



Victorian Budget 2021/22

# Creating Jobs, Caring for Victorians

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QUARTERLY FINANCIAL REPORT NO. 1

30 September 2021  
Presented by Tim Pallas MP  
Treasurer of the State of Victoria

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Presented by

**Tim Pallas MP**

Treasurer of the State of Victoria



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## OVERVIEW

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

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

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

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

## FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

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

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

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

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

## Revenue from transactions

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

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

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

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

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

## **Expenses from transactions**

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

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

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

## **Other economic flows**

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

## **Balance sheet**

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

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

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

## **Cash flow statement**

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



## **Government infrastructure investment**

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

### **The Government's infrastructure scorecard as at 30 September 2021**

Major projects in progress include:

- 85 level crossing removals by 2025
- A Pathway to More Acute Mental Health Beds
- Additional VLocity trains
- Ballarat Health Services expansion and redevelopment
- Barwon Heads Road upgrade
- Big Housing Build
- Building a world-class Geelong Performing Arts Centre
- Child Link
- Chisholm Road prison project
- City Loop fire and safety upgrade (Stage 2) and intruder alarm
- Courts case management system
- Cranbourne Line duplication
- E-Class Tram Infrastructure Program
- Echuca-Moama Bridge
- Expanding and improving bed-based forensic mental health services: Thomas Embling Hospital
- Frankston Hospital redevelopment
- Frankston Line stabling
- Geelong Fast Rail
- Goulburn Valley Health redevelopment
- Gippsland Line Upgrade Stage 1
- High Capacity Metro Trains Project
- Hurstbridge Line upgrade – Stage 2
- Kardinia Park Stadium Stage 5 redevelopment
- M80 Ring Road upgrade
- Melbourne Arts Precinct Transformation – Phase 1
- Melbourne Airport Rail
- Melbourne Park redevelopment – Stage 3
- Men's prison system capacity
- Metro Tunnel
- Metropolitan Network Modernisation program
- Monash Freeway upgrade – Stage 2

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

- Mordialloc Freeway
- Murray Basin Rail Project
- New Footscray Hospital
- New metropolitan trains
- New schools construction
- New trains for Sunbury
- New Wyndham Law Court
- New youth justice facility
- Next Generation Trams
- North East Link
- Northern Hospital inpatient expansion – Stage 2
- Princes Highway East Stage 3
- Public housing renewal program
- Royal Victorian Eye and Ear Hospital redevelopment
- School upgrades – growth
- Shepparton Corridor upgrade – Stages 2 and 3
- South Dynon train maintenance facility
- Suburban Rail Loop
- Suburban Roads Upgrade
- Technology and resources to support Victoria's fines system
- Ten new community hospitals
- Tram infrastructure upgrades
- Victorian Heart Hospital
- Warrnambool Base Hospital redevelopment
- Warrnambool Line upgrade – Stage 2
- Waurn Ponds Track duplication – Stage 2
- West Gate Tunnel Project
- Western Highway duplication – Ballarat to Stawell
- Western Rail Plan
- Western Roads Upgrade
- Women's prison system capacity

## CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 30 September

(\$ million)

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

Notes:

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

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

## CONSOLIDATED BALANCE SHEET

As at 30 September

(\$ million)

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

Note:

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

## CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 September

(\$ million)

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

Note:

(a) These items include goods and services tax.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September

(\$ million)

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

Notes:

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

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

## 1. ABOUT THIS REPORT

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### **Basis of preparation**

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This September Quarterly Financial Report presents the unaudited financial report for the general government sector for the three months ended 30 September 2021.

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

### **Statement of compliance**

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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**

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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**

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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**

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The September Quarterly Financial Report includes all reporting entities in the general government sector that are controlled by the State. Information on entities consolidated for the general government sector is included in Note 6.3. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

## 2. HOW FUNDS ARE RAISED

### Introduction

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

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

### 2.1 Taxation

(\$ million)

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

Note:

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



## 2.2 Dividends, income tax equivalent and rate equivalent income

(\$ million)

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

## 2.3 Sales of goods and services

(\$ million)

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

Note:

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

## 2.4 Grants <sup>(a)</sup>

(\$ million)

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

Note:

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

## 2.5 Other revenue and income

(\$ million)

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

### 3. HOW FUNDS ARE SPENT

#### Introduction

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

#### 3.1 Employee expenses and provision for outstanding employee benefits

##### Employee expenses (operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. The majority of employee expenses in the operating statement are wages and salaries.

##### Employee benefits (balance sheet)

As part of annual operations, the State provides for benefits accruing to employees but payable in future periods in respect of wages and salaries, annual leave and long service leave, and related on-costs for services rendered to the reporting date. In measuring employee benefits, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to reflect the estimated timing and amount of benefit payment. The table below shows the key components of this provision as at 30 September 2021.

#### 3.2 Employee benefits (balance sheet)

(\$ million)

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

### 3.3 Superannuation (operating statement)

(\$ million)

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

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

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

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

Note:

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

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

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

Notes:

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

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

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

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

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

### 3.5 Purchases of non-financial assets by portfolio department

(\$ million)

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

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health, and the new Department of Families, Fairness and Housing was created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing. Refer to Note 9.8 in the 2020-21 Financial Report for the State of Victoria for further details.
- (b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (c) Other general government sector agencies not allocated to departments.
- (d) Budget includes contingencies not allocated to departments and estimated departmental underspend.

### 3.6 Net acquisition of non-financial assets from transactions

(\$ million)

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

## 4. 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.

### 4.1 Total land, buildings, infrastructure, plant and equipment

(\$ million)

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

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

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

(\$ million)

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

### Total service concession assets: land, buildings, infrastructure, plant and equipment

(\$ million)

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

## 4.2 Depreciation

(\$ million)

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

Note:

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

The following two tables are subsets of total depreciation expense.

### Depreciation of right-of-use (leased) assets

(\$ million)

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

### Depreciation of service concession assets

(\$ million)

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



### 4.3 Land and buildings

(\$ million)

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

### 4.4 Plant, equipment, vehicles, and infrastructure systems

(\$ million)

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

### 4.5 Roads, road infrastructure and earthworks

(\$ million)

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

## 4.6 Cultural assets

(\$ million)

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

## 4.7 Other non-financial assets

(\$ million)

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

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

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

### 5.1 Receivables and contract assets

(\$ million)

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

Note:

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

### 5.2 Payables and contract liabilities

(\$ million)

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

## 6. OTHER DISCLOSURES

### Introduction

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

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

(\$ million)

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

### 6.2 Reconciliation of cash and cash equivalents

(\$ million)

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

### 6.3 Controlled entities

Note 9.8 Controlled entities in the *2020-21 Financial Report* for the State of Victoria lists significant controlled entities, which were consolidated in that financial report.

The following are changes from 1 July 2021 of general government sector entities, which have been consolidated in this financial report:

#### General government

##### Department of Premier and Cabinet

Wage Inspectorate Victoria <sup>(a)</sup>

Note:

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

### 6.4 Glossary of technical terms

The *2020-21 Financial Report* for the State of Victoria (Note 9.9) summarises the major technical terms used in this report.

## 7. RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

### Introduction

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

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

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

Note:

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

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

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

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

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

Note:

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

## STYLE CONVENTIONS

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

The notation used in the tables is as follows:

n.a.	not available or not applicable
1 billion	1 000 million
1 basis point	0.01 per cent
..	zero, or rounded to zero
(xxx.x)	negative numbers



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