**Quarterly Financial Report No. 3**

**March 2020**



Presented by

**Tim Pallas MP**

Treasurer of the State of Victoria



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# Overview

This financial report presents the Victorian general government sector financial statements for the nine‑month period ended 31 March 2020.

The Victorian economy started the year on a solid footing, with strong employment growth, low unemployment and high levels of infrastructure investment. Victoria’s final state demand increased by 1.3 per cent over the year to December 2019, down from 2.1 per cent over the year to September.

The economic outlook has changed significantly since the start of 2020. The coronavirus pandemic poses unprecedented challenges for the Victorian economy. While it is too early to see much of the impact in the current economic data, it is clear that coronavirus is restricting economic activity and resulting in reduced employment.

Economic activity is expected to fall significantly in the June and September 2020 quarters, leading to lower real gross state product (GSP) growth, lower inflation and higher unemployment than forecast in the *2019-20 Budget Update*. Major stimulatory interventions from the Victorian and Commonwealth Governments and the Reserve Bank of Australia will support the economy, though the negative economic effects of coronavirus will still be substantial.

# General government sector outcome

Due to the far-reaching implications and consequential economic impacts of coronavirus, the 2020-21 Victorian budget (which includes the revised expected fiscal outcome for 2019-20) has been deferred to later in 2020, in line with all other Australian governments. As a result, references in this financial report to the revised budget are to the *2019‑20 Budget Update*. Caution therefore needs to be exercised in interpreting and drawing conclusions from variances against this budgeted outcome as the revised budget does not provision for the 2019-20 Victorian bushfires and the impact of the initial stages of coronavirus on revenue and expenses to the end of March 2020.

### Financial performance

The net result from transactions for the nine months to 31 March 2020 was a deficit of $773 million. In addition to the reasons outlined above, the interim result cannot be extrapolated to estimate the full 2019‑20 financial year result as it also includes the impact of seasonal factors affecting the timing of activities and transactions across the year (for example, the timing of revenue recognition and grant receipts from the Commonwealth).

The operating result to the March quarter is an improvement on the negative operating result of $1.1 billion reported in the *2019-20 Mid-Year Financial Report*. The major driver of this improvement is the issue of land tax assessments and the related recognition of this revenue which generally occurs in the March and June quarters, offset by the additional expenditure incurred by the State related to the coronavirus pandemic and the 2019-20 Victorian bushfires. Excepting for these extraordinary events, the State was on track to achieving a surplus for 2019-20 in accordance with the forecasts published in the *2019-20 Budget Update.*

Total revenue for the nine months ended 31 March 2020 was $52.7 billion. This is 74.3 per cent of the full year revised budget estimate and an increase of $182 million compared with the same period last year.

Taxation revenue was $19.0 billion, or 77.7 per cent of the full year revised budget estimate. Taxation revenue was stronger than expected to 31 March 2020 due to the property market with land transfer duty revenue $267 million ahead of the pro rata full year revised budget estimate. Taxation revenue was also influenced by seasonal factors, such as the majority of land tax being recognised in the March quarter, the Fire Services Property Levy in the September quarter and the timing of land transfer duty collections. The full year 2019-20 result is likely to be significantly impacted by the negative economic effects of coronavirus.

Grant revenue was $24.6 billion, or 72.6 per cent of the full year revised budget estimate. This is below the pro rata revised budget, primarily due to the timing of other contributions and grants.

Grant revenue was lower compared with the same period last year. This was driven by lower GST grants from the Commonwealth and the above-mentioned timing differences in the receipt of other contributions and grants.

Revenue from the sale of goods and services was $5.9 billion, or 73.1 per cent of the full year revised budget estimate.

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

Expenditure to the end of March 2020 totalled $53.5 billion or 76.0 per cent of the full year revised budget estimate. Excepting for the extraordinary events, the 2019-20 total expenditure was on track to achieve the Government’s strategy for more constrained expenditure growth with growth for the nine months to 31 March 2020 lower than that in the corresponding period of the previous year.

Other operating expenses were lower than pro rata for the nine months to 31 March 2020, at 72.2 per cent. Employee expenses were slightly higher than pro rata for the same period, at 76.6 per cent. Grant expenses, which are not timed evenly throughout the year, were 82.9 per cent of the revised budget.

The comprehensive result includes other economic flows that are not included in the net result from transactions. The comprehensive result was a deficit of $2.6 billion for the nine months to 31 March 2020. This was primarily driven by the net result from transactions as explained earlier, and a loss on investments of the general government sector in other sector entities, mainly relating to operating losses in the public financial corporations sector. Also contributing to the deficit was a remeasurement loss on the State’s defined benefit superannuation liability of $763 million resulting from lower investment market performance.

### Financial position

Total assets increased by $6.3 billion in the nine months ended 31 March 2020. This mainly reflected the Government’s infrastructure program and an increase in the value of investments in other sector entities, primarily due to increased investment in VicTrack relating to additional capital investments such as level crossing removals.

Total liabilities increased by $8.9 billion to $112.6 billion due to a $9.0 billion increase in borrowings over the period to fund infrastructure delivery and the additional expenditure related to the 2019-20 Victorian bushfires and the coronavirus response. There was also a $934 million increase in the State's defined benefit superannuation liability primarily due to a remeasurement loss resulting from lower investment market performance. These increases were partially offset by a decrease in payables, mainly driven by the Government’s decision, implemented in March, to pay all outstanding invoices at 21 March within five business days, as part of the Economic Survival Package.

Net debt increased by $9.5 billion to $38.9 billion as at March 2020. This was driven mainly by an increase in borrowings as outlined above. Net debt was also restated by $6.9 billion at 1 July 2019 as a result of adopting new accounting standards, as outlined in section 7.4 of the financial report.

### Cash flows

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

### Government infrastructure investment

Government infrastructure investment, which includes net infrastructure investment and construction related cash outflows for Partnerships Victoria projects (net of asset sales), totalled $8.7 billion for the nine months ended March 2020 ($8.9 billion for the corresponding period in 2019). This investment will support growing community needs and ongoing productivity improvement.

The Government’s infrastructure scorecard as at 31 March 2020

Major projects in progress include:

75 level crossing removals by 2025;

Additional VLocity trains – standard gauge train component;

Ballarat Health Services expansion and redevelopment;

Building a world-class Geelong Performing Arts Centre;

Casey Hospital expansion;

Caulfield to Dandenong conventional signalling and power infrastructure upgrade;

Child Link;

Chisholm Road prison project;

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

Courts case management system;

Cranbourne line duplication;

Cranbourne-Pakenham and Sunbury line upgrade;

Drysdale Bypass;

Echuca-Moama Bridge;

Family violence information sharing system reform (Central Information Point);

Frankston Hospital;

Frankston line stabling;

Goulburn Valley Health redevelopment;

Goulburn‑Murray Water Connections Project;

High Capacity Metro Trains Project;

Hurstbridge Line upgrade – Stage 2;

Infringement Management and Enforcement Services (IMES) Reform Project
information technology solution;

M80 Ring Road upgrade;

Melbourne Airport Rail;

Melbourne Park redevelopment – Stage 3;

Men’s prison system capacity;

Metro Tunnel;

Metropolitan Network Modernisation program;

Monash Freeway Upgrade – Stage 2;

Mordialloc Freeway;

More E-Class trams and infrastructure;

Murray Basin Rail Project;

New Footscray Hospital;

New schools construction;

New trains for Sunbury;

New youth justice facility;

Non-urban train radio renewal;

North East Link;

Northern Hospital inpatient expansion – Stage 2;

The Government’s infrastructure scorecard as at 31 March 2020 *(continued)*

Princes Highway duplication project – Winchelsea to Colac;

Public housing renewal program;

Public Safety – Police Response (Intelligence capability);

Public Safety – Police Response (Mobile technology solution);

Regional Rail Revival;

Royal Victorian Eye and Ear Hospital redevelopment;

Safe Digital Clinical Systems – Parkville Precinct electronic medical records;

Shepparton Corridor Upgrade – Stage 2;

Suburban Rail Loop;

Suburban Roads Upgrade;

Ten new community hospitals;

Tram Automatic Vehicle Monitoring system replacement;

Tram procurement and supporting infrastructure;

Victorian Heart Hospital;

Waurn Ponds Track Duplication – Stage 2;

West Gate Tunnel Project;

Western Highway duplication – Ballarat to Stawell;

Western Rail Plan;

Western Roads Upgrade;

Women’s prison system capacity;

Wyndham Vale stabling yard; and

Yan Yean Road duplication.

# Consolidated comprehensive operating statement

For the period ended 31 March (a) ($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | Notes | actual31 Mar | revisedbudget |
|  | **Revenue from transactions** |  |  |  |
| 18 689 | Taxation revenue | 2.1 | 18 951 | 24 382 |
| 608 | Interest revenue |  | 459 | 712 |
| 427 | Dividends, income tax equivalent and rate equivalent revenue | 2.2 | 575 | 825 |
| 5 727 | Sales of goods and services | 2.3 | 5 932 | 8 118 |
| 24 966 | Grant revenue | 2.4 | 24 612 | 33 889 |
| 2 084 | Other revenue | 2.5 | 2 154 | 3 025 |
| **52 501** | **Total revenue from transactions** |  | **52 683** | **70 951** |
|  | **Expenses from transactions** |  |  |  |
| 18 489 | Employee expenses |  | 19 981 | 26 089 |
| 517 | Net superannuation interest expense | 3.3 | 305 | 407 |
| 2 072 | Other superannuation | 3.3 | 2 282 | 2 965 |
| 2 202 | Depreciation | 4.2 | 2 784 | 3 717 |
| 1 646 | Interest expense |  | 1 739 | 2 556 |
| 9 839 | Grant expense |  | 10 787 | 13 015 |
| 14 719 | Other operating expenses |  | 15 577 | 21 584 |
| **49 484** | **Total expenses from transactions** | 3.4 | **53 456** | **70 333** |
| **3 017** | **Net result from transactions – net operating balance** |  | **(773)** | **618** |
|  | **Other economic flows included in net result** |  |  |  |
| (65) | Net gain/(loss) on disposal of non‑financial assets |  | (34) | 25 |
| (127) | Net gain/(loss) on financial assets or liabilities at fair value |  | 219 | 18 |
| (472) | Other gains/(losses) from other economic flows | 7.1 | (587) | (382) |
| **(662)** | **Total other economic flows included in net result** |  | **(403)** | **(339)** |
| **2 355** | **Net result** |  | **(1 176)** | **279** |
|  | **Other economic flows – other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| 164 | Changes in non‑financial assets revaluation surplus |  | 368 | 3 114 |
| (2 179) | Remeasurement of superannuation defined benefits plans | 3.3 | (763) | 63 |
| 270 | Other movements in equity |  | (107) | .. |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| (63) | Net gain/(loss) on financial assets at fair value |  | (79) | 2 |
| (1 240) | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | (843) | 383 |
| **(3 048)** | **Total other economic flows – other comprehensive income** |  | **(1 424)** | **3 563** |
| **(693)** | **Comprehensive result – total change in net worth** |  | **(2 600)** | **3 842** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
| **3 017** | **Net operating balance** |  | **(773)** | **618** |
| 3 965 | Less: Net acquisition of non‑financial assets from transactions (b) | 3.6 | 3 647 | 7 544 |
| (948) | Net lending/(borrowing) (b) |  | (4 420) | (6 926) |

The accompanying notes form part of these financial statements.

Notes:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(b) The 2019-20 revised budget figures have been restated to reflect more current information.

# Consolidated balance sheet

As at 31 March (a) ($ million)

| 2018‑19 |  |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- | --- |
| actual31 Mar |  | Notes | opening1 Jul | actual31 Mar | revisedbudget |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 5 722 | Cash and deposits | 7.2 | 9 775 | 9 236 | 6 266 |
| 8 441 | Advances paid |  | 8 340 | 7 408 | 6 478 |
| 8 376 | Receivables | 5.1 | 6 634 | 8 469 | 6 843 |
| 5 059 | Investments, loans and placements |  | 2 539 | 2 776 | 2 846 |
| 45 | Investments accounted for using the equity method |  | 45 | 45 | 45 |
| 102 979 | Investments in other sector entities |  | 101 743 | 103 629 | 106 310 |
| **130 621** | **Total financial assets** |  | **129 077** | **131 563** | **128 787** |
|  | **Non‑financial assets** |  |  |  |  |
| 177 | Inventories |  | 165 | 198 | 172 |
| 345 | Non‑financial assets held for sale |  | 223 | 200 | 229 |
| 147 582 | Land, buildings, infrastructure, plant and equipment | 4.1 | 157 814 | 161 297 | 168 202 |
| 2 152 | Other non‑financial assets | 4.7 | 2 126 | 2 487 | 2 048 |
| **150 256** | **Total non‑financial assets** |  | **160 328** | **164 182** | **170 652** |
| **280 877** | **Total assets** | 4.8 | **289 405** | **295 745** | **299 439** |
|  | **Liabilities** |  |  |  |  |
| 5 140 | Deposits held and advances received |  | 5 146 | 4 464 | 3 205 |
| 14 500 | Payables | 5.2 | 15 948 | 15 508 | 16 014 |
| 39 013 | Borrowings |  | 44 834 | 53 829 | 52 732 |
| 7 056 | Employee benefits | 3.2 | 8 020 | 8 183 | 8 333 |
| 27 699 | Superannuation |  | 28 632 | 29 565 | 28 437 |
| 1 070 | Other provisions |  | 1 057 | 1 028 | 1 024 |
| **94 477** | **Total liabilities** |  | **103 636** | **112 577** | **109 746** |
| **186 400** | **Net assets** |  | **185 768** | **183 168** | **189 693** |
| 55 997 | Accumulated surplus/(deficit) |  | 55 564 | 77 161 | 79 584 |
| 130 403 | Reserves |  | 130 204 | 106 007 | 110 109 |
| **186 400** | **Net worth** |  | **185 768** | **183 168** | **189 693** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| 36 144 | Net financial worth |  | 25 441 | 18 986 | 19 041 |
| 66 835 | Net financial liabilities |  | 76 303 | 84 643 | 87 268 |
| 24 932 | Net debt |  | 29 325 | 38 873 | 40 348 |

The accompanying notes form part of these financial statements.

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

# Consolidated cash flow statement

For the period ended 31 March (a) ($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | Notes | actual31 Mar | revisedbudget |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts** |  |  |  |
| 16 683 | Taxes received |  | 17 563 | 24 183 |
| 24 967 | Grants |  | 24 642 | 33 904 |
| 6 406 | Sales of goods and services (b) |  | 6 622 | 8 881 |
| 606 | Interest received |  | 472 | 704 |
| 477 | Dividends, income tax equivalent and rate equivalent receipts |  | 615 | 820 |
| 4 010 | Other receipts |  | 1 428 | 2 183 |
| **53 149** | **Total receipts** |  | **51 343** | **70 675** |
|  | **Payments** |  |  |  |
| (18 573) | Payments for employees |  | (19 941) | (25 782) |
| (2 273) | Superannuation |  | (2 416) | (3 504) |
| (1 537) | Interest paid |  | (1 538) | (2 273) |
| (9 896) | Grants and subsidies |  | (11 193) | (13 007) |
| (15 073) | Goods and services (b) |  | (16 572) | (21 945) |
| (587) | Other payments |  | (724) | (805) |
| **(47 939)** | **Total payments** |  | **(52 383)** | **(67 317)** |
| **5 210** | **Net cash flows from operating activities** | 7.3 | **(1 041)** | **3 358** |
|  | **Cash flows from investing activities** |  |  |  |
|  | **Cash flows from investments in non‑financial assets** |  |  |  |
| (6 876) | Purchases of non‑financial assets | 3.5 | (6 715) | (13 290) |
| 137 | Sales of non‑financial assets |  | 108 | 349 |
| **(6 739)** | **Net cash flows from investments in non‑financial assets** |  | **(6 607)** | **(12 941)** |
| 1 184 | Net cash flows from investments in financial assets for policy purposes |  | 618 | 3 351 |
| **(5 555)** | **Sub‑total** |  | **(5 989)** | **(9 589)** |
| (1 194) | Net cash flows from investments in financial assets for liquidity management purposes |  | (293) | (278) |
| **(6 749)** | **Net cash flows from investing activities** |  | **(6 282)** | **(9 868)** |
|  | **Cash flows from financing activities** |  |  |  |
| (1 341) | Advances received (net) |  | (634) | (1 941) |
| 2 318 | Net borrowings |  | 7 466 | 4 942 |
| 27 | Deposits received (net) |  | (48) | .. |
| **1 004** | **Net cash flows from financing activities** |  | **6 784** | **3 001** |
| **(535)** | **Net increase/(decrease) in cash and cash equivalents** |  | **(539)** | **(3 509)** |
| 6 257 | Cash and cash equivalents at beginning of reporting period |  | 9 775 | 9 775 |
| **5 722** | **Cash and cash equivalents at end of the reporting period** | 7.2 | **9 236** | **6 266** |
|  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |
| 5 210 | Net cash flows from operating activities |  | (1 041) | 3 358 |
| (6 739) | Net cash flows from investments in non‑financial assets |  | (6 607) | (12 941) |
| (1 529) | Cash surplus/(deficit) |  | (7 648) | (9 583) |

The accompanying notes form part of these financial statements.

Notes:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

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

# Consolidated statement of changes in equity

For the period ended 31 March ($ million)

|  | Accumulated surplus/(deficit) | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- |
| **2019‑20** |  |  |  |  |  |
| **Balance at 1 July 2019 before new accounting standards** | **52 473** | **65 454** | **63 697** | **1 020** | **182 644** |
| Impact of new accounting standards | 3 091 | 115 | (82) | .. | 3 125 |
| **Restated balance at 1 July 2019 (a)** | **55 564** | **65 569** | **63 615** | **1 020** | **185 768** |
| Net result for the period | (1 176) | .. | .. | .. | (1 176) |
| Other comprehensive income for the year | (902) | 368 | (843) | (47) | (1 424) |
| Transfer to/(from) accumulated surplus | 23 675 | (23 675) | .. | .. | .. |
| **Total equity as at 31 March 2020** | **77 161** | **42 262** | **62 772** | **972** | **183 168** |
| **Revised budget equity as at 30 June 2020** | **79 584** | **45 008** | **64 081** | **1 021** | **189 693** |
| **2018‑19** |  |  |  |  |  |
| **Balance at 1 July 2018 before new accounting standards (b)** | **52 626** | **64 084** | **66 351** | **1 055** | **184 116** |
| Impact of new accounting standards | 2 977 | .. | .. | .. | 2 977 |
| **Restated balance at 1 July 2018 (c)** | **55 603** | **64 084** | **66 351** | **1 055** | **187 093** |
| Net result for the period (c) | 2 355 | .. | .. | .. | 2 355 |
| Other comprehensive income for the year | (1 961) | 164 | (1 240) | (11) | (3 048) |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. |
| Total equity as at 31 March 2019 (b)(c) | 55 997 | 64 247 | 65 111 | 1 045 | 186 400 |

The accompanying notes form part of these financial statements.

Notes:

(a) The 1 July 2019 balance has been restated resulting from the application of the of AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not‑for‑Profit Entities, AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(b) The 1 July 2018 balance has been restated resulting from the application of AASB 9 Financial Instruments.

(c) The 1 July 2018 balance and the March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

# About this report

### Basis of preparation

This March Quarterly Financial Report presents the unaudited financial report for the general government sector for the nine months ended 31 March 2020.

Except as indicated below, the detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2018‑19 Financial Report* for the State of Victoria.

This quarterly financial report does not include all the notes normally included with the annual financial report and should be read in conjunction with the *2018-19 Financial Report*.

Several new accounting standards issued by the Australian Accounting Standards Board (AASB) have been applied for the first time in this financial report. These are:

* AASB 15 *Revenue from Contracts with Customers*;
* AASB 1058 *Income of Not-for-Profit Entities*;
* AASB 16 *Leases;* and
* AASB 1059 *Service Concession Arrangements: Grantors*.

The transitional impacts of adopting these standards have been reflected in the opening balance of accumulated surplus / (deficit), as presented in the statement of changes in equity on page 8.

Note 7.4 further outlines the actual impacts of the new accounting standards.

Full presentation and disclosure of transition to the new accounting standards will be reflected in the *2019-20 Financial Report* for the State of Victoria.

### Statement of compliance

These financial statements have been prepared in accordance with section 26 of the *Financial Management Act 1994*, having regard to the recognition and measurement principles of the applicable Australian Accounting Standards (AAS) and Interpretations issued by the AASB.

The financial statements are also presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

### Basis of accounting and measurement

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

### Reporting entity

The general government sector includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of entities in the general government sector is to provide public services (outputs), which are mainly non‑market in nature, for the collective consumption of the community, and involve the transfer or redistribution of revenue, which is financed mainly through taxes and other compulsory levies.

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

### Basis of consolidation

The March Quarterly Financial Report includes all reporting entities in the general government sector that are controlled by the State. Information on entities consolidated for the general government sector is included in Note 7.5. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

# How funds are raised

### Introduction

This section presents the sources and amounts of revenue raised by the general government sector.

Revenue from transactions is recognised in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*.

## Taxation revenue

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| **4 702** | **Taxes on employers’ payroll and labour force (a)** | **4 777** | **6 590** |
|  | **Taxes on immovable property** |  |  |
| 3 369 | Land tax | 3 040 | 3 545 |
| 645 | Fire Services Property Levy | 707 | 709 |
| 111 | Congestion levy | 110 | 101 |
| 173 | Metropolitan improvement levy | 188 | 183 |
| **4 298** | **Total taxes on property** | **4 045** | **4 538** |
|  | **Gambling taxes** |  |  |
| 401 | Public lotteries | 406 | 502 |
| 850 | Electronic gaming machines | 820 | 1 115 |
| 160 | Casino | 158 | 233 |
| 71 | Racing and other sports betting | 124 | 156 |
| 9 | Other | 8 | 11 |
|  | **Financial and capital transactions** |  |  |
| 4 538 | Land transfer duty | 4 785 | 6 025 |
| .. | Other property duties | .. | .. |
| 15 | Metropolitan planning levy | 24 | 20 |
| 147 | Financial accommodation levy | 114 | 163 |
| 227 | Growth areas infrastructure contribution | 174 | 293 |
| **91** | **Levies on statutory corporations** | **115** | **157** |
| **1 036** | **Taxes on insurance** | **1 131** | **1 467** |
| **7 544** | **Total taxes on the provision of goods and services** | **7 861** | **10 143** |
|  | **Motor vehicle taxes** |  |  |
| 1 225 | Vehicle registration fees | 1 321 | 1 771 |
| 685 | Duty on vehicle registrations and transfers | 698 | 1 008 |
| **23** | **Liquor licence fees (a)** | **..** | **25** |
| **212** | **Other (b)** | **248** | **307** |
| **2 144** | **Total taxes on the use of goods and performance of activities (b)** | **2 268** | **3 111** |
| 18 689 | Total taxation revenue (b) | 18 951 | 24 382 |

Notes:

(a) As at 31 March 2020, as part of the Economic Survival Package, the State had waived $215 million of payroll tax for the 2019-20 financial year to small and medium‑sized businesses and waived $22 million of liquor licencing fees for affected venues and small businesses.

(b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Dividends, income tax equivalent and rate equivalent revenue

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 12 | Dividends from PFC sector | 9 | 111 |
| 158 | Dividends from PNFC sector | 294 | 340 |
| 43 | Dividends from non‑public sector | 60 | 111 |
| **213** | **Dividends** | **362** | **562** |
| 25 | Income tax equivalent revenue from PFC sector | 4 | 6 |
| 184 | Income tax equivalent revenue from PNFC sector | 205 | 250 |
| **209** | **Income tax equivalent revenue** | **209** | **257** |
| 5 | Local government rate equivalent revenue | 4 | 6 |
| 427 | Total dividends, income tax equivalent and rate equivalent revenue | 575 | 825 |

## Sales of goods and services

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 174 | Motor vehicle regulatory fees | 176 | 240 |
| 426 | Other regulatory fees | 388 | 593 |
| 60 | Sale of goods | 66 | 89 |
| 3 315 | Provision of services (a) | 3 429 | 4 715 |
| 58 | Rental | 74 | 86 |
| 1 | Refunds and reimbursements | 12 | 11 |
| 1 692 | Inter‑sector capital asset charge | 1 788 | 2 384 |
| 5 727 | Total sales of goods and services (a) | 5 932 | 8 118 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Grant revenue

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 12 762 | General purpose grants | 12 589 | 17 028 |
| 3 661 | Specific purpose grants for on‑passing | 3 862 | 3 927 |
| 7 994 | Other specific purpose grants | 7 974 | 11 363 |
| **24 417** | **Total** | **24 426** | **32 318** |
| 549 | Other contributions and grants | 186 | 1 570 |
| 24 966 | Total grant revenue | 24 612 | 33 889 |

## Other revenue

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 31 | Fair value of assets received free of charge or for nominal consideration | 49 | 63 |
| 553 | Fines | 567 | 822 |
| 78 | Royalties | 71 | 121 |
| 107 | Donations and gifts (a) | 133 | 210 |
| 22 | Other non‑property rental | 19 | 28 |
| 449 | Other revenue – Education | 456 | 640 |
| 155 | Other revenue – Health (a) | 162 | 220 |
| 190 | Revenue related to economic service concession arrangements (b) | 230 | 337 |
| 500 | Other miscellaneous revenue | 467 | 584 |
| 2 084 | Total other revenue (b) | 2 154 | 3 025 |

Notes:

(a) The March 2019 comparative figures have been reclassified to reflect more current information.

(b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. This revenue relates to economic service concession arrangements and reflects the progressive unwinding of the grant of right to operate liability over the remaining period of the arrangement. Refer to Note 7.4 for further details.

# How funds are spent

### Introduction

This section accounts for the major components of expenditure incurred by the general government sector towards the delivery of services and on capital or infrastructure projects during the period, as well as any related employee benefit obligations outstanding as at 31 March 2020.

## Employee expenses and provision for outstanding employee benefits

### Employee expenses (operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. The majority of employee expenses in the operating statement are wages and salaries. Increases in employee expenses are mainly attributable to increased service delivery in the health, education, and community safety sectors as well as salary growth in line with enterprise bargaining agreements.

### Employee benefits (balance sheet)

As part of operations, the State provides for benefits accruing to employees but payable in future periods in respect of wages and salaries, annual leave and long service leave, and related on-costs for services rendered to the reporting date. In measuring employee benefits, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to reflect the estimated timing and amount of benefit payments. The table below shows the key components of this provision as at 31 March 2020.

## Employee benefits (balance sheet)

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
|  | **Current** |  |  |  |
| 343 | Accrued salaries and wages | 656 | 506 | 671 |
| 84 | Other employee benefits | 84 | 65 | 81 |
| 1 550 | Annual leave | 1 758 | 1 765 | 1 801 |
| 4 179 | Long service leave | 4 474 | 4 727 | 4 602 |
| **6 156** | **Total current employee benefits and on‑costs** | **6 971** | **7 063** | **7 155** |
|  | **Non‑current** |  |  |  |
| 899 | Long service leave | 1 048 | 1 120 | 1 178 |
| **899** | **Total non‑current employee benefits and on‑costs** | **1 048** | **1 120** | **1 178** |
| 7 056 | Total employee benefits and on‑costs | 8 020 | 8 183 | 8 333 |

## Superannuation (operating statement)

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
|  | **Defined benefit plans** |  |  |
| 517 | Net superannuation interest expense | 305 | 407 |
| 751 | Current service cost | 829 | 1 108 |
|  | Remeasurements: |  |  |
| (780) | Expected return on superannuation assets excluding interest income | (985) | (1 316) |
| 1 138 | Other actuarial (gain)/loss on superannuation assets | 2 518 | (15) |
| 1 821 | Actuarial and other adjustments to unfunded superannuation liability | (770) | 1 267 |
| **3 446** | **Total expense recognised in respect of defined benefit plans** | **1 897** | **1 452** |
|  | **Defined contribution plans** |  |  |
| 1 257 | Employer contributions to defined contribution plans | 1 386 | 1 784 |
| 65 | Other (including pensions) | 67 | 73 |
| **1 321** | **Total expense recognised in respect of defined contribution plans** | **1 453** | **1 858** |
| **4 767** | **Total superannuation (gain)/expense recognised in operating statement** | **3 350** | **3 310** |
|  | **Represented by:** |  |  |
| 517 | Net superannuation interest expense | 305 | 407 |
| 2 072 | Other superannuation | 2 282 | 2 965 |
| **2 589** | **Superannuation expense from transactions** | **2 587** | **3 373** |
| **2 179** | **Remeasurement recognised in other comprehensive income** | **763** | **(63)** |
| 4 767 | Total superannuation costs recognised in operating statement | 3 350 | 3 310 |

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

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

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 2 970 | General public services | 3 094 | 3 621 |
| 6 060 | Public order and safety | 6 674 | 8 640 |
| 1 189 | Economic affairs | 1 308 | 2 237 |
| 585 | Environmental protection | 655 | 866 |
| 1 447 | Housing and community amenities | 1 532 | 2 214 |
| 14 390 | Health | 15 820 | 21 007 |
| 649 | Recreation, culture and religion | 608 | 892 |
| 12 478 | Education | 13 202 | 16 906 |
| 3 994 | Social protection | 4 155 | 5 606 |
| 6 314 | Transport | 6 783 | 9 312 |
| (592) | Not allocated by purpose | (375) | (968) |
| 49 484 | Total Expenses by COFOG | 53 456 | 70 333 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

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

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
|  | **Expenses from transactions** |  |  |
| 14 079 | Education and Training | 15 197 | 19 477 |
| 2 814 | Environment, Land, Water and Planning | 2 712 | 3 687 |
| 19 500 | Health and Human Services | 21 064 | 28 151 |
| 591 | Jobs, Precincts and Regions | 1 587 | 2 574 |
| 5 656 | Justice and Community Safety | 6 023 | 8 225 |
| 544 | Premier and Cabinet | 524 | 712 |
| 7 413 | Transport | 6 928 | 9 097 |
| 6 251 | Treasury and Finance | 6 828 | 7 572 |
| 155 | Parliament | 164 | 248 |
| 468 | Courts | 512 | 718 |
| 1 843 | Regulatory bodies and other part funded agencies (c) | 2 062 | 2 614 |
| **59 314** | **Total expenses by department** | **63 602** | **83 074** |
| (9 830) | *Less eliminations and adjustments (d)* | (10 146) | (12 742) |
| 49 484 | Total expenses | 53 456 | 70 333 |

Notes:

(a) On 29 November 2018, the Premier announced various machinery of government changes effective from 1 January 2019. Refer to Note 9.8 in the 2018-19 Financial Report for the State of Victoria for further details.

(b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(c) Other general government sector agencies, which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.

(d) Mainly comprising payroll tax, capital asset charge and inter‑departmental transfers. The budget also includes departmental underspend estimates.

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

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 1 232 | Education and Training | 859 | 1 882 |
| 68 | Environment, Land, Water and Planning | 63 | 129 |
| 764 | Health and Human Services | 816 | 1 185 |
| 13 | Jobs, Precincts and Regions | 116 | 161 |
| 493 | Justice and Community Safety | 317 | 1 464 |
| 17 | Premier and Cabinet | 14 | 26 |
| 3 982 | Transport | 4 143 | 6 374 |
| 22 | Treasury and Finance | 48 | 33 |
| 14 | Parliament | 11 | 10 |
| 31 | Courts | 53 | 116 |
| 160 | Regulatory bodies and other part funded agencies (c) | 156 | 342 |
| **6 798** | **Total purchases of non‑financial assets by department** | **6 596** | **11 721** |
| 78 | *Eliminations and adjustments (d)* | 119 | 1 569 |
| 6 876 | Total purchases of non‑financial assets | 6 715 | 13 290 |

Notes:

(a) On 29 November 2018, the Premier announced various machinery of government changes effective from 1 January 2019. Refer to Note 9.8 in the 2018-19 Financial Report for the State of Victoria for further details.

(b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(c) Other general government sector agencies, which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.

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

## Net acquisition of non-financial assets from transactions (a)

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 6 877 | Purchases of non‑financial assets (including change in inventories) | 6 734 | 13 293 |
| (137) | Less: Sales of non‑financial assets | (108) | (349) |
| (2 202) | Less: Depreciation and amortisation | (2 784) | (3 717) |
| (573) | Plus/(less): Other movements in non‑financial assets (b) | (194) | (1 684) |
| 3 965 | Total net acquisition of non‑financial assets from transactions (b) | 3 647 | 7 544 |

Notes:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(b) The 2019-20 revised budget figures have been restated to reflect more current information.

# Major assets and investments

### Introduction

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

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

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 31 756 | Buildings | 43 321 | 43 850 | 45 889 |
| 4 805 | Leased buildings | .. | .. | .. |
| 59 365 | Land and national parks | 58 294 | 58 239 | 59 537 |
| 4 154 | Infrastructure systems | 5 157 | 6 313 | 6 509 |
| 2 920 | Plant, equipment and vehicles | 3 378 | 3 465 | 3 301 |
| 219 | Leased plant, equipment and vehicles | .. | .. | .. |
| 30 666 | Roads and road infrastructure | 33 105 | 34 872 | 38 069 |
| 8 042 | Earthworks | 8 899 | 8 899 | 9 238 |
| 5 655 | Cultural assets | 5 661 | 5 660 | 5 660 |
| 147 582 | Total land, buildings, infrastructure, plant and equipment | 157 814 | 161 297 | 168 202 |

Notes:

(a) AASB 16 Leases has been applied for the first time from 1 July 2019.

(b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

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

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

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| .. | Buildings | 8 181 | 8 150 | 8 802 |
| .. | Infrastructure systems | 6 | 6 | 13 |
| .. | Plant, equipment and vehicles | 563 | 509 | 529 |
| .. | Total right of use assets: land, buildings, infrastructure, plant and equipment | 8 750 | 8 665 | 9 344 |

Note:

(a) AASB 16 Leases has been applied for the first time from 1 July 2019.

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

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 1 701 | Buildings | 1 829 | 1 855 | 1 780 |
| 916 | Land and national parks | 921 | 921 | 972 |
| 2 854 | Infrastructure systems | 3 236 | 4 408 | 4 459 |
| 179 | Plant, equipment and vehicles | 170 | 178 | 88 |
| 8 528 | Roads and road infrastructure | 9 263 | 10 363 | 11 805 |
| 14 177 | Total service concession assets: land, buildings, infrastructure, plant and equipment | 15 420 | 17 726 | 19 104 |

## Depreciation (a)

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 873 | Buildings | 1 524 | 1 929 |
| 123 | Leased buildings | .. | .. |
| 43 | Infrastructure systems | 45 | 54 |
| 433 | Plant, equipment and vehicles | 458 | 700 |
| 22 | Leased plant, equipment and vehicles | .. | .. |
| 595 | Roads and road infrastructure | 625 | 850 |
| 14 | Cultural assets | 15 | 22 |
| 100 | Intangible produced assets (b) | 118 | 163 |
| 2 202 | Total depreciation | 2 784 | 3 717 |

Notes:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

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

The following two tables are subsets of total depreciation expense.

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

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| .. | Buildings | 490 | 597 |
| .. | Infrastructure systems | 2 | 5 |
| .. | Plant, equipment and vehicles | 46 | 121 |
| .. | Total depreciation of right of use assets | 538 | 723 |

Note:

(a) AASB 16 Leases has been applied for the first time from 1 July 2019.

Depreciation of service concession assets ($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| 31 | Buildings | 41 | 47 |
| 15 | Plant, equipment and vehicles | 16 | 29 |
| 128 | Roads and road infrastructure | 125 | 183 |
| 1 | Intangible produced assets | .. | 1 |
| 175 | Total depreciation of service concession assets | 182 | 260 |

## Land and buildings (a)

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 34 911 | Buildings | 45 097 | 47 042 | 50 273 |
| (3 155) | Accumulated depreciation | (1 776) | (3 192) | (4 384) |
| **31 756** | **Buildings (net carrying amount)** | **43 321** | **43 850** | **45 889** |
| 5 561 | Leased buildings | .. | .. | .. |
| (756) | Leased buildings accumulated depreciation | .. | .. | .. |
| **4 805** | **Leased buildings (net carrying amount)** | **..** | **..** | **..** |
| 58 132 | Land | 57 074 | 57 020 | 58 327 |
| 1 233 | National parks and other ’land only’ holdings | 1 219 | 1 219 | 1 210 |
| **59 365** | **Land and national parks** | **58 294** | **58 239** | **59 537** |
| 95 926 | Total land and buildings | 101 614 | 102 088 | 105 426 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Plant, equipment, vehicles, and infrastructure systems (a)

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 4 683 | Infrastructure systems | 5 728 | 6 929 | 7 134 |
| (529) | Accumulated depreciation | (572) | (616) | (626) |
| **4 154** | **Infrastructure systems (net carrying amount)** | **5 157** | **6 313** | **6 509** |
| 7 245 | Plant, equipment and vehicles | 7 932 | 8 406 | 8 406 |
| (4 325) | Accumulated depreciation | (4 554) | (4 941) | (5 106) |
| 514 | Leased plant, equipment and vehicles | .. | .. | .. |
| (295) | Accumulated depreciation | .. | .. | .. |
| **3 139** | **Plant, equipment and vehicles (net carrying amount)** | **3 378** | **3 465** | **3 301** |
| 7 292 | Total plant, equipment and vehicles, and infrastructure systems | 8 534 | 9 778 | 9 809 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Roads, road infrastructure and earthworks (a)

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 51 420 | Roads and roads infrastructure | 56 569 | 58 919 | 63 068 |
| (20 755) | Accumulated depreciation | (23 463) | (24 047) | (24 999) |
| **30 666** | **Roads and road infrastructure (net carrying amount)** | **33 105** | **34 872** | **38 069** |
| **8 042** | **Earthworks** | **8 899** | **8 899** | **9 238** |
| 38 708 | Total roads, road infrastructure and earthworks | 42 004 | 43 771 | 47 307 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Cultural assets

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 5 842 | Cultural assets | 5 850 | 5 863 | 5 870 |
| (186) | Accumulated depreciation | (189) | (202) | (210) |
| 5 655 | Total cultural assets | 5 661 | 5 660 | 5 660 |

## Other non-financial assets (a)

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
| 2 039 | Intangible produced assets | 2 197 | 2 267 | 2 289 |
| (1 046) | Accumulated depreciation | (1 085) | (1 166) | (1 200) |
| 249 | Service concession assets – intangible produced | 251 | 251 | 251 |
| (1) | Accumulated depreciation | (1) | (1) | (2) |
| 119 | Intangible non‑produced assets | 109 | 110 | 111 |
| (44) | Accumulated amortisation | (40) | (45) | (45) |
| **1 316** | **Total intangibles** | **1 430** | **1 416** | **1 403** |
| 184 | Investment properties | 280 | 281 | 281 |
| 2 | Biological assets | 2 | 2 | 4 |
| 649 | Other assets | 414 | 787 | 360 |
| 2 152 | Total other non‑financial assets | 2 126 | 2 487 | 2 048 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Total assets by classification of the functions of government (COFOG) (a)

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revised budget |
| 2 252 | General public services | 4 208 | 2 399 |
| 9 860 | Public order and safety | 11 173 | 13 761 |
| 1 299 | Economic affairs | 1 103 | 1 296 |
| 11 932 | Environmental protection | 11 660 | 11 777 |
| 2 010 | Housing and community amenities | 1 996 | 2 202 |
| 16 265 | Health | 20 074 | 20 044 |
| 7 347 | Recreation, culture and religion | 7 592 | 7 680 |
| 28 064 | Education | 27 705 | 28 510 |
| 1 750 | Social protection | 1 999 | 2 378 |
| 69 683 | Transport | 76 955 | 82 541 |
| 130 414 | Not allocated by purpose (b) | 131 282 | 126 848 |
| 280 877 | Total assets by COFOG | 295 745 | 299 439 |

Notes:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(b) 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.

# Other assets and liabilities

### Introduction

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

## Receivables

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
|  | **Contractual** |  |  |  |
| 931 | Sales of goods and services | 895 | 914 | 897 |
| 17 | Accrued investment income | 27 | 11 | 27 |
| 893 | Other receivables | 888 | 1 285 | 943 |
| (106) | Allowance for credit losses of contractual receivables | (138) | (144) | (136) |
|  | **Statutory** |  |  |  |
| 2 | Sales of goods and services | 5 | 6 | 2 |
| 5 044 | Taxes receivable | 3 363 | 4 715 | 3 407 |
| 2 852 | Fines and regulatory fees | 2 881 | 3 242 | 3 001 |
| 316 | GST input tax credits recoverable | 419 | 394 | 421 |
| (1 573) | Allowance for credit losses of statutory receivables | (1 706) | (1 954) | (1 721) |
| **8 376** | **Total receivables** | **6 634** | **8 469** | **6 843** |
|  | **Represented by:** |  |  |  |
| 8 059 | Current receivables | 6 312 | 8 290 | 6 525 |
| 317 | Non‑current receivables | 322 | 180 | 318 |

## Payables (a)

($ million)

| 2018‑19 |  |  | 2019‑20 |  |
| --- | --- | --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar | revisedbudget |
|  | **Contractual** |  |  |  |
| 1 403 | Accounts payable | 1 840 | 1 272 | 1 376 |
| 2 417 | Accrued expenses | 2 918 | 2 657 | 2 918 |
| 8 913 | Grant of right to operate liability | 9 402 | 9 763 | 10 110 |
| 1 723 | Unearned income | 1 729 | 1 650 | 1 548 |
|  | **Statutory** |  |  |  |
| 43 | Accrued taxes payable | 59 | 166 | 61 |
| **14 500** | **Total payables** | **15 948** | **15 508** | **16 014** |
|  | **Represented by:** |  |  |  |
| 4 815 | Current payables | 5 610 | 5 458 | 5 131 |
| 9 685 | Non‑current payables | 10 338 | 10 050 | 10 883 |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

# Public account

### Introduction

This section discloses information in respect of the Public Account, in accordance with the requirements of the *Financial Management Act 1994*.

## Consolidated fund receipts and payments (a)

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
|  | **Receipts** |  |  |
| 16 941 | Taxation | 17 804 | 24 510 |
| 566 | Fines and regulatory fees | 572 | 981 |
| 16 140 | Grants received | 15 266 | 22 694 |
| 5 205 | Sales of goods and services (b) | 5 629 | 7 562 |
| 341 | Interest received | 338 | 484 |
| 434 | Dividends, income tax equivalent and rate equivalent receipts | 556 | 709 |
| 3 242 | Other receipts (b) | 467 | 766 |
| **42 870** | **Total operating activities** | **40 632** | **57 706** |
| 4 812 | Total inflows from investing and financing | 7 113 | 9 705 |
| **47 681** | **Total receipts** | **47 745** | **67 412** |
|  | **Payments to departments** |  |  |
| 10 867 | Education and Training | 11 479 | 15 812 |
| 2 195 | Environment, Land, Water and Planning | 2 112 | 2 953 |
| 13 604 | Health and Human Services | 14 635 | 18 683 |
| 250 | Jobs, Precincts and Regions | 1 694 | 2 411 |
| 5 888 | Justice and Community Services | 6 132 | 9 061 |
| 567 | Premier and Cabinet | 503 | 686 |
| 8 264 | Transport | 8 794 | 12 877 |
| 4 992 | Treasury and Finance | 4 405 | 10 320 |
| 166 | Parliament | 171 | 240 |
| 476 | Courts | 524 | 775 |
| **47 269** | **Total payments** | **50 449** | **73 817** |
| 412 | Net receipts/(payments) | (2 703) | (6 406) |

Notes:

(a) On 29 November 2018, the Premier announced various machinery of government changes effective from 1 January 2019. Refer to Note 9.8 in the 2018-19 Financial Report for the State of Victoria for further details.

(b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Trust fund cash flow statement

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
|  | **Cash flows from operating activities** |  |  |
|  | **Receipts** |  |  |
| 323 | Taxation | 373 | 428 |
| 65 | Regulatory fees and fines | 60 | 86 |
| 13 814 | Grants received | 15 610 | 18 341 |
| 366 | Sale of goods and services | 467 | 507 |
| 139 | Interest received | 77 | 150 |
| 25 | Dividends received | 46 | 90 |
| 2 637 | Net transfers from consolidated fund | 3 074 | 4 288 |
| 128 | Other receipts | 142 | 132 |
| **17 498** | **Total receipts** | **19 850** | **24 021** |
|  | **Payments** |  |  |
| (209) | Payments for employees | (234) | (240) |
| (17) | Superannuation | (20) | (18) |
| (5) | Interest paid | (39) | (9) |
| (15 546) | Grants and subsidies | (16 175) | (19 702) |
| (1 357) | Goods and services | (2 146) | (2 681) |
| **(17 134)** | **Total payments** | **(18 613)** | **(22 651)** |
| **365** | **Net cash flows from operating activities** | **1 236** | **1 371** |
|  | **Cash flows from investing activities** |  |  |
| (38) | Purchases of property, plant and equipment | (282) | (2 942) |
| 49 | Proceeds from sale of property, plant and equipment | 53 | 58 |
| 1 320 | Net proceeds from customer loans | 817 | 1 774 |
| (1 524) | Other investing activities | (1 734) | (877) |
| **(193)** | **Net cash flows from investing activities** | **(1 145)** | **(1 987)** |
|  | **Cash flows from financing activities** |  |  |
| (556) | Net proceeds (repayments) from borrowings | (176) | 56 |
| **(556)** | **Net cash flows from financing activities** | **(176)** | **56** |
| (384) | Net cash inflow/(outflow) | (85) | (560) |

## Reconciliation of cash flows to balances held

($ million)

|  | Balancesheld at30 Jun 2019 | MarmovementYTD | Balancesheld at31 Mar 2020 |
| --- | --- | --- | --- |
| **Cash and deposits** |  |  |  |
| Cash and balances outside of the Public Account | .. | 26 | 26 |
| Deposits held with the Public Account – specific trusts | 19 | (2) | 17 |
| Other balances held in the Public Account | 4 424 | (2 911) | 1 512 |
| **Total cash and deposits** | **4 443** | **(2 887)** | **1 556** |
| **Investments** |  |  |  |
| Investments held with the Public Account – specific trusts | 1 016 | 372 | 1 388 |
| **Total investments** | **1 016** | **372** | **1 388** |
| **Total fund balances** | **5 459** | **(2 515)** | **2 944** |
| **Less funds held outside the public account** |  |  |  |
| Cash | .. | 26 | 26 |
| **Total fund balances held outside the Public Account** | **..** | **26** | **26** |
| Total fund balances held in the Public Account (a) | 5 459 | (2 541) | 2 918 |

Note:

(a) See Note 6.4 for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

## Details of securities held

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | opening1 Jul | actual31 Mar |
| 1 623 | Amounts invested on behalf of specific trust accounts | 1 035 | 1 405 |
| 2 883 | General account balances | 4 424 | 1 512 |
| **4 507** | **Total Public Account** | **5 459** | **2 918** |
|  | **Represented by:** |  |  |
| 3 805 | Stock, securities, cash and investments | 4 527 | 2 069 |
|  | Add cash advanced for: |  |  |
| .. | Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to section 38 of the *Financial Management Act 1994* | 350 | .. |
| 702 | Advances pursuant to sections 36 and 37 of the *Financial Management Act 1994* | 582 | 849 |
| 4 507 | Total Public Account | 5 459 | 2 918 |

# Other disclosures

### Introduction

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

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

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actual31 Mar |  | actual31 Mar | revisedbudget |
| (442) | Net (increase)/decrease in allowances for credit losses | (308) | (192) |
| (4) | Amortisation of intangible non‑produced assets | (4) | (6) |
| (14) | Bad debts written off | (5) | (168) |
| (12) | Other gains/(losses) | (271) | (14) |
| (472) | Total other gains/(losses) from other economic flows | (587) | (382) |

## Reconciliation of cash and cash equivalents

($ million)

| 2018‑19actual31 Mar |  | 2019‑20actual31 Mar |
| --- | --- | --- |
| 1 416 | Cash | 3 704 |
| 4 306 | Deposits at call | 5 532 |
| **5 722** | **Cash and cash equivalents** | **9 236** |
| .. | Bank overdraft | .. |
| 5 722 | Balances as per cash flow statement | 9 236 |

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

($ million)

| 2018‑19 |  | 2019‑20 |
| --- | --- | --- |
| actualto Mar |  | actualto Mar |
| **2 355** | **Net result** | **(1 176)** |
|  | **Non‑cash movements** |  |
| 106 | Interest accretion | 167 |
| (190) | Revenue related to economic service concession arrangements | (230) |
| 2 206 | Depreciation and amortisation | 2 788 |
| 3 | Revaluation of investments | 22 |
| 44 | Assets (received)/provided free of charge | 8 |
| (25) | Assets not previously/no longer recognised | 54 |
| 29 | Revaluation of assets | 59 |
| 2 | Discount/premium on other financial assets/borrowings | 2 |
| 1 | Foreign currency dealings | 2 |
| (3) | Discounting of assets and liabilities | (1) |
| **2 173** | **Non‑cash items total** | **2 872** |
| **(47)** | **Movements included in investing and financing activities** | **(220)** |
|  | **Movements in assets and liabilities** |  |
| 402 | Increase/(decrease) in allowances for credit losses | 254 |
| 2 617 | Increase/(decrease) in payables | (609) |
| 36 | Increase/(decrease) in employee benefits | 163 |
| 315 | Increase/(decrease) in superannuation | 170 |
| 45 | Increase/(decrease) in other provisions | (13) |
| (2 562) | (Increase)/decrease in receivables | (2 091) |
| (124) | (Increase)/decrease in other non‑financial assets | (392) |
| **729** | **Changes in assets and liabilities total** | **(2 517)** |
| 5 210 | Net cash flows from operating activities | (1 041) |

Note:

(a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## Adoption of the new Accounting Standards

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

* AASB 15 *Revenue from Contracts with Customers;*
* AASB 1058 *Income of Not-for-Profit Entities;*
* AASB 16 *Leases;* and
* AASB 1059 *Service Concession Arrangements: Grantors.*

The scope, high level requirements and estimated impacts of these new standards were outlined in Note 1.7.2 of the Estimated Financial Statements for 2019-20, presented in Chapter 1 of *2019-20 Budget Paper 5, Statement of Finances.*

The transitional impacts of applying the new accounting standards on the March 2019 and 1 July 2019 balances are presented in the tables below.

## Transitional impacts of the new Accounting Standards

**($ million)**

|  | Before newaccounting standards | Net impact of new accounting standards | After newaccounting standards |
| --- | --- | --- | --- |
| General government sector | 2018‑19 actual 31 Mar | 2018‑19 actual 31 Mar | 2018‑19 actual 31 Mar |
| **Comprehensive operating statement** |  |  |  |
| Revenue from transactions | 52 365 | 136 | 52 501 |
| Expenses from transactions | 49 256 | 228 | 49 484 |
| **Net result from transactions – net operating balance** | **3 110** | **(93)** | **3 017** |
| **Total other economic flows included in net result** | **(662)** | **..** | **(662)** |
| Net result | 2 447 | (92) | 2 355 |

($ million)

|  | Beforenew accounting standards | Net impact ofnew accounting standards | Afternew accounting standards |
| --- | --- | --- | --- |
| General government sector | Opening 1 July 2018 | 2018‑19 actual31 Mar | Opening 1 July 2019 | Opening 1 July 2018 | 2018‑19 actual31 Mar | Opening 1 July 2019 | Opening 1 July 2018 | 2018‑19 actual31 Mar | Opening 1 July 2019 |
| **Comprehensive balance sheet** |  |  |  |  |  |  |  |  |  |
| **Total assets** | **264 294** | **269 442** | **273 421** | **9 242** | **11 435** | **15 983** | **273 536** | **280 877** | **289 405** |
| Financial liabilities | 40 207 | 41 284 | 43 031 | 1 541 | 2 869 | 6 948 | 41 748 | 44 153 | 49 980 |
| Other liabilities | 39 971 | 44 971 | 47 747 | 4 724 | 5 353 | 5 909 | 44 695 | 50 324 | 53 656 |
| **Total liabilities** | **80 178** | **86 254** | **90 778** | **6 265** | **8 223** | **12 858** | **86 443** | **94 477** | **103 636** |
| **Net debt** | **20 003** | **21 837** | **22 377** | **1 767** | **3 095** | **6 948** | **21 770** | **24 932** | **29 325** |
| **Net worth** | **184 116** | **183 188** | **182 644** | **2 977** | **3 212** | **3 125** | **187 093** | **186 400** | **185 768** |
| Accumulated surplus/(deficit) | 52 626 | 52 812 | 52 473 | 2 977 | 3 185 | 3 091 | 55 603 | 55 997 | 55 564 |

## Controlled entities

Note 9.8 Controlled entities in the *2018-19 Financial Report* for the State of Victoria lists significant controlled entities, which have been consolidated for the purposes of the financial report.

The following are changes to entities from 1 July 2019 which have been consolidated for the purposes of the financial report:

|  |
| --- |
| General government |
| Department of Health and Human Services Bendigo Health (a)Great Ocean Road Health (b)Kyabram District Health Service (c)Mildura Base Public Hospital (d)NCN Health (e) | **Department of Premier and Cabinet**Portable Long Service Authority (f)**Department of Transport (g)(h)**Head, Transport for Victoria (i) |

Notes:

(a) Effective from 22 October 2019, Bendigo Health Care Group changed its name to Bendigo Health.

(b) Effective from 1 July 2019, Lorne Community Hospital and Otway Health were amalgamated into Great Ocean Road Health.

(c) Effective from 22 October 2019, Kyabram and District Health Services changed its name to Kyabram District Health Service.

(d) Effective from 17 December 2019, Mildura Base Public Hospital was established to manage the Mildura Hospital.

(e) Effective from 1 July 2019, Numurkah District Health Service, Cobram District Health and Nathalia District Hospital were amalgamated into NCN Health.

(f) The Portable Long Service Authority was established under the Long Service Benefits Portability Act 2018 and, by Order of the Governor in Council, commenced on 1 July 2019.

(g) Effective from 1 July 2019, the Public Transport Development Authority and Roads Corporation (with the exception of registration and licensing and some heavy vehicle functions) were consolidated into the Department of Transport.

(h) Effective 1 January 2020, the Linking Melbourne Authority was abolished.

(i) Effective from 1 January 2020, Head, Transport for Victoria was reconstituted as a body corporate to administer Victoria’s train, tram, bus and road system.
The Public Transport Development Authority was subsequently abolished with the creation of Head, Transport for Victoria.

## Glossary of technical terms

The *2018-19 Financial Report* for the State of Victoria (Note 9.9) summarises the major technical terms used in this report.

# Results quarter by quarter – Victorian general government sector

### Introduction

This section includes the comprehensive operating statement, balance sheet and cash flow statement for the past five quarters in accordance with the requirements of the *Financial Management Act 1994*.

Consolidated comprehensive operating statement for the past five quarters (a) ($ million)

|  | 2018‑19 |  | 2019‑20 |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Mar | Jun | Sep | Dec | Mar |
| **Revenue from transactions** |  |  |  |  |  |
| Taxation revenue | 7 763 | 4 896 | 5 839 | 5 556 | 7 555 |
| Interest revenue | 191 | 209 | 160 | 160 | 140 |
| Dividends, income tax equivalent and rate equivalent revenue | 97 | 603 | 57 | 435 | 82 |
| Sales of goods and services | 1 896 | 1 970 | 1 947 | 2 051 | 1 934 |
| Grant revenue | 9 165 | 8 337 | 7 822 | 7 988 | 8 802 |
| Other revenue | 609 | 1 259 | 652 | 793 | 710 |
| **Total revenue from transactions** | **19 721** | **17 275** | **16 477** | **16 983** | **19 223** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 6 196 | 6 916 | 6 578 | 6 663 | 6 741 |
| Net superannuation interest expense | 170 | 172 | 141 | 63 | 101 |
| Other superannuation | 690 | 725 | 752 | 763 | 767 |
| Depreciation | 743 | 844 | 886 | 928 | 970 |
| Interest expense | 546 | 606 | 564 | 581 | 593 |
| Grant expense | 3 858 | 3 516 | 3 259 | 3 187 | 4 341 |
| Other operating expenses | 4 812 | 6 264 | 5 102 | 5 138 | 5 337 |
| **Total expenses from transactions** | **17 014** | **19 042** | **17 282** | **17 323** | **18 851** |
| **Net result from transactions – net operating balance** | **2 707** | **(1 767)** | **(805)** | **(340)** | **373** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | (15) | 27 | 9 | (44) | .. |
| Net gain/(loss) on financial assets or liabilities at fair value | 72 | 91 | 1 | 18 | 200 |
| Share of net profit/(loss) from associates/joint venture entities | 1 | .. | .. | .. | .. |
| Other gains/(losses) from other economic flows | (166) | (449) | (171) | (175) | (240) |
| **Total other economic flows included in net result** | **(109)** | **(330)** | **(161)** | **(201)** | **(40)** |
| **Net result** | **2 598** | **(2 098)** | **(967)** | **(542)** | **332** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | 114 | 4 114 | 229 | 22 | 117 |
| Remeasurement of superannuation defined benefits plans | (1 087) | (1 192) | (976) | 1 651 | (1 438) |
| Other movements in equity | 7 | 51 | (57) | (108) | 58 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | (15) | (2) | (17) | (40) | (22) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | (1 414) | .. | (843) | .. |
| **Total other economic flows – other comprehensive income** | **(982)** | **1 557** | **(821)** | **682** | **(1 285)** |
| **Comprehensive result – total change in net worth** | **1 617** | **(541)** | **(1 787)** | **140** | **(953)** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **2 707** | **(1 767)** | **(805)** | **(340)** | **373** |
| Less: Net acquisition of non‑financial assets from transactions (b) | 957 | 2 757 | 1 068 | 1 506 | 1 073 |
| Net lending/(borrowing) (b) | 1 750 | (4 524) | (1 873) | (1 846) | (701) |

Notes:

(a) The 2018-19 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

(b) The March, June, September and December 2019 figures have been restated to reflect more current information.

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

|  | 2018‑19 |  | 2019‑20 |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Mar | Jun | Sep | Dec | Mar |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 5 722 | 9 775 | 6 343 | 7 303 | 9 236 |
| Advances paid | 8 441 | 8 340 | 7 884 | 7 659 | 7 408 |
| Receivables | 8 376 | 6 628 | 6 387 | 6 499 | 8 469 |
| Investments, loans and placements | 5 059 | 2 539 | 3 000 | 2 885 | 2 776 |
| Investments accounted for using the equity method | 45 | 45 | 45 | 45 | 45 |
| Investments in other sector entities | 102 979 | 101 825 | 102 655 | 102 726 | 103 629 |
| **Total financial assets** | **130 621** | **129 153** | **126 315** | **127 117** | **131 563** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 177 | 165 | 177 | 183 | 198 |
| Non‑financial assets held for sale | 345 | 223 | 216 | 204 | 200 |
| Land, buildings, infrastructure, plant and equipment | 147 582 | 154 358 | 158 891 | 160 333 | 161 297 |
| Other non‑financial assets | 2 152 | 2 190 | 3 013 | 2 679 | 2 487 |
| **Total non‑financial assets** | **150 256** | **156 937** | **162 297** | **163 399** | **164 182** |
| **Total assets** | **280 877** | **286 089** | **288 612** | **290 516** | **295 745** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 5 140 | 5 146 | 4 688 | 4 706 | 4 464 |
| Payables | 14 500 | 15 923 | 15 924 | 15 301 | 15 508 |
| Borrowings | 39 013 | 41 438 | 45 014 | 49 081 | 53 829 |
| Employee benefits | 7 056 | 8 020 | 8 034 | 8 056 | 8 183 |
| Superannuation | 27 699 | 28 632 | 29 884 | 28 162 | 29 565 |
| Other provisions | 1 070 | 1 072 | 1 085 | 1 089 | 1 028 |
| **Total liabilities** | **94 477** | **100 230** | **104 630** | **106 395** | **112 577** |
| **Net assets** | **186 400** | **185 859** | **183 981** | **184 121** | **183 168** |
| Accumulated surplus/(deficit) | 55 997 | 55 573 | 77 321 | 78 209 | 77 161 |
| Reserves | 130 403 | 130 286 | 106 660 | 105 912 | 106 007 |
| **Net worth** | **186 400** | **185 859** | **183 981** | **184 121** | **183 168** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | 36 144 | 28 922 | 21 684 | 20 722 | 18 986 |
| Net financial liabilities | 66 835 | 72 903 | 80 971 | 82 004 | 84 643 |
| Net debt | 24 932 | 25 930 | 32 476 | 35 940 | 38 873 |

Note:

(a) The 2018-19 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

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

|  | 2018‑19 |  | 2019‑20 |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Mar | Jun | Sep | Dec | Mar |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 5 058 | 6 550 | 5 870 | 6 036 | 5 657 |
| Grants | 9 163 | 8 386 | 7 827 | 8 000 | 8 814 |
| Sales of goods and services (b) | 2 320 | 1 874 | 2 333 | 2 016 | 2 273 |
| Interest received | 194 | 203 | 171 | 162 | 139 |
| Dividends, income tax equivalent and rate equivalent receipts | 97 | 563 | 98 | 435 | 82 |
| Other receipts | 283 | 945 | 516 | 246 | 666 |
| **Total receipts** | **17 115** | **18 522** | **16 815** | **16 896** | **17 632** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (6 369) | (6 158) | (6 592) | (6 658) | (6 691) |
| Superannuation | (848) | (1 156) | (616) | (897) | (902) |
| Interest paid | (512) | (541) | (488) | (518) | (532) |
| Grants and subsidies | (3 852) | (3 330) | (3 255) | (3 593) | (4 345) |
| Goods and services (b) | (4 382) | (4 953) | (6 100) | (5 181) | (5 291) |
| Other payments | (174) | (203) | (216) | (188) | (319) |
| **Total payments** | **(16 137)** | **(16 341)** | **(17 267)** | **(17 035)** | **(18 082)** |
| **Net cash flows from operating activities** | **977** | **2 181** | **(452)** | **(139)** | **(450)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (1 937) | (2 980) | (2 310) | (2 269) | (2 136) |
| Sales of non‑financial assets | 53 | 106 | 42 | 38 | 28 |
| **Net cash flows from investments in non‑financial assets** | **(1 884)** | **(2 874)** | **(2 268)** | **(2 231)** | **(2 109)** |
| Net cash flows from investments in financial assets for policy purposes | 298 | 261 | 398 | (23) | 243 |
| **Sub‑total** | **(1 585)** | **(2 613)** | **(1 870)** | **(2 254)** | **(1 866)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (1 036) | 2 825 | (489) | 98 | 98 |
| **Net cash flows from investing activities** | **(2 621)** | **212** | **(2 359)** | **(2 156)** | **(1 768)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (251) | (50) | (365) | (167) | (102) |
| Net borrowings | 2 988 | 1 656 | (165) | 3 237 | 4 393 |
| Deposits received (net) | 62 | 56 | (93) | 184 | (140) |
| **Net cash flows from financing activities** | **2 798** | **1 661** | **(622)** | **3 255** | **4 151** |
| **Net increase/(decrease) in cash and cash equivalents** | **1 154** | **4 053** | **(3 432)** | **960** | **1 933** |
| Cash and cash equivalents at beginning of the reporting period | 4 567 | 5 722 | 9 775 | 6 343 | 7 303 |
| **Cash and cash equivalents at end of the reporting period** | **5 722** | **9 775** | **6 343** | **7 303** | **9 236** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | 977 | 2 181 | (452) | (139) | (450) |
| Net cash flows from investments in non‑financial assets | (1 884) | (2 874) | (2 268) | (2 231) | (2 109) |
| Cash surplus/(deficit) | (907) | (693) | (2 719) | (2 370) | (2 559) |

Notes:

(a) The 2018-19 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

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

# Appendix A – *Financial Management Act 1994* compliance index

The *Financial Management Act 1994* (FMA) requires the Minister to prepare a March quarterly financial report and a quarterly financial report for tabling in Parliament. These reports have been prepared in accordance with applicable Australian Accounting Standards and theFMA.

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

| Financial Management Act reference | Requirement | Comments/reference |
| --- | --- | --- |
| Section 26(1) | The Minister must prepare a quarterly financial report for each quarter of each financial year. | The financial report for the March quarter 2020. |
| Section 26(2) | A quarterly financial report comprises: |  |
|  | (a) a statement of financial performance of the Victorian general government sector for the quarter; | Refer to comprehensive operating statement, page 29. |
|  | (b) a statement of the financial position of the Victorian general government sector at the end of the quarter; | Refer to balance sheet, page 30. |
|  | (c) a statement of cash flows of the Victorian general government sector for the quarter; and | Refer to cash flow statement, page 31. |
|  | (d) a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based. | Refer to Note 1, page 9. |
| Section 26(2A) | A quarterly financial report must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks. | Manner is a financial report for the general government sector. Form is comprehensive operating statement, balance sheet, cash flow statement.  |
| Section 26(3) | The quarterly financial report for the quarter ending on 31 March in a financial year must include, in addition to the statements referred to in subsection (2)(a) to (d) for that quarter, those statements for the period of nine months ending on that 31 March. | Refer to comprehensive operating statement, balance sheet, and cash flow statement, pages 5–7. |

# Style conventions

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

The notation used in the tables is as follows:

n.a. not available or not applicable

1 billion 1 000 million

1 basis point 0.01 per cent

.. zero, or rounded to zero

(xxx.x) negative numbers