Note:

(a) Per cent change from 2013-14 and 2014-15.

OTHER REVENUE

Other revenue includes fines, donations and gifts and royalties. These are shown in Table 4.16.

Fines revenue is projected to be higher in 2014-15 compared to the 2013-14 revised estimate. This is largely due to improvements to camera technology, the full year impact of the introduction of cameras in 40 km/h zones, and increases in infringement volumes largely resulting from the mobile camera replacement program, cessation of unforeseen major road works impacting camera sites in 2013-14 and the 2013-14 impact of targeting of higher risk outer metropolitan and rural sites which have lower traffic volume.

Total other revenue is expected to be broadly stable over the forward estimates.

Table 4.16: Other revenue

	(\$ million)				
	2013-14	2014-15	2015-16	2016-17	2017-18
	<i>Revised</i>	<i>Budget</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Fines					
Road safety camera fines	305.3	376.4	384.5	389.7	398.8
Police on-the-spot fines	162.2	164.5	167.0	169.5	173.8
Toll road evasion fines	155.0	157.4	159.7	162.1	166.2
Non-traffic statutory and court fines	70.2	86.6	92.4	99.0	100.6
Total fines	692.7	784.8	803.6	820.2	839.4
Fair value of assets received free of charge or for nominal consideration	25.4	1.8	1.7	1.9	1.9
Royalties	50.9	50.0	50.0	49.9	49.9
Donations and gifts	255.7	255.0	267.3	267.6	267.5
Other non-property rental	22.3	22.5	22.6	22.7	22.7
Other miscellaneous revenue	1 047.0	959.8	911.8	927.2	906.9
Total other revenue	2 094.1	2 073.9	2 057.1	2 089.5	2 088.3

Source: Department of Treasury and Finance

CHAPTER 5 – TAX EXPENDITURES AND CONCESSIONS

TAX EXPENDITURES

Tax expenditures are concessions, benefits and incentives delivered through the tax system that result in preferential treatment of certain taxpayers, activities or assets compared with the normal taxation treatment. This can include tax-free thresholds, exemptions or reduced rates, and deductions or rebates of a tax for a certain class of taxpayer, activity or asset. Tax expenditures exclude benefits arising from broadly applicable marginal tax rates as part of a tax scale.

The estimated tax expenditures in this chapter use the revenue foregone method of calculation. This approach measures the difference in tax paid by those receiving a particular concession relative to similar taxpayers who do not receive that concession. It compares the concessional treatment to the benchmark treatment, assuming taxpayer behaviour is unchanged.

A number of changes have been made to the methodology in this publication. As part of a continuous improvement approach, processes and methodologies are periodically reviewed to ensure that they keep up with changes in available data and maintain their robustness over time. Payroll tax expenditures now use updated calculation methodologies for several components including public hospitals, Commonwealth agencies, paid maternity leave and payroll tax threshold exemptions. Motor vehicle tax expenditure components have now been regrouped to maintain consistency with labels used by VicRoads and calculation methodologies have also been updated. These tax expenditure lines are not directly comparable to previous publications. In order to facilitate comparison over time in these tables, estimated tax expenditures for 2012-13 as well as 2013-14 and the budget and out years are also reported, all using the new methodologies.

Table 5.1 shows aggregate tax expenditure estimates by the main tax categories for the period 2012-13 to 2017-18, excluding the effect of tax-free thresholds for land tax and payroll tax. Table 5.2 lists the estimated individual tax expenditures that can be costed for the period 2012-13 to 2017-18 (including those arising from tax-free thresholds).

Total tax expenditures are expected to increase in 2014-15, largely driven by the biennial land tax revaluation that takes effect from 2014-15. Since land tax exemptions account for around 43 per cent of total tax expenditures, the pattern of growth in aggregate tax expenditures largely reflects the biennial land tax revaluation cycle.

The payroll tax rate will be reduced from 4.90 per cent to 4.85 per cent on 1 July 2014, lowering payroll tax expenditures in 2014-15 and the forward estimates. Also affecting the 2014-15 tax expenditures are policy changes announced in previous budget publications. In particular, the congestion levy will apply to a larger area from 1 January 2015 with these new parking spaces being taxed at a concessional rate of \$950 per car space per year and the stamp duty concession for first homebuyers will increase to 50 per cent on 1 September 2014.

Table 5.1: Aggregate tax expenditures (excluding thresholds) by type^(a)

	(\$ million)					
<i>Description</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>
	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Land tax	2 490.3	2 495.4	2 918.2	2 857.0	3 197.3	3 107.4
Fire Services	..	21.4	21.6	21.8	22.0	22.0
Property Levy ^(b)						
Payroll tax	1 011.1	1 075.4	1 120.4	1 180.2	1 244.0	1 310.4
Gambling tax	74.2	71.1	73.2	74.3	75.1	76.1
Motor vehicle taxes	133.7	141.9	152.4	163.9	176.1	189.7
Land transfer duties	679.6	506.2	551.6	573.1	590.1	608.1
Congestion levy	35.0	25.3	69.1	70.8	72.6	74.4
Total estimated tax expenditures	4 424.0	4 336.7	4 906.4	4 941.1	5 377.2	5 388.0

Source: Department of Treasury and Finance

Notes:

(a) Tax expenditures associated with thresholds are excluded due to the different nature of these expenditures to other taxation expenditures. Expenditures are benefits that target certain taxpayers or activities, whereas thresholds exclude transactions below a certain size.

(b) The Fire Services Property Levy commenced on 1 July 2013.

Table 5.2: Tax expenditures that can be costed (including thresholds)

<i>Description</i>	<i>(\$ million)</i>					
	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>	<i>2015-16 Estimate</i>	<i>2016-17 Estimate</i>	<i>2017-18 Estimate</i>
Land tax						
Crown property (right of Victoria)	217.1	227.5	266.0	260.5	291.5	283.3
Principal place of residence	1 232.1	1 221.7	1 428.6	1 398.7	1 565.3	1 521.2
Land held in trust for public or municipal purposes or vested in any municipality	120.8	123.2	144.1	141.1	157.9	153.4
Land used by a charitable institution	72.1	80.7	94.4	92.4	103.4	100.5
Commonwealth land	195.2	194.5	227.4	222.6	249.2	242.1
Land used for primary production	354.0	348.9	408.0	399.5	447.1	434.5
Land vested in a public statutory authority	165.6	165.3	193.3	189.2	211.8	205.8
Land used for the CityLink network	23.6	23.5	27.5	26.9	30.1	29.3
Land used for EastLink	16.1	16.5	19.2	18.8	21.1	20.5
Assessment on a single-holding basis for land owned by a municipality	5.6	6.0	7.0	6.9	7.7	7.5
Partial exemption for non-profit organisations solely for social, sporting, cultural or literary purposes; or horse, pony or harness racing	6.2	5.8	6.8	6.6	7.4	7.2
Assessment on a single-holding basis for land owned by a charity	10.4	11.7	13.7	13.4	15.0	14.6
Retirement villages	18.9	19.2	22.4	21.9	24.5	23.9
Non-profit organisations providing outdoor cultural or sporting recreation (excluding horse, pony or harness racing)	36.0	35.2	41.2	40.3	45.1	43.9
Land tax exemption for friendly societies	0.2	0.2	0.2	0.2	0.3	0.3
Associations of ex-servicemen	0.5	0.6	0.7	0.7	0.7	0.7
Caravan parks	4.2	4.4	5.2	5.1	5.7	5.5
Residential care facilities	9.4	8.5	9.9	9.7	10.8	10.5
Low-cost accommodation	1.9	1.7	2.0	2.0	2.2	2.2
Land tax exemption for mining	0.3	0.4	0.4	0.4	0.5	0.5
Aggregated site value below tax-free threshold	68.4	69.9	81.7	80.0	89.6	87.0
Total land tax expenditures	2 558.7	2 565.3	2 999.9	2 937.1	3 286.9	3 194.4
Fire Services Property Levy ^(a)						
Fire Services Property Levy concession for pensioners and Department of Veteran Affairs cardholders	..	21.4	21.6	21.8	22.0	22.0
Total Fire Services Property Levy expenditures	..	21.4	21.6	21.8	22.0	22.0

Table 5.2: Tax expenditures that can be costed (including thresholds) (continued)

Description	(\$million)					
	2012-13 Estimate	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Payroll Tax						
Wages paid by public hospitals	320.4	341.9	354.6	372.6	391.8	412.1
Wages paid by public benevolent institutions/charities	257.4	274.3	286.8	302.1	318.4	335.7
Wages paid by non-profit non-government schools	135.8	151.5	159.0	168.1	177.8	188.0
Commonwealth departments/agencies (excluding transport and communication)	69.7	72.2	75.6	79.4	83.5	87.8
Wages paid by non-profit hospitals	32.7	35.0	36.3	38.1	40.1	42.2
Municipal councils (not wages for trading activities)	132.1	139.5	144.7	152.1	159.9	168.2
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986 (Commonwealth)</i>	19.0	16.8	16.8	18.5	20.3	21.0
Religious institutions	4.3	2.6	3.1	3.4	3.7	4.0
Construction industry leave entitlements paid by CoINVEST	3.8	3.8	4.1	4.3	4.6	4.8
Paid maternity leave	35.3	37.2	38.7	40.9	43.2	45.8
Wages paid to employees participating in voluntary emergency service work	0.6	0.6	0.7	0.7	0.7	0.8
Employers' payroll below \$550 000	1 825.7	1 888.5	1 907.1	1 947.9	1 990.4	2 032.1
Total payroll tax expenditures	2 836.8	2 963.9	3 027.5	3 128.1	3 234.4	3 342.4
Congestion levy tax						
Residential	2.0	2.9	27.9	28.6	29.3	30.1
Commercial and private	15.5	22.4	41.2	42.2	43.2	44.3
Short-stay car parks	17.5	..	..	..	..	..
Total congestion levy tax expenditures	35.0	25.3	69.1	70.8	72.6	74.4
Gambling tax						
Clubs pay lower tax rate on net cash balance (electronic gaming machines)	74.2	71.1	73.2	74.3	75.1	76.1
Total gambling tax expenditures	74.2	71.1	73.2	74.3	75.1	76.1
Motor vehicle taxes						
Discounted registration fee for vehicles operated by health care card holders and Pensioners	94.5	100.2	106.7	114.0	121.5	129.8
Discounted registration fee for vehicles operated by totally and permanently incapacitated persons	1.5	1.5	1.5	1.5	1.5	1.5
Discounted registration fee for light vehicles operated by primary producers	6.3	6.5	6.8	7.3	7.9	8.9
Discounted registration fee for heavy vehicles operated by primary producers	29.7	31.5	34.7	38.1	41.8	45.8
Discounted registration for hybrid or electric cars	1.7	2.3	2.7	3.1	3.4	3.7
Total motor vehicle taxes expenditures	133.7	141.9	152.4	163.9	176.1	189.7

Table 5.2: Tax expenditures that can be costed (including thresholds) (continued)

(\$million)

Description	2012-13 Estimate	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Land transfer duties						
Land transfer duty concession for first homebuyers of properties valued up to \$600 000 ^(b)	56.3	141.6	188.7	206.3	218.7	232.0
Land transfer duty concession for farmers under 35 years of age	1.0	1.0	2.0	2.0	2.0	2.0
Stamp duty for corporate reconstruction	459.3	158.9	191.5	191.5	191.5	191.5
Conveyance duty concession for pensioners and concession cardholders	70.2	86.0	70.1	74.1	78.5	83.3
Stamp duty for principal place of residence	92.8	118.8	99.3	99.3	99.3	99.3
Total land transfer duties expenditures	679.6	506.2	551.6	573.1	590.1	608.1
Total estimated tax expenditures	6 318.1	6 295.1	6 895.3	6 969.0	7 457.1	7 507.1

Source: Department of Treasury and Finance

Notes:

(a) The Fire Services Property Levy commenced on 1 July 2013.

(b) A 50 per cent duty reduction to be phased in over four years, with a 20 per cent reduction on 1 July 2011, followed by additional 10 per cent reductions on 1 January 2013, 1 July 2013 and 1 September 2014.

Table 5.3 provides the ratio of tax expenditure to revenue by the main categories of tax in 2013-14. The ratio of total tax expenditures (excluding thresholds) to total tax revenue in 2013-14 is estimated at 26 per cent, less than the 28 per cent estimated for 2012-13. The reduction in this ratio is driven by the abolition of congestion levy exemptions for short-stay carparks in conjunction with an increase in the levy rate in 2013-14 and reduced stamp duty expenditures for corporate reconstruction after unusually high levels in 2012-13.

Table 5.3: Estimated aggregate tax expenditures (excluding thresholds) and tax revenue in 2013-14^(a)

(\$ million)

Description	Tax expenditure	Tax revenue	Ratio
Land tax	2 495.4	1 627.8	1.53
Payroll tax	1 075.4	4 930.0	0.22
Gambling tax	71.1	1 678.5	0.04
Motor vehicle taxes	141.9	1 901.2	0.07
Land transfer duties	506.2	4 189.2	0.12
Congestion levy	25.3	92.6	0.27
Other/miscellaneous	21.4	2 438.2	0.01
Total for items estimated	4 336.7	16 857.5	0.26

Source: Department of Treasury and Finance

Note:

(a) Tax expenditures associated with thresholds are excluded due to the different nature of these expenditures to other taxation expenditures. Expenditures are benefits that target certain taxpayers or activities, whereas thresholds exclude transactions below a certain size.

Table 5.4 provides an estimate of tax expenditures for groups of potential taxpayers based on the legal incidence of state taxes. Property owners' tax expenditures are expected to rise in 2014-15, driven by increased expenditures in the principal place of residence land tax exemption.

Table 5.4: Aggregate tax expenditures (excluding thresholds) classified by persons or entities affected^(a)

(\$ million)

<i>Description</i>	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>	<i>2015-16 Estimate</i>	<i>2016-17 Estimate</i>	<i>2017-18 Estimate</i>
Business not elsewhere included ^(b)	557.7	245.9	330.0	332.3	342.0	342.9
Construction industry	3.8	3.8	4.1	4.3	4.6	4.8
Charitable organisations other than religious institutions	340.0	366.7	394.9	407.9	436.8	450.7
Educational institutions	135.8	151.5	159.0	168.1	177.8	188.0
Gambling clubs	74.2	71.1	73.2	74.3	75.1	76.1
Commonwealth and State Governments	647.6	659.5	762.3	751.8	835.9	819.0
Local government	258.5	268.8	295.9	300.1	325.5	329.1
Hospitals	353.1	376.9	390.9	410.8	431.9	454.3
Pensioners/concession cardholders	190.5	233.8	228.3	239.7	255.3	268.6
Property owners	1 392.4	1 492.2	1 728.5	1 715.9	1 896.4	1 865.2
Primary producers	356.5	351.4	411.5	402.9	450.5	437.9
Religious institutions	4.3	2.6	3.1	3.4	3.7	4.0
Sporting, recreation and cultural organisations	42.2	41.0	48.0	47.0	52.6	51.1
Other	67.3	71.6	76.8	82.7	89.2	96.1
Total for items estimated	4 424.0	4 336.7	4 906.4	4 941.1	5 377.2	5 388.0

Source: Department of Treasury and Finance

Notes:

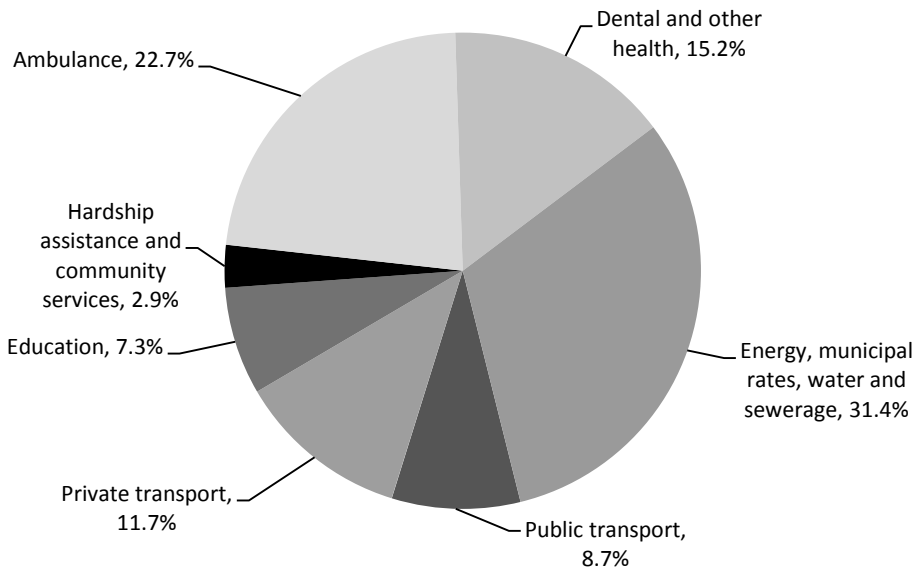
- (a) Tax expenditures associated with thresholds are excluded due to the different nature of these expenditures to other taxation expenditures. Expenditures are benefits that target certain taxpayers or activities, whereas thresholds exclude transactions below a certain size.
- (b) The stamp duty tax expenditures for corporate reconstruction are included in this group, hence a significantly lower level in 2013-14 compared with the abnormally high 2012-13 year.

CONCESSIONS

Concessions are a direct budget outlay or reduction in government charges that have the effect of reducing the price of a good or service for particular groups. Certain characteristics of the consumer, such as possession of a Commonwealth Government pension card or a health care card, are the basis for entitlement. Concessions allow certain groups in the community to access or purchase important amenities like energy, education, health and transportation at a reduced or zero cost.

Chart 5.1 shows the estimated distribution of concessions by category for 2014-15. At an aggregate level, the largest share of concessions is concentrated in health (ambulance, dental and community health programs) accounting for 38 per cent of total concessions.

Chart 5.1: Estimated concessions by category for 2014-15



Source: Department of Treasury and Finance

Table 5.5 classifies the major concessions by category.

Table 5.5: Concessions by category^(a)

<i>Description</i>	<i>2012-13 Estimate</i>	<i>2013-14 Estimate</i>	<i>2014-15 Estimate</i>
Electricity	171.7	176.5	194.8
Mains gas	62.0	58.5	61.4
Municipal rates	84.9	88.5	90.5
Water and sewerage	153.7	156.0	161.7
Total energy, municipal rates, water and sewerage	472.3	479.6	508.3
Ambulance ^(b)	416.1	406.3	368.4
Dental services and spectacles	116.4	161.5	144.9
Community health programs	93.0	100.3	102.0
Total health	625.4	668.1	615.3
Education	117.2	112.1	118.6
Hardship schemes	32.2	38.4	42.0
Social and community services	4.7	4.9	4.9
Private transport	178.3	179.6	189.8
Public transport	129.0	134.9	141.0
Total for items estimated	1 559.1	1 617.7	1 619.9

Source: Department of Treasury and Finance

Notes:

(a) Some concessions are unable to be directly measured and are estimates only (including 2012-13).

(b) Funding for ambulance concessions in 2014-15 will exclude concessions for Department of Veterans' Affairs clients. Under new arrangements, funding for these concessions will no longer flow via the State but go directly to Ambulance Victoria.

Education concessions include the education maintenance allowance, concessions for preschool, and concessions for vocational education and training.

The social and community services category includes concessions for non-profit organisations such as the Good Shepherd Youth and Family Service Buying Service, Victorian Council of Social Service, Community Information Victoria, Bereavement Assistance Limited, the Charity Freight Service and Foodbank Victoria.

Transport concessions consist of a discount on Transport Accident Commission premiums, funding for the Multi Purpose Taxi Program and public transport concessions.

CHAPTER 6 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

This chapter contains information on contingent assets and liabilities for the general government sector and should be read in conjunction with Chapter 1.

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 in the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable. The table below contains quantifiable contingent assets as at May 2014, based on current information.

Table 6.1: Quantifiable contingent assets

(\$ million)

	<i>As at Nov 2013^(a)</i>	<i>As at May 2014</i>
Guarantees, indemnities and warranties	1.6	2.0
Legal proceedings and disputes	8.7	8.7
Other	10.3	8.0
Total contingent assets	20.6	18.7

Source: Department of Treasury and Finance

Note:

(a) As published in the 2013-14 Budget Update.

Non-quantifiable contingent assets

CityLink compensable enhancement claims

The Melbourne CityLink Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent of additional revenue derived by CityLink Melbourne Limited (CML) as a result of certain events that particularly benefit CityLink, including changes to the adjoining road network.

Compensable enhancement claims have previously been lodged in respect of works for improving traffic flows on the West Gate Freeway (between Lorimer and Montague streets), and in the vicinity of the intersection of the Bulla Road and the Tullamarine Freeway. The claims were lodged on 20 May 2005 and 29 September 2006 respectively, and are still outstanding.

Revenue sharing from the Monash-CityLink West Gate upgrade

On 25 July 2006, CML, Transurban Infrastructure Management Ltd (TIML) and the State entered into the M1 Corridor Redevelopment Deed.

Under the terms of the deed:

- the State upgraded the Monash and West Gate Freeways, while CML upgraded the Southern Link section of CityLink; and
- the State became entitled to 50 per cent of the additional CityLink revenue created by the Monash CityLink West Gate upgrade after CML recovers its construction and additional operating costs relating to works on the Southern Link.

The method used to calculate the additional CityLink revenue generated from the upgrade is based on comparing actual CityLink revenue with agreed trends. The calculation date for the additional CityLink revenue and the State's revenue sharing entitlement is 30 June 2014.

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.

As with contingent assets, contingent liabilities are also classified as either quantifiable or non-quantifiable. The following table contains quantifiable contingent liabilities as at May 2014, based on current information.

Table 6.2: Quantifiable contingent liabilities

(\$ million)

	As at Nov 2013 ^(a)	As at May 2014
Guarantees, indemnities and warranties ^(b)	322.5	320.9
Legal proceedings and disputes ^(b)	480.9	443.9
Other ^(b)	292.8	286.3
Non-general government debt	11 016.3	10 990.8
Total contingent liabilities ^(b)	12 112.6	12 041.9

Source: Department of Treasury and Finance

Notes:

(a) As published in the 2013-14 Budget Update.

(b) Contingent liabilities restated to more accurately reflect the contingent liabilities as at 30 November 2013.

Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
- performance guarantees, warranties, letters of comfort and the like;
- deeds in respect of certain obligations; and
- unclaimed monies, which may be subject to future claims by the general public against the State.

An overview of the more significant non-quantifiable liabilities follows.

National Electricity Code Administrator

As part of the wind-up of the National Electricity Code Administrator (NECA) the State of Victoria has undertaken to indemnify the actions of the NECA Directors for a period of seven years, from completion of their tenure in 2008, until 2015.

Royal Melbourne Showgrounds redevelopment

Under the State commitment to the Royal Agriculture Society of Victoria (RASV), the State has agreed to support certain obligations of RASV which may arise out of the joint venture agreement. In accordance with the terms set out in the State commitment to RASV, the State will pay (in the form of a loan) the amount requested by RASV. If any outstanding loan amount remains unpaid at the date which is 25 years after the commencement of the operation term under the development and operation agreement, RASV will be obliged to satisfy and discharge each such outstanding loan amount. This may take the form of a transfer to the State, of the whole of the RASV participating interest in the joint venture.

The State has also entered into an agreement through the State Support Deed – Non-Core Land with Showgrounds Retail Developments Pty Ltd and the RASV whereby the State agrees to support certain payment obligations of the RASV that may arise under the non-core development agreement.

Public transport rail partnership agreements

Public Transport Victoria (PTV) is party to partnership contractual arrangements with franchisees to operate metropolitan rail transport services in the State, operative from 30 November 2009 until 30 November 2017. The following summarises the major contingent liabilities arising from the contractual arrangements in the event of early termination or expiry of the partnership contractual agreement:

- partnership assets: to maintain continuity of services, at early termination or expiry of the franchise contract, assets will revert to PTV or a successor. In the case of some assets, a reversion back to PTV would entail those assets being purchased; and
- unfunded superannuation: at the early termination or expiry of the contract, PTV will assume any unfunded superannuation amounts (apart from contributions the operator is required to pay over the contract term) to the extent that the State becomes the successor operator.

Compulsory property acquisitions

The State has compulsorily acquired a number of properties (residential and commercial) through the *Land Acquisition and Compensation Act 1986* to facilitate delivery of various projects. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

Public acquisition overlays for the future development of rail and road infrastructure

Public acquisition overlays are in place in order to reserve certain areas of land for future development of rail and road infrastructure. Under section 98 of the *Planning and Environment Act 1987*, the State has a legislative responsibility to pay compensation to eligible land and property owners who face either:

- loss on sale – an eligible landowner is entitled to compensation for the incremental loss on sale when a property affected by a public acquisition overlay is sold for less than its market value; or
- financial loss – the entitlement to financial loss compensation is triggered when a development permit is refused because the property is required for a public purpose.

Compensation and purchase claims occur as a result of claims by land owners. The quantum of the future liability depends on factors including the number of claims received and the prevailing value of land at the time the claim is made, which cannot be reliably quantified.

Land remediation – environmental concerns

In addition to properties for which remediation costs have been provided in the State's financial statements, certain other properties have been identified as potentially contaminated sites. The State does not admit any liability in respect of these sites. However, remedial expenditure may be incurred to restore the sites to an acceptable environmental standard in the event that a contamination risk is identified.

The Biosciences Research Centre

The service fee payment obligations of Biosciences Research Centre Pty Ltd (on behalf of the joint venture participants) are supported by the State of Victoria via a State support deed. Under this deed, the State ensures that the joint venture participants have the financial capacity to meet their payment obligations to the company, thereby enabling the company to meet its obligations to pay the service fee to the concessionaire pursuant to the project agreement. The State underwrites the risk of any default by the Biosciences Research Centre Pty Ltd.

Department of Education and Early Childhood Development

The Department has a number of unquantifiable contingent liabilities, arising from indemnities provided by it, as follows:

- volunteer school workers and volunteer student workers: the *Education and Training Reform Act 2006* provides a specific indemnity for personal injuries suffered by volunteer school workers and volunteer student workers arising out of or in the course of engaging in school work or community work respectively;
- members of school councils: the *Education and Training Reform Act 2006* provides an indemnity to members of school councils for any legal liability, whether in contract, negligence, defamation or other; and
- teachers: in the event that a teacher is named as a defendant in a student personal injury claim, any costs and damages will generally be paid by the Department provided the teacher was not drunk, under the influence of illicit drugs or engaging in a criminal offence and the behaviour was not outrageous and was related to, or undertaken in, the course of their employment.

Native Title

A number of claims have been filed with the Federal Court under the Commonwealth *Native Title Act 1993* that affect Victoria. It is not feasible at this time to quantify any future liability.

Victorian Managed Insurance Authority – insurance cover

The Victorian Managed Insurance Authority (VMIA) was established in 1996 as an insurer for State Government departments, participating bodies and other entities as defined under the *Victorian Managed Insurance Authority Act 1996*. VMIA provides its clients with a range of insurance cover, including 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 public and products liability, and for losses above \$50 million arising out of any one event, up to a maximum of \$3.05 billion for property. The risk of losses above these reinsured levels is borne by the State.

VMIA also insures the Department of Health for all public sector medical indemnity claims incurred in each policy year from 1 July 2003, regardless of when claims are finally settled. Under the indemnity deed to provide stop loss protection for VMIA, the Department of Treasury and Finance has agreed to reimburse VMIA if the ultimate claims payouts exceed by more than 20 per cent of the initial estimate on which the risk premium was based.

Fiskville firefighting independent investigation

An independent investigation was undertaken into the historical use of chemicals for live firefighting training at Fiskville between 1971 and 1999. The report of the independent investigation has been released and the Country Fire Authority has accepted all of the facts, recommendations and conclusions and is committed to implementing all recommendations.

In August 2012, the Country Fire Authority established a program office to manage the implementation of the report's recommendations and an additional 11 management initiatives to which the Country Fire Authority Board committed in its response to the report. At this stage, it is impractical to quantify the financial effects as a result of the investigation's recommendations.

Gambling licences

In 1992, a gaming operator's licence was issued to the Trustees of the Will and Estate of the late George Adams, later succeeded by Tatts Group. In 1994, the State issued a wagering and gaming licence to Tabcorp Holdings Limited (Tabcorp). These licences expired in August 2012. The *Gambling Regulation Act 2003* specified end of licence arrangements which included compensation provisions for the licensees predicated on the previous licensing arrangements being rolled over beyond their scheduled expiry date.

On 10 April 2008, the previous Government announced a new regulatory and licencing regime post August 2012. The main changes included:

- separating the wagering and gaming licence to instead license wagering on a standalone basis; and
- transitioning from the gaming operator duopoly to a system where venue operators are licensed to own and operate gaming machines in their own right.

After considering the end of licence arrangements in the *Gambling Regulation Act 2003*, the previous Government formed the view that neither Tatts Group nor Tabcorp were entitled to compensation after the expiration of their previous licences.

On 16 August 2012, Tatts Group commenced formal legal proceedings against the State. Tabcorp commenced proceedings on 24 August 2012. Each seeks, in essence, to hold the State to an obligation to provide compensation. Tatts Group is claiming \$451 million and in the alternative, remedies including damages and equitable compensation. Tabcorp is claiming \$686.8 million and various alternative relief including damages.

The Government is defending the State against both claims.

Melbourne Park redevelopment

In 2010, the State entered into a capital works agreement with Tennis Australia and the Melbourne and Olympic Park Trust for the Australian Open to remain at Melbourne Park until 2036. The agreement contains a number of conditions including that the government will invest in further improvements to Melbourne Park in three stages or (if an agreed investment threshold is reached), pay a rights fee to retain the Australian Open at Melbourne Park until 2036. The government announced Stage 1 of the Melbourne Park redevelopment with a total estimated investment of \$363 million in the *2010-11 Budget*. In January 2014 the Government announced a further \$338 million total estimated investment to Stage 2 of the redevelopment.

APPENDIX A – PUBLIC ACCOUNT

The Public Account is the Government’s official bank account. The Public Account holds the cash balances of the Consolidated Fund and the Trust Fund. The State’s financial transactions on the Public Account are recorded in the public ledger.

The *Financial Management Act 1994* (FMA) provides for:

- temporary advances from the Public Account for a number of purposes related to the needs of the Government;
- investment of the Public Account in trustee securities; and
- temporary borrowings, should the balance in the Consolidated Fund be insufficient to meet commitments during a financial year.

Consolidated Fund

The Consolidated Fund established by the FMA is the Government’s primary financial account and receives all consolidated revenue under the *Constitution Act 1975* from which payments, appropriated by Parliament, are made.

The Trust Fund

Within the Public Account, the Trust Fund embraces a range of specific purpose accounts established for funds that are not subject to parliamentary appropriation. Examples of these accounts include accounts to record specific purpose payments from the Commonwealth for on-passing by the State to third parties, suspense account balances for accounting purposes, working accounts for commercial and departmental service units, and accounts facilitating the receipt and disbursement of private funds held by the State in trust. Additional accounts may also be established within the Trust Fund to receive State revenues hypothecated to particular purposes (e.g. lotteries revenue for hospitals and charities).

Table A.1: The Consolidated Fund

Estimated receipts and payments for the year ended 30 June 2014 and for the year ending 30 June 2015.

(\$ million)

	2013-14 Budget	2014-15 Budget	Variation %
Receipts			
Taxation	16 784	18 355	9.4
Fines and regulatory fees	799	857	7.2
Grants received	16 021	17 175	7.2
Sales of goods and services (including Section 29 FMA annotated)	5 348	5 467	2.2
Interest received	490	514	4.9
Dividends and income tax equivalent and rate equivalent receipts	647	579	(10.5)
Other receipts	388	286	(26.4)
Total operating activities	40 477	43 232	6.8
Total cash inflows from investing and financing	4 568	4 042	(11.5)
Total receipts	45 045	47 274	5.0
Payments			
Special appropriations	4 119	3 906	(5.2)
Appropriations ^(a)			
Provision of outputs	33 113	35 358	6.8
Additions to the net asset base	3 461	3 131	(9.5)
Payments made on behalf of the State	3 209	3 253	1.4
Receipts credited to appropriation			
Provision of outputs	2 280	2 045	(10.3)
Additions to the net asset base	1 143	794	(30.6)
Sub total	47 326	48 488	2.5
Appropriations remaining unspent	(781)	(643)	(17.7)
Total payments	46 545	47 845	2.8
Net receipts/(payments)	(1 501)	(571)	(62.0)
Opening balance 1 July ^(b)	433	(217)	(150.2)
Estimated closing balance 30 June	(1 068)	(788)	(26.2)

Source: Department of Treasury and Finance

Notes:

(a) Includes unapplied appropriations carried over from the previous year.

(b) The opening balance of cash and deposits for the 2014-15 Budget is based on the 2013-14 actual opening balance plus the estimated movements for the 2013-14 revised budget (see Appendix B Note 16(a)).

Table A.2: Consolidated Fund receipts

(\$ thousand)

	2013-14 Budget	2014-15 Budget	Variation %
Operating receipts			
Taxation			
Payroll tax	5 648 196	5 682 505	0.6
Land tax	1 590 084	1 903 600	19.7
Fire Services Property Levy	610 881	626 451	2.5
Congestion levy	93 505	122 336	30.8
Duties from financial and capital transactions			
Land transfer duty	3 654 546	4 615 302	26.3
Other duties	4 023	2 897	(28.0)
Growth areas infrastructure contribution	20 369	30 511	49.8
Financial accommodation levy	132 816	151 001	13.7
Levies on statutory corporations	117 457	112 509	(4.2)
Gambling taxes	1 822 866	1 737 505	(4.7)
Insurance	1 049 719	1 094 410	4.3
Motor vehicle			..
Road Safety Act (Registration Fees) 1986	1 247 797	1 429 727	14.6
Duty on vehicle registrations and transfers	661 059	713 990	8.0
Liquor licence fees	23 491	22 434	(4.5)
Other taxes	106 792	110 030	3.0
Total	16 783 601	18 355 208	9.4
Fines and regulatory fees			
Fines	345 863	384 361	11.1
Regulatory fees	453 548	472 354	4.1
Total	799 410	856 715	7.2
Grants received			
Grants received by department			
Department of Environment and Primary Industries	16 350	24 854	52.0
Department of Health	31 004	25 304	(18.4)
Department of Human Services	3 537	3 072	(13.1)
Department of Justice	3 020	5 314	76.0
Department of State Development Business and Innovation	5 000	6 250	25.0
Department of Treasury and Finance	15 961 879	17 110 206	7.2
Total	16 020 790	17 174 999	7.2
Sales of goods and services	5 347 683	5 466 952	2.2
Interest received	490 052	513 871	4.9
Dividends and income tax equivalent and rate equivalent revenue			
Dividends	445 890	414 005	(7.2)
Income tax equivalent revenue	195 660	159 291	(18.6)
Local government tax equivalent revenue	5 264	5 711	8.5
Total	646 814	579 007	(10.5)

Table A.2: Consolidated Fund receipts (continued)

(\$ thousand)

	2013-14 Budget	2014-15 Budget	Variation %
Other receipts			
Land rent received	15 194	16 645	9.5
Royalties received	47 147	49 617	5.2
Other	326 048	219 404	(32.7)
Total	388 389	285 666	(26.4)
Total operating activities	40 476 739	43 232 418	6.8
Cash inflows from investing and financing			
GBEs loans repaid	72 147	78 567	8.9
Other loans	655	655	..
Return of capital – government entities	700	39 700	5 571.4
Borrowings	4 494 273	3 922 929	(12.7)
Total cash in flows from investing and financing	4 567 775	4 041 851	(11.5)
Total Consolidated Funds receipts	45 044 514	47 274 270	5.0

Source: Department of Treasury and Finance

Table A.3: Consolidated Fund appropriations – summary

(\$ thousand)

	2013-14 Budget	2014-15 Budget	Variation %
Education and Early Childhood Development			
Special appropriations	26 488	13 011	(50.9)
Annual appropriations	10 314 217	10 869 223	5.4
Total	10 340 705	10 882 234	5.2
Environment and Primary Industries			
Special appropriations	8 300	..	
Annual appropriations	2 465 673	2 343 809	(4.9)
Total	2 473 973	2 343 809	(5.3)
Health			
Special appropriations	1 445 402	1 192 712	(17.5)
Annual appropriations	8 472 534	8 642 837	2.0
Total	9 917 936	9 835 548	(0.8)
Human Services			
Special appropriations	63 935	80 056	25.2
Annual appropriations	3 683 781	3 865 303	4.9
Total	3 747 716	3 945 359	5.3
Justice ^(a)			
Special appropriations	213 700	102 092	(52.2)
Annual appropriations	5 931 283	6 044 010	1.9
Total	6 144 983	6 146 102	..
Premier and Cabinet			
Special appropriations	15 477	14 177	(8.4)
Annual appropriations	609 335	623 872	2.4
Total	624 812	638 049	2.1
State Development, Business and Innovation			
Special appropriations	..	..	..
Annual appropriations	958 402	964 068	0.6
Total	958 402	964 068	0.6
Transport, Planning and Local Infrastructure			
Special appropriations	10 167	23 007	126.3
Annual appropriations	8 188 129	8 079 328	(1.3)
Total	8 198 296	8 102 335	(1.2)
Treasury and Finance			
Special appropriations	2 300 645	2 252 445	(2.1)
Annual appropriations	2 444 626	2 695 666	10.3
Total	4 745 271	4 948 111	4.3
Parliament			
Special appropriations	35 008	38 589	10.2
Annual appropriations	138 827	144 652	4.2
Total	173 835	183 241	5.4

Table A.3: Consolidated Fund appropriations – summary (*continued*)

(\$ thousand)

	2013-14 <i>Budget</i>	2014-15 <i>Budget</i>	Variation %
Courts ^(a)			
Special appropriations	..	189 555	na
Annual appropriations	..	309 112	na
Total	..	498 667	na
Total special appropriations	4 119 122	3 905 644	(5.2)
Total annual appropriations ^(b)	43 206 807	44 581 879	3.2
Total appropriations	47 325 928	48 487 522	2.5

Source: Department of Treasury and Finance

Notes:

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

(b) Includes receipts credited to appropriation and unapplied previous year appropriations carried over.

Table A.4: Consolidated Fund payments – special appropriations

(\$ thousand)

	2013-14 Budget	2014-15 Budget	Variation %
Education and Early Childhood Development			
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth grants</i>	26 225	12 742	(51.4)
<i>Education and Training Reform Act No. 24/26 of 2006, Section 5.6.8 – Volunteer Workers Compensation</i>	263	269	2.3
Total	26 488	13 011	(50.9)
Environment and Primary Industries			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(a)</i>	8 300	..	na
Total	8 300	..	(100.0)
Health			
<i>Casino Control Act No. 47 of 1991, Section 114 – Hospitals and Charities Fund</i>	16 314	15 909	(2.5)
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth Grants</i>	89 308	11 604	(87.0)
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.11 – Hospitals and Charities Fund and Mental Health Fund</i>	894 981	751 029	(16.1)
<i>Gambling Regulation Act No. 114 of 2003, Sections 4.4.11 and 4.6.8 – Hospitals and Charities Fund</i>	57 120	65 087	13.9
<i>Gambling Regulation Act No. 114 of 2003, Section 4.6.8(2) Contributions to Hospitals and Charities Fund</i>	34 167	..	na
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 – Hospitals and Charities Fund and Mental Health Fund</i>	342 926	345 006	0.6
<i>Gambling Regulation Act No. 114 of 2003, Section 6A.4.4(1) – Contributions to Hospital and Charities Fund and Mental Health Fund</i>	4 586	4 076	(11.1)
<i>Gambling Regulation Act No. 114 of 2003, Section 6A.4.4(2) – Contributions to Hospital and Charities Fund/Mental Health Fund</i>	6 000	..	na
Total	1 445 402	1 192 712	(17.5)
Human Services			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(a)</i>	..	16 121	na
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 – Hospitals and Charities Fund and Mental Health Fund</i>	63 935	63 935	..
Total	63 935	80 056	25.2
Justice^(b)			
<i>Constitution Act No. 8750 – Chief Justice</i>	683	..	na
<i>Constitution Act No. 8750 – President Court of Appeal</i>	548	..	na
<i>Constitution Act No. 8750 – Judges Court of Appeal</i>	6 821	..	na
<i>Constitution Act No. 8750 – Judges Supreme Court</i>	21 776	..	na
<i>County Court Act No. 6230 – Judges</i>	30 432	..	na
<i>Crown Proceedings – Act No. 6232</i>	4 874	4 996	2.5
<i>EastLink Project Act No. 39 of 2004, Section 26</i>	1 185	1 215	2.5
<i>Electoral Act No. 23 of 2002, Section 181 – Electoral Expenses</i>	30 434	72 060	136.8
<i>Electoral Act No. 23 of 2002, Section 215 – Electoral Entitlement</i>	..	11 600	na

Table A.4: Consolidated Fund payments – special appropriations (continued)

(\$ thousand)

	2013-14 Budget	2014-15 Budget	Variation %
<i>Emergency Management Act No. 30 of 1986, Section 32 – Volunteer Workers Compensation</i>	323	331	2.5
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth grants etc.</i>	..	2 100	na
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(a)</i>	6 574	5 906	(10.2)
<i>Juries Act No. 53 of 2000, Section 59 – Compensation to Jurors</i>	23	..	na
<i>Magistrates Court Act No. 51 of 1989</i>	48 937	..	na
<i>Melbourne City Link Act No. 107 of 1995, Section 14(4)</i>	2 800	2 870	2.5
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – Awards</i>	54 821	..	na
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – Expenses</i>	2 480	..	na
<i>Victoria State Emergency Service Act No. 51 of 2005, Section 52 – Volunteer Workers Compensation</i>	880	902	2.5
<i>Work Cover Authority Fund, Corrections Act 1986, Part 9D, S.104ZW</i>	109	112	2.8
Total	213 700	102 092	(52.2)
Premier and Cabinet			
<i>Constitution Act No. 8750 – Executive Council</i>	50	50	..
<i>Constitution Act No. 8750 – Governor’s Salary</i>	423	433	2.4
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(a)</i>	7 135	5 520	(22.6)
<i>Ombudsman Act No. 8414</i>	501	511	2.0
<i>Parliamentary Salaries and Superannuation Act No. 7723 of 1968</i>	7 368	7 663	4.0
Total	15 477	14 177	(8.4)
Transport, Planning and Local Infrastructure			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(a)</i>	3 167	9 107	187.6
Payments to Growth Areas Public Transport Fund pursuant to Section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>	2 500	5 950	138.0
Payments to Building New Communities Fund pursuant to Section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>	2 500	5 950	138.0
<i>Transport (Compliance and Miscellaneous) Act, Section 213A(4)</i>	2 000	2 000	..
Total	10 167	23 007	126.3
Treasury and Finance			
<i>Constitution Act No. 8750 – Governor’s Pension</i>	983	1 005	2.3
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	9 561	9 776	2.3
<i>County Court Act No. 6230 – Judges</i>	13 238	13 536	2.3
<i>Financial Management Act No. 18 of 1994, Section 39 – Interest on Advances</i>	20 000	20 000	..
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.12 – Community Support Fund</i>	114 008	98 800	(13.3)
<i>Liquor Control Reform Act No. 94 of 1998, Section 177(2)</i>	3 500	3 500	..
<i>State Electricity Commission Act 1958, Section 85B(2) – Indemnity</i>	101 902	67 517	(33.7)
<i>State Superannuation Act No. 50 of 1988, Section 90(2) – Contributions</i>	1 035 753	1 036 611	0.1
<i>Taxation (Interest on Overpayments) Act No. 35 of 1986, Section 11</i>	1 000	1 000	..
<i>Treasury Corporation of Victoria Act No. 80 of 1992, Section 38 – Debt Retirement</i>	1 000 700	1 000 700	..
Total	2 300 645	2 252 445	(2.1)

Table A.4: Consolidated Fund payments – special appropriations (continued)

(\$ thousand)

	2013-14 Budget	2014-15 Budget	Variation %
Parliament			
<i>Audit Act No. 2 of 1994, Section 17(3) – Audit of Auditor-General’s Office</i>	25	25	..
<i>Constitution Act No. 8750, Section 94A – Auditor-General’s Salary</i>	495	541	9.3
<i>Constitution Act No. 8750 – Clerks of the Parliaments</i>	2	2	..
<i>Constitution Act No. 8750 – Legislative Assembly</i>	550	550	..
<i>Constitution Act No. 8750 – Legislative Council</i>	200	200	..
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations^(a)</i>	640	..	na
<i>Parliamentary Salaries and Superannuation Act No. 7723, Section 13(1) – contributions</i>	9 300	9 300	..
<i>Parliamentary Salaries and Superannuation Act No. 7723 – Salaries and Allowances</i>	23 796	27 971	17.5
Total	35 008	38 589	10.2
Courts^(b)			
<i>Constitution Act No. 8750 – Chief Justice</i>	..	713	na
<i>Constitution Act No. 8750 – President Court of Appeal</i>	..	573	na
<i>Constitution Act No. 8750 – Judges Court of Appeal</i>	..	7 128	na
<i>Constitution Act No. 8750 – Judges Supreme Court</i>	..	22 835	na
<i>County Court Act No. 6230 – Judges</i>	..	31 782	na
<i>Juries Act No. 53 of 2000, Section 59 – Compensation to Jurors</i>	..	24	na
<i>Magistrates Court Act No. 51 of 1989</i>	..	51 556	na
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – Awards</i>	..	58 111	na
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – Expenses</i>	..	2 542	na
<i>Victorian Civil and Administrative Tribunal Act No. 53 of 1998, Section 17AA</i>	..	14 291	na
Total	..	189 555	na
Total special appropriations	4 119 122	3 905 644	(5.2)

Source: Department of Treasury and Finance

Notes:

(a) Relates to previously applied appropriations.

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

Table A.5: Consolidated Fund payments: total annual appropriations

Details of total annual appropriations for 2014-15, including amounts of estimates of unapplied 2013-14 appropriation carried forward pursuant to Section 32 of the *Financial Management Act 1994* and certain revenue and asset sales proceeds credited to appropriation pursuant to Section 29 of the *Financial Management Act 1994*. Estimates for 2014-15 Budget are in **bold**. Estimates for 2013-14 Budget in *italics* reflect amounts published in the 2013-14 Budget and do not include machinery of government changes. Please note that these figures are rounded to the nearest thousand dollars.

(\$ thousand)

	<i>Provision of outputs</i>	<i>Additions to net asset base</i>	<i>Payments made on behalf of the State</i>	<i>Total</i>
Education and Early Childhood Development				
Appropriation ^(a)	10 211 944	..	..	10 211 944
	<i>9 603 806</i>	..	..	<i>9 603 806</i>
Receipts credited to appropriation ^(b)	435 928	51 351	..	487 279
	<i>589 295</i>	<i>78 065</i>	..	<i>667 360</i>
Unapplied previous year appropriation carried over ^(c)	170 000	..	..	170 000
	<i>43 051</i>	..	..	<i>43 051</i>
Total appropriation	10 817 872	51 351	..	10 869 223
	<i>10 236 152</i>	<i>78 065</i>	..	<i>10 314 217</i>
Environment and Primary Industries				
Appropriation ^(a)	1 253 619	111 169	696 650	2 061 438
	<i>1 205 015</i>	<i>104 386</i>	<i>919 313</i>	<i>2 228 714</i>
Receipts credited to appropriation ^(b)	158 934	61 259	..	220 193
	<i>116 182</i>	<i>29 374</i>	..	<i>145 556</i>
Unapplied previous year appropriation carried over ^(c)	51 071	11 107	..	62 178
	<i>35 865</i>	<i>55 274</i>	<i>263</i>	<i>91 403</i>
Total appropriation	1 463 624	183 535	696 650	2 343 809
	<i>1 357 062</i>	<i>189 034</i>	<i>919 576</i>	<i>2 465 673</i>
Health				
Appropriation ^(a)	7 498 235	88 911	..	7 587 146
	<i>6 978 374</i>	<i>295 119</i>	..	<i>7 273 492</i>
Receipts credited to appropriation ^(b)	781 111	139 173	..	920 284
	<i>915 250</i>	<i>157 859</i>	..	<i>1 073 109</i>
Unapplied previous year appropriation carried over ^(c)	68 995	66 411	..	135 406
	<i>73 524</i>	<i>52 409</i>	..	<i>125 933</i>
Total appropriation	8 348 341	294 495	..	8 642 837
	<i>7 967 147</i>	<i>505 387</i>	..	<i>8 472 534</i>
Human Services				
Appropriation ^(a)	3 711 252	63 656	..	3 774 908
	<i>3 534 576</i>	<i>84 007</i>	..	<i>3 618 583</i>
Receipts credited to appropriation ^(b)	50 586	6 250	..	56 836
	<i>43 837</i>	<i>6 500</i>	..	<i>50 337</i>
Unapplied previous year appropriation carried over ^(c)	17 400	16 160	..	33 560
	<i>2 889</i>	<i>11 972</i>	..	<i>14 861</i>
Total appropriation	3 779 237	86 066	..	3 865 303
	<i>3 581 302</i>	<i>102 479</i>	..	<i>3 683 781</i>

Table A.5: Consolidated Fund payments: total annual appropriations (continued)

(\$ thousand)

	Provision of outputs	Additions to net asset base	Payments made on behalf of the State	Total
Justice ^(e)				
Appropriation ^(a)	5 008 953	739 115	54 461	5 802 529
	4 792 389	708 894	54 461	5 555 744
Receipts credited to appropriation ^(b)	189 164	600	..	189 764
	251 993	800	..	252 793
Unapplied previous year appropriation carried over ^(c)	35 690	16 026	..	51 716
	70 408	52 338	..	122 746
Total appropriation	5 233 808	755 741	54 461	6 044 010
	5 114 790	762 032	54 461	5 931 283
Premier and Cabinet				
Appropriation ^(a)	577 741	21 519	3 500	602 760
	561 669	16 237	..	577 906
Receipts credited to appropriation ^(b)	1 270	..	..	1 270
	470	..	..	470
Unapplied previous year appropriation carried over ^(c)	14 753	5 089	..	19 842
	17 109	13 850	..	30 959
Total appropriation	593 764	26 608	3 500	623 872
	579 248	30 087	..	609 335
State Development, Business and Innovation				
Appropriation ^(a)	738 039	98 486	63 688	900 213
	751 786	81 367	64 000	897 153
Receipts credited to appropriation ^(b)	300	..	..	300
	5 550	..	..	5 550
Unapplied previous year appropriation carried over ^(c)	47 815	15 740	..	63 555
	29 941	25 758	..	55 699
Total appropriation	786 154	114 226	63 688	964 068
	787 277	107 125	64 000	958 402
Transport, Planning and Local Infrastructure				
Appropriation ^(a)	5 352 831	1 851 099	850	7 204 780
	5 025 834	1 932 267	850	6 958 951
Receipts credited to appropriation ^(b)	333 047	535 200	..	868 247
	328 049	870 840	..	1 198 889
Unapplied previous year appropriation carried over ^(c)	6 300	..	..	6 300
	29 289	1 000	..	30 289
Total appropriation	5 692 178	2 386 299	850	8 079 328
	5 383 172	2 804 107	850	8 188 129

Table A.5: Consolidated Fund payments: total annual appropriations (continued)

(\$ thousand)

	Provision of outputs	Additions to net asset base	Payments made on behalf of the State	Total
Treasury and Finance				
Appropriation ^(a)	229 841	24 427	2 434 330	2 688 598
	239 787	26 587	2 170 234	2 436 608
Receipts credited to appropriation ^(b)	7 068	..	..	7 068
	7 568	..	..	7 568
Unapplied previous year appropriation carried over ^(c)	..	..	..	..
	450	..	..	450
Total appropriation	236 909	24 427	2 434 330	2 695 666
	247 805	26 587	2 170 234	2 444 626
Parliament				
Appropriation ^(d)	115 756	..	..	115 756
	112 218	..	..	112 218
Receipts credited to appropriation ^(b)	23 761	..	..	23 761
	21 572	..	..	21 572
Unapplied previous year appropriation carried over ^(c)	5 135	..	..	5 135
	5 037	..	..	5 037
Total appropriation	144 652	..	..	144 652
	138 827	..	..	138 827
Courts ^(e)				
Appropriation ^(a)	234 137	2 528	..	236 665

Receipts credited to appropriation ^(b)	64 147	..	..	64 147

Unapplied previous year appropriation carried over ^(c)	8 300	..	..	8 300

Total appropriation	306 584	2 528	..	309 112

Source: Department of Treasury and Finance

Notes:

(a) Appropriation (2014/2015) Bill.

(b) Financial Management Act 1994 Section 29.

(c) Financial Management Act 1994 Section 32.

(d) Appropriation (Parliament 2014/2015) Bill.

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

Table A.6: Appropriation of certain revenue and asset sales proceeds pursuant to Section 29 of the *Financial Management Act 1994*

Estimates for *2014-15 Budget* are in **bold**; estimates for *2013-14 Budget* are in *italics*.

(\$ thousand)

<i>Department</i>	<i>Outputs</i>	<i>Receipt source</i>		<i>Total</i>
		<i>Commonwealth</i>	<i>Other</i> ^(a)	
Education and Early Childhood Development	1 751	452 528	33 000	487 279
	<i>1 634</i>	<i>608 726</i>	<i>57 000</i>	<i>667 360</i>
Environment and Primary Industries	106 793	104 156	9 243	220 193
	<i>108 828</i>	<i>13 945</i>	<i>22 784</i>	<i>145 556</i>
Health	307 065	611 720	1 500	920 284
	<i>312 046</i>	<i>759 563</i>	<i>1 500</i>	<i>1 073 109</i>
Human Services	27 938	22 648	6 250	56 836
	<i>40 300</i>	<i>3 537</i>	<i>6 500</i>	<i>50 337</i>
Justice	133 404	55 761	600	189 764
	<i>199 777</i>	<i>52 416</i>	<i>600</i>	<i>252 793</i>
Premier and Cabinet	1 270	..	..	1 270
	<i>470</i>	..	..	<i>470</i>
State Development Business and Innovation	300	..	..	300
	<i>5 550</i>	..	..	<i>5 550</i>
Transport Planning and Local Infrastructure ^(b)	29 246	839 001	..	868 247
	<i>33 783</i>	<i>1 165 106</i>	..	<i>1 198 889</i>
Treasury and Finance	7 068	..	..	7 068
	<i>7 568</i>	..	..	<i>7 568</i>
Parliament	625	23 136	..	23 761
	21 193	379	..	21 572
Courts ^(c)	56 947	7 200	..	64 147

Notes:

(a) Includes asset sales and contributions from local governments.

(b) 2013-14 budget estimates have been reclassified between outputs and Commonwealth to reflect the receipt source more accurately.

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

Table A.7: The Trust Fund

(\$ thousand)

	2013-14 Budget	2013-14 Revised	2014-15 Budget	Variation %
Cash flows from operating activities				
Receipts				
Taxation	292 844	298 697	299 482	2.3
Regulatory fees and fines	47 774	49 344	45 658	(4.4)
Grants received	6 502 651	6 698 103	7 323 795	12.6
Sale of goods and services	907 216	637 527	406 465	(55.2)
Interest received	102 095	95 736	109 017	6.8
Net transfers from Consolidated Fund	9 518 349	9 451 198	9 769 643	2.6
Other receipts	148 190	152 943	141 695	(4.4)
	17 519 118	17 383 548	18 095 755	3.3
Payments				
Payments for employees	(167 270)	(168 925)	(180 386)	7.8
Superannuation	(12 197)	(12 489)	(13 019)	6.7
Interest paid	(14 772)	(14 684)	(14 723)	(0.3)
Grants and subsidies	(15 237 085)	(15 255 167)	(15 475 827)	1.6
Goods and services and other payments ^(a)	(1 978 575)	(2 008 264)	(2 033 231)	2.8
	(17 409 899)	(17 459 530)	(17 717 187)	1.8
Net cash flows from operating activities	109 219	(75 982)	378 568	246.6
Cash flows from investing activities				
Net proceeds from customer loans	..	..	..	..
Purchases of non-financial assets ^(a)	(25 947)	(36 045)	(27 632)	6.5
Sales of non-financial assets	39 736	33 875	33 875	(14.7)
Other investing activities	(76 684)	(52 748)	(71 988)	(6.1)
Net cash flows from investing activities	(62 896)	(54 918)	(65 744)	4.5
Cash flows from financing activities				
Net borrowings ^(a)	(17 324)	(17 317)	(17 961)	3.7
Net cash flow from financing activities	(17 324)	(17 317)	(17 961)	3.7
Net cash inflow/(outflow)	28 999	(148 217)	294 863	916.8
Represented by:				
Cash and cash equivalent held at beginning of reporting period ^(b)	3 072 703	3 072 703	2 924 486	(4.8)
Cash and deposits held at end year	3 101 701	2 924 486	3 219 349	3.8

Source: Department of Treasury and Finance

Notes:

^(a) 2013-14 budget comparative figures have been reclassified between line items.^(b) The opening balance of cash and deposits for the 2014-15 Budget is based on the 2013-14 actual opening balance plus the estimated movements for the 2013-14 revised budget.

APPENDIX B – 2013-14 BUDGET OUTCOME INCORPORATING THE FINANCIAL REPORT FOR THE MARCH QUARTER 2014

This appendix provides estimates of the budget outcome for the 2013-14 financial year, taking into account government policy decisions and economic developments impacting on both income and expenses since the presentation of the *2013-14 Budget* to Parliament in May 2013. This appendix also presents the financial results for the general government sector for the nine months ended 31 March 2014, prepared consistent with the requirements of the *Financial Management Act 1994*. Comparisons are made between the revised 2013-14 full year estimates, the May 2013 budget and the actual results for the nine months ended 31 March 2014.

FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

Revised 2013-14 budget outcome and result for the period to 31 March 2014

The comprehensive operating statement presented in Table B.1 incorporates the estimated operating outcome at the *2013-14 Budget* and the revised estimated budget outcome for 2013-14, as well as the fiscal results for the nine months ended 31 March 2014.

The net result from transactions for 2013-14 is now estimated at \$934.7 million, an increase of over \$700.0 million compared to both the *2013-14 Budget* of \$224.5 million and the *2013-14 Budget Update* of \$221.8 million. The improvement is driven by the stronger than expected recovery in the property market and additional Commonwealth grants to recently announced transport infrastructure projects, such as East West Link – Eastern section.

For the nine months ended 31 March 2014, the general government sector reported a surplus of \$873.7 million, the third consecutive reported March quarter surplus. This result is largely consistent with the revised budget expectations, reflecting the timing of Commonwealth grants and dividend determinations and the fact that the land tax revenue each year is recognised in the March quarter. At 74.1 per cent of the revised estimate outcome, the expenditure for the period to 31 March 2014 is consistent with expectations.

Revenue from transactions

Revenue from transactions for the period totalled \$38.0 billion, which is 74.4 per cent of the revised budget expectation. This is slightly below pro rata mainly due to some Commonwealth grants that are not received until later in the year and dividends from public authorities that are not recognised as revenue until declared, which is generally in October and April of each year. This is to some extent offset by the Fire Services Property Levy (FSPL) introduced in 2013-14, which is fully recognised in line with Budget estimates, and land tax assessments which are recognised in the third quarter.

Expenses from transactions

Total expenses were \$37.2 billion and in line with revised budget estimates, at 74.1 per cent. Compared with the same time last year, expenditure was higher by \$971.8 million. Some of the significant drivers include:

- increased interest expense related to the new finance lease arrangements for the desalination plant and Peninsula Link, which were in place for the full period ended 31 March 2014; and
- increased purchase of services from non-public sector suppliers, primarily in the health sector.

Other economic flows

The estimated total other economic flows included in net results have been revised from \$163.6 million, since the *2013-14 Budget Update*, to \$1 041.6 million. This is mainly due to the accounting effect of the deconsolidation of the four dual sector TAFE divisions of universities from 1 January 2014.

Other economic flows – other comprehensive income are estimated at \$5.3 billion for 2013-14, an increase of \$957.7 million, since the *2013-14 Budget Update*. Significant movements include:

- an increase of \$710.3 million in the general government sector's 'investment in other sectors' due to improvements to the net asset positions of Transport Accident Commission and Victorian WorkCover authority, driven by higher investments and deposits based on strong investment markets conditions and a fall in claims liabilities due to higher market related discount rates; and
- an increase of \$307.0 million in the actuarial gain on the State's defined benefit superannuation plans. This actuarial gain on superannuation is primarily attributable to favourable movements in the bond rates that underlie the key superannuation valuation assumptions.

It is important to note that movements in the superannuation liability associated with bond rate fluctuations arise solely due to the application of Australian Accounting Standards and do not affect the amount of cash required to fund the liability over time.

Balance sheet

The balance sheet presented in Table B.2 shows that net assets are estimated to be \$125.4 billion at 30 June 2014, compared to \$126.0 billion at the *2013-14 Budget*. Total assets have decreased by \$631.8 million since the original budget driven by the rescheduling in the VicRoads Asset revaluations to 2014-15, and movements in ‘investment in other sectors’ as stated above. The decrease in total liabilities of \$3.4 billion is associated with actuarial gains on the State’s defined benefit superannuation plans since 30 June 2013, as outlined above, and a decrease in borrowings driven by stronger operating results.

Cash flow statement

The estimate for net cash flows from operations of \$3.3 billion for 2013-14 has increased by \$551.0 million since the original budget, and by \$710.0 million since the *2013-14 Budget Update*. Movements in cash flows from operations shown in Table B.3 are consistent with the factors impacting on the operating statement, primarily driven by an increase in taxes and Commonwealth grants received.

Infrastructure investment

The Government’s infrastructure investment program in 2013-14, which includes capital purchases by the general government sector and contributions by the general government sector to other sectors of government for capital purposes, is now estimated to total \$4.8 billion. The government is well on track to achieve its revised result, with \$3.8 billion of capital investment in the year to 31 March 2014.

The Government's infrastructure scorecard to 31 March 2014

Major projects completed so far this year include:

- Dandenong Hospital – mental health redevelopment and expansion;
- Mitcham Road and Rooks Road, Mitcham level crossing removal project;
- Springvale Road, Springvale level crossing removal project;
- M80 upgrade;
- Olivia Newton-John Cancer and Wellness Centre – Stage 2A and 2B; and
- Sunshine Hospital – expansion and redevelopment – Stage 3.

Major projects in progress include:

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

Major projects that commenced procurement in 2013-14 include:

- Ravenhall Prison;
- East-West Link – Eastern Section; and
- Road Safety Strategy 2013-2022.

Table B.1: Comprehensive operating statement for the period ended 31 March

(\$ million)

2012-13 Actual to Mar		Notes	2013-14 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
Revenue from transactions							
11 984.3	Taxation revenue	2	13 196.8	16 857.5	16 454.4	403.1	2.4
486.1	Interest revenue		622.1	843.7	867.0	(23.3)	(2.8)
734.4	Dividends and income tax equivalent and rate equivalent revenue	3	330.7	646.0	671.5	(25.5)	(4.0)
5 190.4	Sales of goods and services	4	4 773.0	6 569.9	6 949.5	(379.6)	(5.8)
16 556.4	Grants	5	17 586.7	24 082.3	23 310.5	771.8	3.2
1 542.2	Other revenue	6	1 521.6	2 094.1	2 074.5	19.5	0.9
36 493.7	Total revenue from transactions		38 030.9	51 093.5	50 327.5	766.0	1.5
Expenses from transactions							
13 169.5	Employee expenses		13 306.5	18 106.5	17 947.1	159.4	0.9
810.2	Net superannuation interest expense ^(a)	7a	789.8	1 052.1	1 129.2	(77.1)	(7.3)
1 449.8	Other superannuation	7a	1 421.5	1 823.4	1 901.8	(78.4)	(4.3)
1 649.6	Depreciation	8	1 754.6	2 418.1	2 377.7	40.5	1.7
1 241.3	Interest expense		1 581.5	2 171.5	2 176.9	(5.4)	(0.2)
6 174.2	Grants and other transfers		6 265.9	7 899.5	7 997.4	(97.9)	(1.2)
11 690.7	Other operating expenses		12 037.5	16 687.8	16 573.0	114.8	0.7
36 185.4	Total expenses from transactions^(a)	9	37 157.1	50 158.8	50 103.0	55.8	0.1
308.3	Net result from transactions – net operating balance^(a)		873.7	934.7	224.5	710.2	76.0
Other economic flows included in net result							
22.7	Net gain/(loss) on disposal of non- financial assets		21.6	102.1	111.3	(9.1)	(9.0)
2.3	Net gain/(loss) on financial assets or liabilities at fair value		46.5	25.7	(0.4)	26.1	101.7
0.2	Share of net profit/ (loss) from associates/ joint venture entities, excluding dividends		0.1	..	..	..	..
(294.8)	Other gains/(losses) from other economic flows	10	(1 124.9)	(1 169.4)	(374.8)	(794.5)	67.9
(269.7)	Total other economic flows included in net result^(a)		(1 056.7)	(1 041.6)	(264.0)	(777.6)	74.7
38.6	Net result^(a)		(183.0)	(106.9)	(39.6)	(67.4)	63.0

**Table B.1: Comprehensive operating statement for the period ended 31 March
(continued)**

(\$ million)

2012-13 Actual to Mar		Notes	2013-14 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
Other economic flows – other comprehensive income							
Items that will not be reclassified to net result							
10.5	Changes in non-financial assets revaluation surplus		(680.8)	138.4	3 918.0	(3 779.6)	(2 730.6)
4 067.1	Remeasurement of superannuation defined benefit plans ^(a)	7a	2 007.4	2 142.3	593.2	1 549.2	72.3
1 308.5	Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		1 110.9	2 394.2	1 348.5	1 045.7	34.9
(37.8)	Other movements in equity		634.8	622.5	2.3	620.3	99.6
Items that may be reclassified subsequently to net result							
(1.4)	Net gain/(loss) on financial assets at fair value		28.4	1.0	1.0	..	1.1
5 346.9	Total other economic flows – other comprehensive income ^(a)		3 100.7	5 298.4	5 862.8	(564.4)	(10.7)
5 385.5	Comprehensive result – total change in net worth		2 917.7	5 191.5	5 823.3	(631.8)	(12.2)
KEY FISCAL AGGREGATES							
308.3	Net operating balance ^(a)		873.7	934.7	224.5	710.2	76.0
1 236.5	Less: Net acquisition of non-financial assets from transactions ^(b)	11	583.2	624.0	1 372.1	(748.0)	(119.9)
(928.2)	Net lending/(borrowing) ^(a)		290.5	310.6	(1 147.6)	1 458.3	469.4

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Notes:

- (a) 2012-13 March comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented.
- (b) 2012-13 March comparative figures have been restated to include the fixed asset transfers to and from the general government sector.

Table B.2: Balance sheet as at 31 March

(\$ million)

2012-13 Actual 31 Mar		Notes	Opening 1 Jul	2013-14 Actual 31 Mar		Revised budget	2013-14 budget ^(a)	Revised Movement	Budgeted Movement
Assets									
Financial assets									
4 004.6	Cash and deposits ^(b)		3 962.0	3 064.7	4 100.8	4 150.2	138.8	188.2	
4 631.9	Advances paid		4 626.8	4 593.5	4 590.9	4 584.6	(36.0)	(42.2)	
5 730.3	Receivables ^(b)	12	5 061.0	5 893.4	4 884.6	4 885.5	(176.4)	(175.5)	
2 468.9	Investments, loans and placements ^(b)		3 383.4	4 166.0	3 354.5	3 467.4	(28.9)	84.0	
45.6	Investments accounted for using the equity method		49.4	49.4	49.4	49.4	..	..
70 593.6	Investments in other sector entities ^(b)		69 700.4	72 361.3	74 093.3	73 328.9	4 393.0	3 628.5	
87 474.9	Total financial assets^(b)		86 783.0	90 128.3	91 073.5	90 466.0	4 290.5	3 683.1	
Non-financial assets									
236.4	Inventories		192.1	183.2	176.4	192.6	(15.7)	0.5	
123.6	Non-financial assets held for sale		142.1	55.8	108.3	135.5	(33.8)	(6.6)	
99 254.6	Land, buildings, infrastructure, plant and equipment	13a	100 804.0	100 550.4	101 488.0	106 072.6	684.0	5 268.6	
933.2	Other non-financial assets	14	954.3	1 145.9	946.0	918.8	(8.2)	(35.4)	
100 547.8	Total non-financial assets		102 092.5	101 935.3	102 718.8	107 319.6	626.3	5 227.1	
188 022.7	Total assets^(b)		188 875.5	192 063.7	193 792.2	197 785.6	4 916.8	8 910.1	
Liabilities									
402.3	Deposits held and advances received		449.0	591.0	429.1	455.9	(19.8)	6.9	
5 329.5	Payables ^(b)		5 958.4	5 291.8	5 644.1	5 670.3	(314.3)	(288.2)	
30 161.3	Borrowings		31 345.3	33 889.6	33 132.1	34 711.3	1 786.8	3 366.0	
5 152.9	Employee benefits	15	5 208.8	5 264.6	5 374.4	5 401.7	165.6	192.8	
28 902.2	Superannuation	7b	25 142.5	23 330.1	23 227.4	24 932.5	(1 915.1)	(210.0)	
714.4	Other provisions		603.3	611.0	625.8	622.9	22.5	19.6	
70 662.6	Total liabilities^(b)		68 707.4	68 978.1	68 432.9	71 794.4	(274.5)	3 087.1	
117 360.1	Net assets^(b)		120 168.1	123 085.6	125 359.4	125 991.2	5 191.2	5 823.0	
38 855.7	Accumulated surplus/(deficit) ^(b)		43 174.7	45 498.4	45 631.8	43 835.5	2 457.2	660.8	
78 454.4	Reserves ^(b)		76 943.4	77 537.2	79 677.5	82 105.7	2 734.1	5 162.3	
50.0	Non-controlling interest		50.0	50.0	50.0	50.0	..	..
117 360.1	Net worth^(b)		120 168.1	123 085.6	125 359.4	125 991.2	5 191.2	5 823.0	
FISCAL AGGREGATES									
16 812.3	Net financial worth ^(b)		18 075.6	21 150.3	22 640.6	18 671.6	4 565.0	596.0	
53 781.3	Net financial liabilities ^(b)		51 624.7	51 211.0	51 452.7	54 657.3	(172.0)	3 032.6	
19 458.1	Net debt		19 822.1	22 656.3	21 515.0	22 964.9	1 692.9	3 142.8	

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Notes:

(a) Budget represents actual opening balances as at 1 July 2013 plus 2013-14 budgeted movement.

(b) The 31 March 2013 comparative figures have been restated to more accurately reflect the balances. Refer to Note 36 in the Annual Financial Report of the 2012-13 Financial Report for the State of Victoria.

Table B.3: Statement of cash flows for the period ended 31 March

(\$ million)

2012-13 Actual to Mar		2013-14 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
	Notes					
Cash flows from operating activities						
Receipts						
11 103.9	Taxes received	12 305.2	16 867.5	16 450.9	416.6	2.5
16 526.8	Grants	17 583.4	24 028.7	23 310.5	718.2	3.0
5 185.4	Sales of goods and services ^(a)	5 752.6	7 216.2	7 631.3	(415.1)	(5.8)
453.2	Interest received	589.0	820.8	844.9	(24.2)	(2.9)
764.0	Dividends and income tax equivalent and rate equivalent receipts	498.2	788.4	650.4	138.1	17.5
1 576.0	Other receipts	1 036.3	1 734.4	1 784.9	(50.5)	(2.9)
35 609.3	Total receipts	37 764.8	51 455.9	50 672.9	783.0	1.5
Payments						
(13 031.5)	Payments for employees	(13 207.7)	(17 943.3)	(17 757.4)	(185.9)	1.0
(1 888.3)	Superannuation	(2 016.2)	(2 648.3)	(2 647.9)	(0.4)	..
(1 202.0)	Interest paid	(1 544.6)	(2 128.6)	(2 133.0)	4.4	(0.2)
(6 860.9)	Grants and subsidies	(6 487.2)	(8 021.5)	(8 118.3)	96.9	(1.2)
(11 622.3)	Goods and services ^(a)	(13 053.0)	(16 808.8)	(16 662.0)	(146.9)	0.9
(468.0)	Other payments	(481.9)	(622.8)	(622.8)	..	..
(35 073.0)	Total payments	(36 790.8)	(48 173.2)	(47 941.3)	(231.9)	0.5
536.2	Net cash flows from operating activities	974.0	3 282.7	2 731.6	551.1	16.8
Cash flows from investing activities						
(2 319.0)	Purchases of non-financial assets	(2 721.9)	(3 964.0)	(4 868.9)	904.9	(22.8)
117.2	Sales of non-financial assets	152.1	304.2	420.2	(116.0)	(38.2)
(2 201.7)	Cash flows from investments in non-financial assets	(2 569.8)	(3 659.9)	(4 448.7)	788.9	(21.6)
(1 623.6)	Net cash flows from investments in financial assets for policy purposes	(1 220.5)	(1 188.8)	(1 377.3)	188.5	(15.9)
(3 825.3)	Sub-total	(3 790.3)	(4 848.6)	(5 826.0)	977.4	(20.2)
(268.3)	Net cash flows from investments in financial assets for liquidity management purposes	(651.8)	56.6	(83.1)	139.7	246.7
(4 093.6)	Net cash flows from investing activities	(4 442.0)	(4 792.0)	(5 909.1)	1 117.1	(23.3)
Cash flows from financing activities						
2.8	Advances received (net)	..	..	..	..	..
2 523.2	Net borrowings	2 429.0	1 668.2	3 359.0	(1 690.7)	(101.4)
33.3	Deposits received (net)	141.8	(20.0)	6.8	(26.8)	133.8
1.4	Other financing (net)	..	..	..	..	..
2 560.6	Net cash flows from financing activities	2 570.8	1 648.2	3 365.7	(1 717.6)	(104.2)
(996.7)	Net increase/(decrease) in cash and cash equivalents	(897.2)	138.8	188.2	(49.4)	(35.6)
5 001.3	Cash and cash equivalents at beginning of reporting period	3 962.0	3 962.0	3 962.0	..	..
4 004.6	Cash and cash equivalents at end of reporting period	3 064.7	4 100.8	4 150.2	(49.4)	(1.2)

Table B.3: Statement of cash flows for the period ended 31 March (continued)

(\$ million)

2012-13 Actual to Mar		Notes	2013-14 Actual to Mar	Revised budget	Published budget	Budget to revised budget change	Change %
FISCAL AGGREGATES							
536.2	Net cash flows from operating activities		974.0	3 282.7	2 731.6	551.1	16.8
(2 201.7)	Net cash flows from investments in non-financial assets		(2 569.8)	(3 659.9)	(4 448.7)	788.9	(21.6)
(1 665.5)	Cash surplus/(deficit)		(1 595.8)	(377.2)	(1 717.1)	1 340.0	(355.3)

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) Inclusive of goods and services tax.

Table B.4: Statement of changes in equity for the period ended 31 March*(\$ million)*

	<i>Accumulated surplus/(deficit)</i>	<i>Non- controlling interest</i>
2012-13 (Actual)		
Balance at 1 July 2012	34 808.2	50.0
Net result	38.6	..
Other comprehensive income for the year	4 008.9	..
Total equity at end of period	38 855.7	50.0
2013-14 (Actual)		
Balance at 1 July 2013	43 290.6	50.0
Net result	(183.0)	..
Other comprehensive income for the year	2 390.8	..
Total equity at end of period	45 498.4	50.0
2013-14 (Revised)		
Balance at 1 July 2013	43 290.6	50.0
Net result	(106.9)	..
Other comprehensive income for the year	2 448.2	..
Total equity at end of period	45 631.8	50.0
2013-14 (Budget)		
Balance at 1 July 2013	43 290.6	50.0
Net result	(39.6)	..
Other comprehensive income for the year	584.4	..
Total equity at end of period	43 835.5	50.0

*Source: Department of Treasury and Finance**Note:**(a) 2012-13 March comparative figures have been restated due to the reclassification of deferred tax liabilities balances.*

<i>Land, buildings, infrastructure, plant and equipment revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus ^(a)</i>	<i>Other reserves</i>	<i>Total</i>
36 962.6	39 169.3	984.5	111 974.6
..	..	..	38.6
10.8	1 308.5	18.6	5 346.9
36 973.4	40 477.8	1 003.1	117 360.1
37 546.9	38 359.0	921.3	120 167.9
..	..	..	(183.0)
(395.8)	1 110.9	(5.2)	3 100.7
37 151.1	39 469.9	916.1	123 085.6
37 546.9	38 359.0	921.3	120 167.9
..	..	..	(106.9)
423.4	2 394.2	32.7	5 298.4
37 970.3	40 753.2	954.0	125 359.4
37 546.9	38 359.0	921.3	120 167.9
..	(39.6)
3 918.0	1 348.5	11.9	5 862.8
41 464.9	39 707.5	933.3	125 991.2

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Note 1: Statement of significant accounting policies

This March Quarter Financial Report presents the unaudited consolidated financial statements of the Victorian general government sector for the nine months ended 31 March 2014 as required by Section 26 of the *Financial Management Act 1994*.

Because this quarterly financial report does not include all the notes normally included with the annual financial report (AFR), this report should be read in conjunction with the 2012-13 AFR published in the *2012-13 Financial Report*, and the *2013-14 Mid-Year Financial Report*.

(A) Compliance framework

These financial statements have been prepared in accordance with the *Financial Management Act 1994*, having regard to the recognition and measurement principles of the applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB). The financial statements are also presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

(B) Basis of accounting and measurement

The accrual basis of accounting has been used in the preparation of this financial report whereby assets, liabilities, equity, revenues and expenses are recognised in the reporting period to which they relate, regardless of when cash will be received or paid.

(C) General government sector economic entity

The general government sector includes all government departments, offices and other government bodies engaged in providing services free of charge or at prices significantly below their cost of production. The services provided by these entities are financed mainly through taxes, other compulsory levies and user charges. The general government sector is not a separate entity but represents a sector within the State of Victoria reporting entity.

(D) Basis of consolidation

The March Quarter Financial Report includes all reporting entities in the general government sector that are controlled by the State. Details of entities consolidated for the general government sector are included in Note 25 of Chapter 1, which should be read in conjunction with Note 41 *Controlled entities* of the 2012-13 AFR. In the process of reporting the general government sector as a single economic entity, all material transactions and balances within the sector are eliminated.

Entities in the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors are not consolidated into the financial statements of the Victorian 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 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.

Any change in the carrying amount of the investment from period to period is accounted for as if the change in the carrying amount is a change in fair value and accounted for in a manner consistent with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, as part of other economic flows in the comprehensive operating statement.

Note 2: Taxation

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
3 567.3	Taxes on employers' payroll and labour force	3 730.2	4 930.0
	Taxes on property		
	Taxes on immovable property		
1 515.4	Land tax	1 564.1	1 627.8
44.9	Congestion levy	75.0	92.6
135.6	Metropolitan improvement levy	149.5	147.1
28.4	Fire services property levy ^(a)	631.2	631.2
1 724.2	Total taxes on immovable property	2 419.8	2 498.7
	Financial and capital transactions		
2 388.9	Land transfer duty	3 100.5	4 189.2
48.8	Growth Areas Infrastructure Contribution	78.4	83.1
7.5	Other property duties	7.4	6.8
71.7	Financial accommodation levy	85.5	115.1
2 516.8	Total financial and capital transactions	3 271.9	4 394.1
4 241.0	Total taxes on property	5 691.7	6 892.9
	Taxes on the provision of goods and services		
	Gambling taxes		
320.5	Private lotteries	299.0	398.5
786.6	Electronic gaming machines	726.2	967.2
142.5	Casino	139.7	208.0
71.2	Racing	63.1	85.7
13.9	Other	14.6	19.1
1 334.8	Total gambling taxes	1 242.6	1 678.5
50.8	Levies on statutory corporations	82.2	112.5
1 240.0	Taxes on insurance	816.2	1 048.8
2 625.6	Total taxes on the provision of goods and services	2 141.0	2 839.8
	Taxes on the use of goods and performance of activities		
	Motor vehicle taxes		
867.8	Vehicle registration fees	914.5	1 244.3
474.9	Duty on vehicle registrations and transfers	496.5	656.9
1 342.7	Total motor vehicle taxes	1 411.0	1 901.2
21.4	Liquor licence fees	22.0	23.1
186.3	Other	200.9	270.5
1 550.4	Total taxes on the use of goods and performance of activities	1 633.9	2 194.9
11 984.3	Total taxation revenue	13 196.8	16 857.5

Note:

(a) The Fire Services Property Levy replaced the property owner contributions to fire brigades from 1 July 2013.

Note 3: Dividends and income tax equivalent and rate equivalent revenue

(\$ million)

2012-13		2013-14	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
440.7	Dividends from PFC sector	136.0	309.4
157.5	Dividends from PNFC sector	63.7	141.9
4.7	Dividends from non-public sector	6.1	2.4
602.9	Dividends	205.8	453.6
15.1	Income tax equivalent revenue from PFC sector	16.1	19.6
113.0	Income tax equivalent revenue from PNFC sector	104.2	167.3
128.1	Income tax equivalent revenue	120.3	186.9
3.5	Local government rate equivalent revenue	4.7	5.5
734.4	Total dividends and income tax equivalent and rate equivalent revenue	330.7	646.0

Note 4: Sales of goods and services

(\$ million)

2012-13		2013-14	
<i>Actual to Mar</i>		<i>Actual to Mar</i>	<i>Revised budget</i>
121.1	Motor vehicle regulatory fees	167.8	226.5
332.7	Other regulatory fees	382.9	465.0
73.7	Sale of goods	62.1	95.8
3 564.0	Provision of services	2 968.6	4 135.3
39.6	Rental	42.4	54.7
3.3	Refunds and reimbursements	5.9	68.4
1 055.9	Inter-sector capital asset charge	1 143.3	1 524.4
5 190.4	Total sales of goods and services	4 773.0	6 569.9

Note 5: Grants

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
8 365.7	General purpose grants – goods and services tax	8 542.6	11 508.9
2 381.5	Specific purpose grants for on-passing	2 619.7	2 713.6
5 724.5	Other grants for specific purposes	6 342.1	9 765.9
16 471.7	Total	17 504.4	23 988.4
84.6	Other contributions and grants	82.3	93.9
16 556.4	Total grants	17 586.7	24 082.3

Note 6: Other revenue

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
2.0	Fair value of assets received free of charge or for nominal consideration	9.2	25.4
534.1	Fines	484.2	692.7
37.6	Royalties	40.0	50.9
197.9	Donations and gifts	208.2	255.7
23.6	Other non-property rental income	20.0	22.3
746.9	Other miscellaneous income	759.9	1 047.0
1 542.2	Total other revenue	1 521.6	2 094.1

Note 7: Superannuation

(a) Superannuation expense recognised in the operating statement

(\$ million)

2012-13 Actual to Mar ^(a)		2013-14 Actual to Mar	Revised budget
	Defined benefit plans		
810.2	Net superannuation interest expense	789.8	1 052.1
625.4	Current service cost	541.1	719.6
(475.2)	Expected return on superannuation assets excluding interest income	(406.2)	(541.2)
(1 111.1)	Other actuarial (gain)/loss on superannuation assets	(527.4)	(527.4)
(2 480.8)	Actuarial and other adjustments to unfunded superannuation liability	(1 073.7)	(1 073.7)
(2 631.4)	Total (gain)/expenses recognised in respect of defined benefit plans	(676.5)	(370.7)
	Defined contribution plans		
767.5	Employer contributions to defined contribution plans	822.3	1 044.2
56.9	Other (including pensions)	58.1	59.6
824.4	Total expense recognised in respect of defined contribution plans	880.4	1 103.8
(1 807.0)	Total superannuation (gain)/expense recognised in operating statement	203.9	733.2
	Represented by:		
810.2	Net superannuation interest expense	789.8	1 052.1
1 449.8	Other superannuation	1 421.5	1 823.4
2 260.1	Superannuation expense from transactions	2 211.3	2 875.5
(4 067.1)	Remeasurement recognised in other comprehensive income	(2 007.4)	(2 142.3)
(1 807.0)	Total superannuation costs recognised in operating statement	203.9	733.2

Note:

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

(b) Superannuation liabilities

(\$ million)

2012-13 Actual to Mar		2013-14 Actual to Mar	Revised budget
900.0	Current liability	1 000.0	1 000.0
28 002.2	Non-current liability	22 330.1	22 227.4
28 902.2	Total superannuation liability	23 330.1	23 227.4
	Represented by:		
27 672.1	Emergency Services and State Super	22 337.2	22 238.8
1 230.0	Other funds	992.9	988.5

Note 8: Depreciation

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
68.2	Leasehold buildings	68.7	99.3
659.9	Buildings	740.4	951.5
30.4	Infrastructure systems	26.9	29.5
416.9	Plant, equipment and vehicles	402.8	654.7
397.3	Road and road networks	421.8	577.9
15.8	Cultural assets	15.8	28.6
61.1	Intangible produced assets ^(a)	78.2	76.5
1 649.6	Total depreciation	1 754.6	2 418.1

Note:

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

Note 9: Total expenses from transactions by department^(a)

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
10 830.3	Education and Early Childhood Development	11 105.9	14 339.1
2 062.1	Environment and Primary Industries ^(a)	2 462.2	3 405.6
11 180.9	Health	11 655.9	15 866.8
2 654.7	Human Services	2 772.1	3 703.6
5 158.4	Justice	5 817.4	8 141.6
480.8	Premier and Cabinet	515.8	682.5
613.8	State Development, Business and Innovation ^{(a)(b)}	857.5	1 278.3
5 992.8	Transport, Planning and Local Infrastructure ^(a)	6 785.8	9 152.9
31 825.1	Treasury and Finance ^(c)	33 160.7	42 766.1
136.8	Parliament	139.0	190.9
1 473.5	Regulatory bodies and other part-funded agencies ^(d)	1 443.3	1 975.9
538.2	Planning and Community Development ^(e)	..	..
505.8	Primary Industries ^(e)	..	..
73 453.4	Total^(c)	76 715.6	101 503.4
(37 268.0)	Less eliminations and adjustments ^(f)	(39 558.4)	(51 344.5)
36 185.4	Total expense from transactions^(c)	37 157.1	50 158.8

Notes:

- (a) Effective 9 April 2013 several departments were renamed due to machinery of government changes:
- Department of Sustainability and Environment became the Department of Environment and Primary Industries;
 - Department of Business and Innovation became the Department of State Development, Business and Innovation; and
 - Department of Transport became the Department of Transport, Planning and Local Infrastructure.
- (b) 2012-13 March comparative figures have been restated following CenITex transfer of functions from Treasury and Finance to State Development, Business and Innovation due to machinery of government changes.
- (c) 2012-13 March comparative figures have been restated to reflect accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented.
- (d) Other general government sector agencies not allocated to departmental portfolios.
- (e) Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:
- Department of Planning and Community Development; and
 - Department of Primary Industries.
- (f) Mainly comprising payroll tax, capital asset charge and inter-departmental transfers.

Note 10: Other gains/(losses) from other economic flows

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
..	Net gain/(loss) from revaluation of biological assets	(26.8)	..
(229.8)	Net (increase) in provision for doubtful receivables	(177.7)	(166.1)
(11.6)	Amortisation of intangible non-produced assets	(10.8)	(10.5)
(73.9)	Net (increase) in bad debts	(71.0)	(118.5)
20.4	Other gains/(losses)	(838.6)	(874.3)
(294.8)	Total other gains/(losses) from other economic flows	(1 124.9)	(1 169.4)

Note 11: Net acquisition of non-financial assets

(\$ million)

2012-13		2013-14	
Actual to Mar		Actual to Mar	Revised budget
2 319.0	Purchase of non-financial assets (including change in inventories)	2 721.9	3 964.0
(117.2)	Less: Sales of non-financial assets	(152.1)	(304.2)
(1 649.6)	Less: Depreciation	(1 754.6)	(2 418.1)
684.4	Plus: Other movements in non-financial assets ^(a)	(232.0)	(617.7)
1 236.5	Total net acquisition of non-financial assets	583.2	624.0

Note:

(a) 2012-13 March comparative figures have been restated to include the fixed asset transfers to and from the general government sector.

Note 12: Receivables

(\$ million)

2012-13		2013-14		
Actual 31 Mar		Opening 1 Jul	Actual 31 Mar	Revised budget
Contractual				
790.7	Sales of goods and services	709.8	781.9	698.2
33.9	Accrued investment income ^(a)	185.3	37.8	22.6
1 166.0	Other receivables ^(b)	1 102.1	1 241.4	1 121.5
(72.4)	Provision for doubtful contractual receivables	(68.5)	(67.0)	(66.5)
Statutory				
2 887.8	Taxes receivables ^(a)	2 152.1	2 896.3	2 024.5
1 562.0	Fines and regulatory fees	1 519.9	1 699.1	1 783.0
204.7	GST input tax credits recoverable	285.7	192.1	284.0
(842.4)	Provision for doubtful statutory receivables	(825.5)	(888.3)	(982.7)
5 730.3	Total receivables ^(b)	5 061.0	5 893.4	4 884.6
Represented by:				
5 014.4	Current receivables ^(b)	3 882.9	4 716.2	3 735.1
715.9	Non-current receivables ^(b)	1 178.1	1 177.2	1 149.5

Notes:

(a) 2012-13 March comparative figures to more accurately reflect the classification of contractual and statutory receivables.

(b) 2012-13 March comparative figures have been restated to more accurately reflect the balances. Refer to Note 36 in the Annual Financial Report of the 2012-13 Financial Report for the State of Victoria.

Note 13: Property, plant and equipment

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

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	Budget
21 256.9	Buildings (written down value)	21 708.8	21 723.7	22 123.1
2 370.7	Buildings leasehold (written down value)	2 291.9	2 678.4	2 343.5
36 676.2	Land and national parks	37 465.7	37 354.9	37 624.3
2 979.1	Infrastructure systems (written down value)	2 291.0	2 280.5	2 427.4
2 604.3	Plant, equipment and vehicles (written down value)	2 921.3	2 635.0	2 526.8
20 640.7	Roads and road networks (written down value)	21 027.9	21 176.3	21 298.4
7 279.4	Earthworks	7 638.8	7 638.8	7 685.0
5 447.3	Cultural assets (written down value)	5 458.7	5 514.6	5 459.4
99 254.6	Total land, buildings, infrastructure, plant and equipment	100 804.0	100 550.4	101 488.0

(b) Land and buildings

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
25 114.7	Buildings	24 418.3	25 044.9	25 825.5
(3 857.8)	Accumulated depreciation	(2 709.5)	(3 321.2)	(3 702.4)
21 256.9	Buildings (written down value)	21 708.8	21 723.7	22 123.1
2 370.7	Buildings leasehold	2 291.9	2 678.4	2 343.5
34 988.2	Land	35 780.2	35 669.4	35 837.6
1 688.0	National parks and other 'land-only' holdings	1 685.5	1 685.5	1 786.8
36 676.2	Land and national parks	37 465.7	37 354.9	37 624.3
60 303.8	Total land and buildings	61 466.4	61 757.0	62 091.0

Note 13: Property, plant and equipment (*continued*)

(c) Plant, equipment and vehicles, and infrastructure systems

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
3 541.2	Infrastructure systems	2 744.4	2 758.8	2 910.8
(562.1)	Accumulated depreciation	(453.3)	(478.3)	(483.5)
2 979.1	Infrastructure systems (written down value)	2 291.0	2 280.5	2 427.4
5 827.4	Plant, equipment and vehicles	6 002.3	5 883.6	5 942.5
(3 365.4)	Accumulated depreciation	(3 203.5)	(3 483.0)	(3 628.2)
381.9	Leased plant, equipment and vehicles	289.3	436.1	419.2
(239.5)	Accumulated depreciation	(166.7)	(201.8)	(206.6)
2 604.3	Plant, equipment and vehicles (written down value)	2 921.3	2 635.0	2 526.8
5 583.4	Total plant, equipment and vehicles, and infrastructure systems	5 212.4	4 915.5	4 954.2

(d) Road networks and earthworks

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
36 355.7	Roads and roads infrastructure	36 219.2	36 789.4	37 093.5
(15 063.6)	Accumulated depreciation	(15 191.3)	(15 613.1)	(15 795.1)
20 640.7	Roads (written down value)	21 027.9	21 176.3	21 298.4
7 279.4	Earthworks	7 638.8	7 638.8	7 685.0
27 920.2	Total road networks and earthworks	28 666.6	28 815.1	28 983.4

(e) Cultural assets

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
5 552.2	Cultural assets	5 569.8	5 633.8	5 586.7
(104.9)	Accumulated depreciation	(111.1)	(119.2)	(127.3)
5 447.3	Total cultural assets	5 458.7	5 514.6	5 459.4

Note 14: Other non-financial assets

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
903.7	Intangibles produced assets	1 062.1	1 108.2	1 121.5
(392.5)	Accumulated depreciation	(476.3)	(522.4)	(546.4)
120.3	Intangibles non-produced assets	168.1	136.7	168.1
(82.2)	Accumulated depreciation	(90.0)	(102.1)	(100.5)
549.3	Total intangibles	663.8	620.3	642.6
44.4	Investment properties	53.5	156.3	53.5
6.3	Biological assets ^(a)	41.8	3.5	42.6
333.3	Other assets	195.1	365.8	207.3
933.2	Total other non-financial assets	954.3	1 145.9	946.0

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 15: Employee benefits

(\$ million)

2012-13		2013-14		
Actual		Opening	Actual	Revised
31 Mar		1 Jul	31 Mar	budget
	Current			
1 620.4	Accrued salaries and wages ^(a)	1 622.3	1 677.4	1 654.1
2 819.6	Long-service leave	2 962.2	2 721.8	3 042.7
4 440.1	Total current employee benefits	4 584.6	4 399.2	4 696.8
	Non-current			
712.8	Long-service leave	624.3	865.4	677.6
712.8	Total non-current employee benefits	624.3	865.4	677.6
5 152.9	Total employee benefits	5 208.8	5 264.6	5 374.4

Note:

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

Note 16: Public Account

(a) Consolidated fund receipts and payments

(\$ million)

2012-13		2013-14	
Actual		Actual	Revised
to Mar		to Mar	Budget
Receipts			
10 838.8	Taxation	12 425.3	17 160.3
441.4	Fines and regulatory fees	537.3	817.5
11 998.2	Grants received	11 758.0	17 049.6
3 530.7	Sales of goods and services	3 879.0	5 227.9
203.6	Interest received	382.2	523.7
759.2	Public authority receipts	493.2	786.0
122.1	Other receipts	223.5	252.9
27 894.1	Total operating activities	29 698.6	41 817.8
2 858.1	Total inflows from investing and financing	3 105.5	4 130.0
30 752.2	Total receipts	32 804.1	45 947.8
Payments to departments			
7 854.9	Education and Early Childhood Development	7 876.9	10 562.1
1 172.9	Environment and Primary Industries ^(a)	1 875.2	2 520.2
7 490.9	Health	7 155.4	9 550.0
2 654.6	Human Services	2 759.3	3 708.8
3 360.3	Justice	4 026.6	5 736.8
411.7	Premier and Cabinet	441.1	595.5
433.8	State Development, Business and Innovation ^(a)	558.4	850.5
5 267.3	Transport, Planning and Local Infrastructure ^(a)	5 814.8	7 989.9
2 210.3	Treasury and Finance	2 509.4	4 731.9
111.8	Parliament	119.1	154.6
462.4	Planning and Community Development ^(b)	..	..
353.3	Primary Industries ^(b)	..	..
31 784.2	Total payments	33 136.2	46 400.4
(1 032.0)	Net receipts/(payments)	(332.1)	(452.6)

Notes:

- (a) Effective 9 April 2013 several departments were renamed due to machinery of government changes:
- Department of Sustainability and Environment became the Department of Environment and Primary Industries;
 - Department of Business and Innovation became the Department of State Development, Business and Innovation;
 - and
 - Department of Transport became the Department of Transport, Planning and Local Infrastructure.
- (b) Effective 1 July 2013, the following departments ceased to exist and had their functions and operations transferred to other Victorian government departments:
- Department of Planning and Community Development; and
 - Department of Primary Industries.

Note 16: Public Account (continued)

(b) Trust fund cash flow statement

(\$ million)

2012-13 Actual to Mar		2013-14 Actual to Mar	2013-14 Revised Budget
	Cash flows from operating activities		
	Receipts		
234.7	Taxation	300.7	298.7
39.9	Regulatory fees and fines	37.2	49.3
6 325.5	Grants received	5 748.6	6 698.1
565.6	Sale of goods and services	479.1	637.5
78.3	Interest received	66.7	95.7
7 877.5	Net transfers from consolidated fund	7 417.5	9 451.2
16.3	Other receipts	98.4	152.9
15 137.8	Total receipts	14 148.2	17 383.5
	Payments		
(111.4)	Employee benefits	(100.2)	(168.9)
(9.3)	Superannuation	(8.6)	(12.5)
(13 675.0)	Grants paid	(12 745.3)	(15 255.2)
(1 284.0)	Supplies and consumables ^(a)	(1 377.8)	(2 008.3)
(8.6)	Interest paid	(6.0)	(14.7)
(15 088.5)	Total payments	(14 237.8)	(17 459.5)
49.3	Net cash flows from operating activities	(89.5)	(76.0)
	Cash flows from investing activities		
45.9	Proceeds from sale of property, plant and equipment	34.1	33.9
(40.9)	Purchases of property, plant and equipment ^(a)	(40.2)	(36.0)
(31.0)	Other investing activities ^(a)	(6.2)	(52.7)
(26.1)	Net cash flows from investing activities	(12.2)	(54.9)
	Cash flows from financing activities		
(287.6)	Net proceeds (repayments) from borrowings	(480.1)	(17.3)
(287.6)	Net cash flows from financing activities	(480.1)	(17.3)
(264.5)	Net cash inflow/(outflow)	(581.9)	(148.2)

Note:

(a) The 2012-13 March comparative figures have been reclassified between line items.

Note 16: Public Account (continued)

(c) Reconciliation of cash flows to balances held

(\$ million)

	Balances held at 30 Jun 2013	Mar movement YTD	Balances held at 31 Mar 2014
Cash and deposits			
Cash balances outside the Public Account	(0.2)	2.5	2.3
Deposits held with the Public Account – specific trusts	544.9	130.6	675.5
Other balances held in the Public Account	2 763.3	(1 043.8)	1 719.5
Total cash and deposits	3 308.1	(910.8)	2 397.3
Investments			
Investments held with the Public Account – specific trusts	586.8	10.0	596.8
Total investments	586.8	10.0	596.8
Total fund balances	3 894.9	(900.8)	2 994.1
Less funds held outside the Public Account			
Cash	(0.2)	2.5	2.3
Total fund balances held outside the Public Account	(0.2)	2.5	2.3
Total funds held in the Public Account ^(a)	3 895.0	(903.2)	2 991.8

Note:

(a) See Note 17(d) for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

(d) Details of securities held

(\$ million)

2012-13 Actual to Mar		Opening 1 Jul	2013-14 Actual 31 Mar
1 170.4	Amounts invested on behalf of specific trust accounts	1 131.7	1 272.3
1 337.2	General account balances	2 763.3	1 719.5
2 507.6	Total public account	3 895.0	2 991.8
	Represented by:		
1 170.4	Stocks and securities	1 131.7	1 272.3
1 127.8	Cash and investments	2 269.1	1 535.4
2 298.2	Total stock, securities, cash and investments	3 400.9	2 807.7
	Add cash advanced for:		
209.4	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	494.2	184.1
2 507.6	Total public account	3 895.0	2 991.8

RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

Table B.5: Operating statement for the past five quarters

(\$ million)

	2012-13		2013-14		
	Mar	Jun	Sept	Dec	Mar
Revenue from transactions					
Taxation revenue	4 791.6	3 546.4	4 300.5	3 803.3	5 092.9
Interest revenue	229.0	214.6	204.3	216.5	201.4
Dividends and income tax equivalent and rate equivalent revenue	36.7	607.3	64.5	158.6	107.7
Sales of goods and services	1 598.7	1 678.9	1 727.2	1 698.0	1 347.8
Grants	5 976.2	5 345.8	5 453.1	5 829.1	6 304.5
Other revenue	501.7	726.2	521.5	512.3	487.8
Total revenue from transactions	13 133.7	12 119.2	12 271.0	12 217.8	13 542.1
Expenses from transactions					
Employee expenses	4 279.6	4 619.0	4 388.4	4 493.9	4 424.1
Net superannuation interest expense ^(a)	266.1	269.0	266.7	263.6	259.4
Other superannuation	491.0	474.2	478.7	501.6	441.2
Depreciation	556.9	604.7	611.6	560.1	582.8
Interest expense	488.3	534.0	525.9	536.0	519.6
Grants and other transfers	2 315.4	1 839.7	2 060.2	1 846.1	2 359.6
Other operating expenses	3 760.4	4 403.4	4 189.1	4 117.9	3 730.4
Total expenses from transactions ^(a)	12 157.7	12 744.1	12 520.6	12 319.3	12 317.2
Net result from transactions – net operating balance ^(a)	976.0	(624.9)	(249.6)	(101.5)	1 224.8
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	2.8	(2.0)	(4.4)	24.8	1.3
Net gain/(loss) on financial assets or liabilities at fair value	1.5	17.1	22.2	18.4	5.9
Share of net profit/(loss) from associates/joint venture entities, excluding dividends	..	4.6	..	0.1	..
Other gains/(losses) from other economic flows	(120.5)	32.6	(96.5)	(73.7)	(954.7)
Total other economic flows included in net result ^(a)	(116.2)	52.3	(78.7)	(30.4)	(947.5)
Net result ^(a)	859.8	(572.5)	(328.4)	(131.9)	277.3

Table B.5: Operating statement for the past five quarters (continued)

(\$ million)

	2012-13		2013-14		
	Mar	Jun	Sept	Dec	Mar
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	0.1	689.9	211.9	(224.6)	(383.2)
Remeasurement of superannuation defined benefit plans ^(a)	2 855.6	3 880.7	1 428.4	1 000.8	(421.8)
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	1 150.4	(2 118.8)	..	1 110.9	..
Other movements in equity	(8.6)	907.2	(181.5)	172.7	358.7
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	2.8	21.6	3.5	25.7	(0.8)
Total other economic flows – other comprehensive income ^(a)	4 000.4	3 380.6	1 462.4	2 085.5	(447.2)
Comprehensive result – total change in net worth	4 860.2	2 808.0	1 134.0	1 953.6	(169.9)
KEY FISCAL AGGREGATES					
Net operating balance ^(a)	976.0	(624.9)	(249.6)	(101.5)	1 224.8
Less: Net acquisition of non-financial assets from transactions ^(b)	1 035.4	1 367.2	(769.0)	1 355.4	(3.2)
Net lending/(borrowing) ^(b)	(59.4)	(1 992.1)	519.3	(1 456.9)	1 228.1

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Notes:

- (a) The 2012-13 March comparative figures have been restated to reflect a revised accounting standard, AASB 119 Employee Benefits, which changed the way defined benefit superannuation expenses are calculated and presented.
- (b) The comparative figures have been restated to include the fixed asset transfers to and from the general government sector.

Table B.6: Balance sheet as at the end of the quarter

(\$ million)

	2012-13			2013-14	
	Mar	Jun	Sept	Dec	Mar
Assets					
Financial assets					
Cash and deposits	4 004.6	3 962.0	3 286.6	3 432.7	3 064.7
Advances paid	4 631.9	4 626.8	4 644.1	4 600.8	4 593.5
Receivables	5 730.3	5 061.0	4 954.7	4 866.1	5 893.4
Investments, loans and placements	2 468.9	3 383.4	3 672.7	3 820.5	4 166.0
Investments accounted for using equity method	45.6	49.4	49.4	49.4	49.4
Investments in other sector entities ^(a)	70 593.6	69 700.4	70 262.6	71 917.9	72 361.3
Total financial assets ^(a)	87 474.9	86 783.0	86 870.1	88 687.5	90 128.3
Non-financial assets					
Inventories	236.4	192.1	212.6	183.9	183.2
Non-financial assets held for sale	123.6	142.1	72.2	69.2	55.8
Land, buildings, infrastructure, plant and equipment	99 254.6	100 804.0	101 082.5	101 318.8	100 550.4
Other non-financial assets	933.2	954.3	1 196.4	1 262.0	1 145.9
Total non-financial assets	100 547.8	102 092.5	102 563.7	102 834.0	101 935.3
Total assets ^(a)	188 022.7	188 875.5	189 433.8	191 521.5	192 063.7
Liabilities					
Deposits held and advances received	402.3	449.0	422.6	505.8	591.0
Payables	5 329.5	5 958.4	5 357.8	5 469.6	5 291.8
Borrowing	30 161.3	31 345.3	32 688.2	33 695.2	33 889.6
Employee benefits	5 152.9	5 208.8	5 273.7	5 124.7	5 264.6
Superannuation	28 902.2	25 142.5	23 782.8	22 846.7	23 330.1
Other provisions	714.4	603.3	606.6	624.0	611.0
Total liabilities	70 662.6	68 707.4	68 131.9	68 266.0	68 978.1
Net assets ^(a)	117 360.1	120 168.1	121 301.9	123 255.5	123 085.6
Accumulated surplus/(deficit) ^(a)	38 855.7	43 174.7	44 361.2	45 457.6	45 667.3
Reserves ^(a)	78 454.4	76 943.4	76 890.7	77 747.9	77 368.3
Non-controlling interest	50.0	50.0	50.0	50.0	50.0
Net worth ^(a)	117 360.1	120 168.1	121 301.9	123 255.5	123 085.6
FISCAL AGGREGATES					
Net financial worth ^(a)	16 812.3	18 075.6	18 738.2	20 421.5	21 150.3
Net financial liabilities	53 781.3	51 624.7	51 524.3	51 496.4	51 211.0
Net debt	19 458.1	19 822.1	21 507.4	22 347.0	22 656.3

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) The March 2012-13 comparative figures have been restated due to the reclassification of deferred tax liability balances.

Table B.7: Statement of cash flows for the past five quarters

(\$ million)

	2012-13		2013-14		
	Mar	Jun	Sept	Dec	Mar
Cash flows from operating activities					
Receipts					
Taxes received	3 471.2	4 128.0	4 120.9	4 151.7	4 032.7
Grants	5 976.8	5 465.1	5 430.9	5 849.1	6 303.4
Sales of goods and services ^(a)	1 674.2	1 947.0	1 955.1	1 995.5	1 802.0
Interest received	204.4	221.6	209.7	202.1	177.2
Dividends and income tax equivalent and rate equivalent receipts	31.1	434.9	209.0	177.9	111.3
Other receipts	799.4	152.8	482.1	82.2	472.1
Total receipts	12 157.0	12 349.4	12 407.6	12 458.5	12 898.6
Payments					
Payments for employees	(4 150.3)	(4 532.1)	(4 313.6)	(4 611.1)	(4 283.0)
Superannuation	(634.4)	(622.2)	(676.6)	(700.6)	(639.1)
Interest paid	(476.0)	(500.5)	(497.3)	(523.6)	(523.7)
Grants and subsidies	(2 675.4)	(1 335.6)	(2 325.4)	(1 732.9)	(2 428.9)
Goods and services ^(a)	(3 380.2)	(4 069.7)	(4 915.6)	(3 974.8)	(4 162.6)
Other payments	(133.8)	(133.1)	(181.9)	(152.3)	(147.7)
Total payments	(11 450.0)	(11 193.3)	(12 910.5)	(11 695.4)	(12 184.9)
Net cash flows from operating activities	707.0	1 156.1	(502.9)	763.1	713.7
Cash flows from investing activities					
Purchases of non-financial assets	(872.5)	(1 814.2)	(600.8)	(1 341.7)	(779.4)
Sales of non-financial assets	44.9	130.8	24.3	64.1	63.8
Cash flows from investments in non-financial assets	(827.6)	(1 683.5)	(576.5)	(1 277.6)	(715.6)
Net cash flows from investments in financial assets for policy purposes	(667.7)	306.8	(586.7)	(323.3)	(310.4)
Sub-total	(1 495.2)	(1 376.7)	(1 163.2)	(1 601.0)	(1 026.0)
Net cash flows from investments in financial assets for liquidity management purposes	(81.1)	(905.7)	(208.0)	(103.5)	(340.3)
Net cash flows from investing activities	(1 576.4)	(2 282.3)	(1 371.2)	(1 704.5)	(1 366.4)
Cash flows from financing activities					
Advances received (net)	(1.9)	(3.0)	..	..	..
Net borrowings	(0.4)	1 038.3	1 215.1	1 014.3	199.5
Deposits received (net)	24.1	49.7	(26.4)	83.1	85.1
Other financing (net)	1.4	(1.4)	..	..	..
Net cash flows from financing activities	23.2	1 083.6	1 188.7	1 097.4	284.7

Table B.7: Statement of cash flows for the past five quarters (continued)

(\$ million)

	2012-13		2013-14		
	Mar	Jun	Sept	Dec	Mar
Net increase/(decrease) in cash and cash equivalents	(846.2)	(42.6)	(685.4)	156.1	(368.0)
Cash and cash equivalents at beginning of reporting period	4 850.8	4 004.6	3 962.0	3 276.6	3 432.7
Cash and cash equivalents at end of reporting period	4 004.6	3 962.0	3 276.6	3 432.7	3 064.7
FISCAL AGGREGATES					
Net cash flows from operating activities	707.0	1 156.1	(502.9)	763.1	713.7
Net cash flows from investments in non-financial assets	(827.6)	(1 683.5)	(576.5)	(1 277.6)	(715.6)
Cash surplus/(deficit)	(120.6)	(527.4)	(1 079.4)	(514.5)	(1.9)

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Note:

(a) Inclusive of goods and services tax.

APPENDIX C – COMPLIANCE INDEX – REQUIREMENTS OF THE *FINANCIAL MANAGEMENT ACT 1994*

The provisions of the *Financial Management Act 1994* have been complied with in these budget papers. Table C1 details these requirements together with appropriate references in the document.

Table C1: Statements required by the *Financial Management Act 1994* and their location in the 2014-15 Budget

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
Sections 23E-G of the <i>Financial Management Act 1994</i> Statement of financial policy objectives and strategies for the year.	Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i> Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the General Government Sector</i> and notes
Sections 23H-J of the <i>Financial Management Act 1994</i> Estimated financial statements for the year comprising: <ul style="list-style-type: none"> – an estimated statement of financial performance; – an estimated statement of financial position at the end of the year; – an estimated statement of cash flows for the year; and – a statement of the accounting policies on which these statements are based and explanatory notes. 	Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the General Government Sector</i> and notes
Section 23K of the <i>Financial Management Act 1994</i> Accompanying statements in association with each set of estimated financial statements comprising: <ul style="list-style-type: none"> – a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements; 	Budget Paper No. 2, Chapter 2 <i>Economic context</i> Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i> Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the General Government Sector</i> and notes

Table C1: Statements required by the *Financial Management Act 1994* and their location in the 2014-15 Budget (continued)

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
<ul style="list-style-type: none"> – a discussion of the sensitivity of the estimated financial statements to changes in those economic and other assumptions; – an overview of the estimated tax expenditures for the financial years covered by the estimated financial statements; and – a statement of risks that may have a material effect on the estimated financial statements. 	<p>Budget Paper No. 2, Appendix A <i>Sensitivity analysis table</i></p> <p>Budget Paper No. 5, Chapter 5 <i>Tax expenditures and concessions</i></p> <p>Budget Paper No. 2, Chapter 2 <i>Economic context</i> Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i> Budget Paper No. 5, Chapter 6 <i>Contingent assets and contingent liabilities</i></p>
<p>Section 26(1) of the <i>Financial Management Act 1994</i> A quarterly financial report for each quarter of each financial year.</p>	<p>Budget Paper No. 5, Appendix B 2013-14 Budget <i>outcome incorporating the financial report for the March quarter 2014</i></p>
<p>Section 40 of the <i>Financial Management Act 1994</i> A statement of information under departmental headings setting out:</p> <ul style="list-style-type: none"> – a description of the goods and services to be produced or provided by each department during the period to which the statement related, together with comparative information for the preceding financial year; – a description of the amount available or to be available to each department during the period to which the statement relates, whether appropriated by the Parliament for that purpose or otherwise received or to be received by the department, together with comparative figures for the preceding financial year; and – the estimated amount of the receipts and receivables of each department during the period to which the statement relates, together with comparative figures for the preceding financial year. 	<p>Budget Paper No. 3, Chapter 2 <i>Departmental performance statements</i></p> <p>Budget Paper No. 5, Chapter 3 <i>Departmental financial statements</i></p> <p>Budget Paper No. 3, Chapter 2 <i>Departmental performance statements</i></p>
<p>Section 16B of the <i>Audit Act 1994</i> The Auditor-General reviews and reports on the estimated financial statements to ensure they are consistent with accounting convention and that the methodologies and assumptions used are reasonable.</p>	<p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the General Government Sector</i> and notes</p>

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:

LHS	left-hand-side
RHS	right-hand-side
s.a.	seasonally adjusted
n.a. or na	not available or not applicable
Cat. No.	catalogue number
1 billion	1 000 million
1 basis point	0.01 per cent
nm	new measure
..	zero, or rounded to zero
tbc	to be confirmed
ongoing	continuing output, program, project etc.
(xxx.x)	negative numbers

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2014-15 Victorian Budget
Statement of Finances
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Department of **Treasury and Finance**