**Quarterly Financial Report No. 1**

**September 2016**



Presented by

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Overview

This financial report presents the Victorian general government sector financial statements for the three-month period ending 30 September 2016.

Victoria’s economy is expected to grow above trend in 2016-17 as the broadening of the national recovery in non-mining activity continues to benefit the diversified economy of the State. The strength of the Victorian economy is reflected in the June quarter national accounts, which show Victoria’s annual state final demand growth of 4.0 per cent over the financial year, the highest of all the states and the highest since 2007-08. Strong employment and housing market growth has helped support household consumption and dwelling investment and the labour market is expected to maintain the momentum in 2016-17. Victorian employment increased by over 31 000 in the September quarter, with a total of 105 000 jobs created over the year to September 2016. The annual pace of total and full-time job creation in Victoria is currently leading the nation. The buoyant labour market resulted in Victoria’s unemployment rate falling 0.5 percentage points in the year to 5.7 per cent in September 2016. Improved business conditions, consumer sentiment and strong population growth are expected to further support economic activity in the state.

The Government continues to make significant investments, particularly in the transport and health sectors, to deliver high quality services and enhance economic productivity.

General government sector outcome

Financial performance

The general government sector net result from transactions for the three month period to 30 September 2016 was an operating surplus of $480 million. This compares with the $519 million operating surplus recorded in the first quarter of 2015‑16 and is consistent with achieving a full year estimated operating surplus of $2.9 billion for 2016‑17, as forecast in the *2016‑17 Budget.*

Similar to previous years, the first quarter result is influenced by seasonal factors such as the timing of certain revenue items, in particular:

* the majority of land tax revenue, which is not recognised until the March quarter; and
* dividends from public authorities, which are not recognised as revenue until determined generally in October and April of each year.

The timing of these revenue items is partially offset by the revenue from the Fire Services Property Levy, which is fully recognised in the September quarter.

Revenue for the quarter totalled $14.4 billion. This represented 23.8 per cent of the full year budget estimate, in line with expectations.

Taxation revenue for the quarter represents 24.4 per cent of the annual budgetestimate. The lower than pro rata result is primarily driven by land tax revenue which is collected in the March quarter and the timing of revenue associated with upfront port licence fees, which will be received upon the completion of the Port of Melbourne lease transaction in October. The lower than pro rata outcome was partially offset by higher than pro rata revenue associated with metropolitan improvement levy and insurance taxes and Fire Services Property Levy which is fully recognised in the September Quarter.

Grants revenue for the first quarter was 24.4 per cent of the annual budget estimate. This reflects the timing of this revenue from the Commonwealth Government and is consistent with the full year budget estimate.

Dividends, income tax equivalent and rate equivalent revenue for the first quarter was 7.4 per cent of the full year budget estimate. This is consistent with expectations and the usual pattern of receipt.

Other revenue was slightly under pro rata at 19.8 per cent of the budget estimate, largely driven by the timing of the transfer of Simmonds Stadium to the State from the Geelong City Council; expected to take place later in the financial year.

At 24.2 per cent of the full year budget estimate, expenses from transactions totalled $13.9 billion for the three months to 30 September 2016. This result primarily reflects the timing of expenditure, consistent with full year budget expectations and previous year expenditure patterns.

The comprehensive result showed an increase in net worth of $607 million for the three month period to 30 September 2016, compared to a decrease of $1.5 billion in the same period the previous year.

For 2016‑17, the increase in net worth mainly reflects the recording of an actuarial gain related to the State’s defined benefit plan superannuation liabilities in the quarter, primarily reflecting the effect of financial market movements in bond rates on the valuation of the superannuation liability.

Financial position

Net assets increased by $556 million to $152.3 billion for the three months to 30 September 2016. Total assets increased by $760 million to $229.0 billion in the quarter mainly driven by an increase on the value of the State’s investment interest in public non-financial corporations. Total liabilities remained relatively stable at $76.8 billion.

Net debt increased by $1.2 billion to $23.5 billion in the quarter, mainly reflecting the progressive delivery of the Government’s infrastructure program. After allowing for the timing of finalising the Port of Melbourne lease transaction, the increase in net debt is consistent with budget expectations at this time of year.

Cash flows

Cash flow movements disclosed in the cash flow statement were consistent with the combined impact of the previously mentioned drivers associated with the operating statement and balance sheet.

Infrastructure investment

The State continues to deliver its infrastructure program to support growing community needs and ongoing productivity improvement.

For the three months to 30 September 2016, net investment in infrastructure totalled $1.6 billion, in line with full year budget expectations.

The Government’s infrastructure scorecard as at 30 September 2016

Major projects completed during the quarter include:

* Box Hill Hospital redevelopment.

Major projects in progress include:

* Bendigo Hospital;
* Casey Hospital expansion;
* CityLink–Tulla widening;
* Chandler Highway Bridge duplication;
* Goulburn‑Murray Water Connections Project (Northern Victoria Irrigation Renewal Project);
* Joan Kirner Women’s and Children’s Hospital;
* Level Crossing Removal Program;
* M80 Upgrade – Sunshine Avenue to Calder Freeway;
* Melbourne Convention and Exhibition Centre – Stage 2;
* Melbourne Park Redevelopment – Stage 2;
* Mernda Rail Extension Project;
* Metro Tunnel – Early Works Package;
* Metro Tunnel – Rail Systems Package;
* Metro Tunnel – Tunnel and Stations Package;
* Monash Children’s Hospital;
* Murray Basin Rail Project;
* New Schools (private public partnership);
* New trains, trams and associated infrastructure for Melbourne commuters;
* Port capacity;
* Police communications upgrade;
* Princes Highway duplication project – Winchelsea to Colac;
* Princes Highway East – Traralgon to Sale duplication;
* Ravenhall – New Male Prison;
* Regional rolling stock;
* Royal Victorian Eye and Ear Hospital redevelopment;
* Western Distributor; and
* Western Highway duplication – Ballarat to Stawell.

Consolidated comprehensive operating statement

For the period ended 30 September ($ million)

| *2015-16*  actual  30 Sep |  | Notes | 2016-17  actual  30 Sep | annual  budget |
| --- | --- | --- | --- | --- |
|  | **Revenue from transactions** |  |  |  |
| 5 061 | Taxation revenue | 2.1 | 5 265 | 21 594 |
| 203 | Interest revenue |  | 168 | 881 |
| 59 | Dividends, income tax equivalent and rate equivalent revenue | 2.2 | 78 | 1 059 |
| 1 661 | Sales of goods and services | 2.3 | 1 672 | 6 843 |
| 6 010 | Grant revenue | 2.4 | 6 699 | 27 424 |
| 564 | Other revenue | 2.5 | 510 | 2 569 |
| **13 559** | **Total revenue from transactions** |  | **14 391** | **60 370** |
|  | **Expenses from transactions** |  |  |  |
| 4 768 | Employee expenses |  | 5 179 | 21 298 |
| 223 | Net superannuation interest expense | 3.3 | 199 | 791 |
| 554 | Other superannuation | 3.3 | 552 | 2 239 |
| 605 | Depreciation | 4.2 | 627 | 2 620 |
| 513 | Interest expense |  | 472 | 2 433 |
| 2 172 | Grant expense |  | 2 587 | 9 451 |
| 4 204 | Other operating expenses |  | 4 295 | 18 669 |
| **13 040** | **Total expenses from transactions** | 3.4 | **13 911** | **57 501** |
| **519** | **Net result from transactions – net operating balance** |  | **480** | **2 869** |
|  | **Other economic flows included in net result** |  |  |  |
| (13) | Net gain/(loss) on disposal of non-financial assets |  | (2) | 73 |
| (29) | Net gain/(loss) on financial assets or liabilities at fair value |  | 16 | 11 |
|  | Share of net profit/(loss) from associates/joint venture entities |  |  |  |
| (124) | Other gains/(losses) from other economic flows | 7.1 | (124) | (318) |
| **(166)** | **Total other economic flows included in net result** |  | **(110)** | **(234)** |
| **353** | **Net result** |  | **370** | **2 635** |
|  | **Other economic flows – other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| 32 | Changes in non-financial assets revaluation surplus |  | (93) | 109 |
| (1 934) | Remeasurement of superannuation defined benefits plans |  | 256 | 877 |
| 13 | Other movements in equity (a) |  | 68 | (1) |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| (3) | Net gain/(loss) on financial assets at fair value |  | 6 | 1 |
| .. | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | 2 707 |
| **(1 892)** | **Total other economic flows – other comprehensive income (a)** |  | **236** | **3 693** |
| **(1 539)** | **Comprehensive result – total change in net worth (a)** |  | **607** | **6 328** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
| **519** | **Net operating balance** |  | **480** | **2 869** |
| 82 | Less: Net acquisition of non-financial assets from transactions (b) | 3.6 | 8 | 1 104 |
| **437** | **Net lending/(borrowing) (b)** |  | **472** | **1 765** |

The accompanying notes form part of these financial statements.

Notes:

(a) September 2015-16 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

(b) September 2015-16 comparative figures and 2016-17 Budget figures have been restated to reflect more current information.

Consolidated balance sheet

As at 30 September ($ million)

| *2015-16*  actual  30 Sep |  | Notes | opening  1 Jul | 2016-17  actual  30 Sep | budget  30 Jun (a) |
| --- | --- | --- | --- | --- | --- |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 4 061 | Cash and deposits | 7.2 | 4 772 | 4 079 | 5 201 |
| 4 567 | Advances paid |  | 4 582 | 4 586 | 10 118 |
| 5 897 | Receivables | 5.1 | 5 566 | 5 866 | 5 601 |
| 3 440 | Investments, loans and placements |  | 2 853 | 3 057 | 2 943 |
| 44 | Investments accounted for using the equity method |  | 46 | 47 | 46 |
| 82 548 | Investments in other sector entities (b) |  | 94 710 | 95 473 | 95 242 |
| **100 558** | **Total financial assets (b)** |  | **112 531** | **113 108** | **119 151** |
|  | **Non-financial assets** |  |  |  |  |
| 146 | Inventories |  | 188 | 186 | 191 |
| 169 | Non-financial assets held for sale |  | 188 | 183 | 186 |
| 107 503 | Land, buildings, infrastructure, plant and equipment (c) | 4.1 | 114 254 | 114 009 | 115 572 |
| 1 215 | Other non-financial assets | 4.7 | 1 081 | 1 516 | 1 103 |
| **109 033** | **Total non-financial assets (c)** |  | **115 711** | **115 895** | **117 052** |
| **209 590** | **Total assets (b)(c)** | 4.8 | **228 242** | **229 002** | **236 203** |
|  | **Liabilities** |  |  |  |  |
| 471 | Deposits held and advances received |  | 706 | 717 | 6 288 |
| 5 355 | Payables | 5.2 | 5 773 | 5 481 | 5 663 |
| 34 597 | Borrowings |  | 33 811 | 34 551 | 30 391 |
| 5 675 | Employee benefits | 3.2 | 6 137 | 6 098 | 6 534 |
| 27 885 | Superannuation |  | 29 291 | 29 044 | 28 453 |
| 754 | Other provisions |  | 829 | 861 | 852 |
| **74 738** | **Total liabilities** |  | **76 547** | **76 751** | **78 181** |
| **134 853** | **Net assets (b)(c)** |  | **151 695** | **152 251** | **158 022** |
| 44 213 | Accumulated surplus/(deficit) (c) |  | 44 454 | 45 183 | 47 963 |
| 90 590 | Reserves (b) |  | 107 191 | 107 069 | 110 009 |
| 50 | Non-controlling interest |  | 50 | .. | 50 |
| **134 853** | **Net worth (b)(c)** |  | **151 695** | **152 251** | **158 022** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| 25 820 | Net financial worth (b) |  | 35 984 | 36 357 | 40 970 |
| 56 728 | Net financial liabilities |  | 58 727 | 59 116 | 54 272 |
| 23 000 | Net debt |  | 22 309 | 23 545 | 18 418 |

The accompanying notes form part of these financial statements.

Notes:

(a) Balances represent actual opening balances at 1 July 2016 plus 2016-17 budgeted movements.

(b) September 2015 comparative figures have been restated to reflect an adjustment to Coliban Water’s deferred tax liability balances in the PNFC sector attributable to a change in valuation policy in 2015-16.

(c) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

Consolidated cash flow statement

For the period ended 30 September ($ million)

| *2015-16*  actual  30 Sep |  | Notes | 2016-17 | |
| --- | --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts** |  |  |  |
| 4 887 | Taxes received |  | 5 078 | 21 483 |
| 6 008 | Grants |  | 6 699 | 27 424 |
| 1 782 | Sales of goods and services (a) |  | 1 891 | 7 602 |
| 193 | Interest received |  | 169 | 881 |
| 49 | Dividends, income tax equivalent and rate equivalent receipts |  | 106 | 1 079 |
| 439 | Other receipts |  | 317 | 1 877 |
| **13 359** | **Total receipts** |  | **14 260** | **60 345** |
|  | **Payments** |  |  |  |
| (4 730) | Payments for employees |  | (5 227) | (20 902) |
| (773) | Superannuation |  | (743) | (2 991) |
| (531) | Interest paid |  | (493) | (2 396) |
| (2 185) | Grants and subsidies |  | (2 670) | (9 501) |
| (4 666) | Goods and services (a) |  | (4 563) | (18 729) |
| (194) | Other payments |  | (194) | (624) |
| **(13 078)** | **Total payments** |  | **(13 890)** | **(55 143)** |
| **280** | **Net cash flows from operating activities** | 7.3 | **370** | **5 202** |
|  | **Cash flows from investing activities** |  |  |  |
| (960) | Purchases of non-financial assets (b) | 3.5 | (1 564) | (7 206) |
| 22 | Sales of non-financial assets |  | 24 | 487 |
| **(938)** | **Cash flows from investments in non-financial assets (b)** |  | **(1 540)** | **(6 720)** |
| 30 | Net cash flows from investments in financial assets for policy purposes (b) |  | (90) | 391 |
| **(908)** | **Sub-total** |  | **(1 630)** | **(6 328)** |
| (74) | Net cash flows from investments in financial assets for liquidity management purposes |  | (184) | (84) |
| **(982)** | **Net cash flows from investing activities** |  | **(1 813)** | **(6 413)** |
|  | **Cash flows from financing activities** |  |  |  |
| .. | Advances received (net) |  | (13) | 5 583 |
| 528 | Net borrowings |  | 740 | (3 943) |
| (47) | Deposits received (net) |  | 23 | .. |
| **481** | **Net cash flows from financing activities** |  | **750** | **1 640** |
| **(220)** | **Net increase/(decrease) in cash and cash equivalents** |  | **(693)** | **429** |
| 4 282 | Cash and cash equivalents at beginning of reporting period |  | 4 772 | 4 772 |
| **4 061** | **Cash and cash equivalents at end of the reporting period** | 7.2 | **4 079** | **5 201** |
|  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |
| 280 | Net cash flows from operating activities |  | 370 | 5 202 |
| (938) | Net cash flows from investments in non-financial assets (b) |  | (1 540) | (6 720) |
| **(658)** | **Cash surplus/(deficit) (b)** |  | **(1 170)** | **(1 518)** |

The accompanying notes form part of these financial statements.

Notes:

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

(b) September 2015-16 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

Consolidated statement of changes in equity

For the period ended 30 September ($ million)

| General government sector | Accumulated surplus/(deficit) | Non-controlling interest | Non-financial assets  revaluation surplus (a) | Investment in other  sector entities  revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- |
| **2016-17** |  |  |  |  |  |  |
| Balance at 1 July 2016 | 44 454 | 50 | 49 613 | 57 027 | 551 | 151 695 |
| Net result for the quarter | 370 | .. | .. | .. | .. | 370 |
| Other comprehensive income for the quarter | 359 | .. | (93) | .. | (29) | 236 |
| Transactions with owners in their capacity as owners |  | (50) |  |  |  | (50) |
| **Total equity as at 30 September 2016** | **45 183** | **..** | **49 520** | **57 027** | **522** | **152 251** |
| **Budget equity as at 30 June 2017 (b)** | **47 963** | **50** | **49 722** | **59 733** | **554** | **158 022** |
| **2015-16** |  |  |  |  |  |  |
| Balance at 1 July 2015 (c)(d) | 45 764 | 50 | 43 355 | 46 494 | 728 | 136 391 |
| Net result for the quarter | 353 | .. | .. | .. | .. | 353 |
| Other comprehensive income for the quarter (d) | (1 904) | .. | 32 | .. | (20) | (1 892) |
| **Total equity as at 30 September 2015 (c)(d)** | **44 213** | **50** | **43 387** | **46 494** | **708** | **134 853** |

The accompanying notes form part of these financial statements.

Notes:

(a) Non-financial assets revaluation surplus relates to land, buildings, infrastructure, plant and equipment.

(b) Balances represent actual opening balances at 1 July 2016 plus 2016-17 budgeted movements.

(c) September 2015 comparative figures have been restated to reflect an adjustment to Coliban Water’s deferred tax liability balances in the PNFC sector attributable to a change in valuation policy in 2015-16.

(d) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

# About this report

Basis of preparation

This September Quarterly Financial Report presents the unaudited financial report for the general government sector for the three months ended 30 September 2016.

The accounting policies applied are consistent with those applied for the financial statements published in the *2015‑16 Financial Report* for the State of Victoria. This quarterly financial report does not include all the notes normally included with the annual financial report, this report should be read in conjunction with the *2015-16 Financial Report*.

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

Where applicable, those paragraphs of 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 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 7.4. 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 to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured at fair value.

## Taxation revenue ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| **1 357** | **Taxes on employers’ payroll and labour force** | **1 460** | **5 671** |
|  | **Taxes on immovable property** |  |  |
| 45 | Land tax | 10 | 2 225 |
| 653 | Fire Services Property Levy | 657 | 674 |
| (5) | Congestion levy | 5 | 115 |
| 110 | Metropolitan improvement levy | 121 | 157 |
|  | **Financial and capital transactions** |  |  |
| 1 450 | Land transfer duty | 1 400 | 5 677 |
| .. | Other property duties | .. | 3 |
| 3 | Metropolitan planning levy | 7 | 17 |
| 29 | Financial accommodation levy | 35 | 149 |
| 34 | Growth areas infrastructure contribution | 33 | 146 |
| **2 319** | **Total taxes on property** | **2 269** | **9 162** |
|  | **Gambling taxes** |  |  |
| 108 | Public lotteries | 100 | 446 |
| 278 | Electronic gaming machines | 279 | 1 107 |
| 51 | Casino | 53 | 251 |
| 19 | Racing | 18 | 79 |
| 6 | Other | 6 | 28 |
| **23** | **Levies on statutory corporations** | **23** | **112** |
| **319** | **Taxes on insurance** | **343** | **1 220** |
| **804** | **Total taxes on the provision of goods and services** | **822** | **3 243** |
|  | **Motor vehicle taxes** |  |  |
| 367 | Vehicle registration fees | 386 | 1 532 |
| 194 | Duty on vehicle registrations and transfers | 203 | 802 |
| **..** | **Liquor licence fees** | **..** | **22** |
| **20** | **Other** | **125** | **1 161** |
| **581** | **Total taxes on the use of goods and performance of activities** | **714** | **3 518** |
| **5 061** | **Total taxation revenue** | **5 265** | **21 594** |

## Dividends, income tax equivalent and rate equivalent revenue ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
| .. | Dividends from PFC sector | .. | 526 |
| 6 | Dividends from PNFC sector | 10 | 250 |
| 11 | Dividends from non-public sector | 21 | 28 |
| **17** | **Dividends** | **31** | **805** |
| 2 | Income tax equivalent revenue from PFC sector | 2 | 50 |
| 40 | Income tax equivalent revenue from PNFC sector | 45 | 192 |
| **42** | **Income tax equivalent revenue** | **47** | **243** |
| .. | Local government rate equivalent revenue | .. | 11 |
| **59** | **Total dividends, income tax equivalent and rate equivalent revenue** | **78** | **1 059** |

## Sales of goods and services ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
| 63 | Motor vehicle regulatory fees | 62 | 216 |
| 111 | Other regulatory fees | 136 | 499 |
| 20 | Sale of goods | 22 | 71 |
| 1 015 | Provision of services | 1 000 | 4 017 |
| 17 | Rental | 18 | 61 |
| .. | Refunds and reimbursements | 1 | 56 |
| 435 | Inter-sector capital asset charge | 434 | 1 924 |
| **1 661** | **Total sales of goods and services** | **1 672** | **6 843** |

## Grant revenue ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
| 3 183 | General purpose grants | 3 471 | 13 885 |
| 745 | Specific purpose grants for on-passing | 855 | 3 576 |
| 2 058 | Other specific purpose grants | 2 361 | 9 731 |
| **5 987** | **Total** | **6 687** | **27 192** |
| 24 | Other contributions and grants | 11 | 232 |
| **6 010** | **Total grant revenue** | **6 699** | **27 424** |

## Other revenue ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
| 4 | Fair value of assets received free of charge or for nominal consideration | .. | 290 |
| 167 | Fines | 187 | 776 |
| 14 | Royalties | 19 | 85 |
| 65 | Donations and gifts | 58 | 312 |
| 6 | Other non-property rental | 7 | 22 |
| 308 | Other miscellaneous revenue | 238 | 1 084 |
| **564** | **Total other revenue** | **510** | **2 569** |

# How funds are spent

Introduction

This section accounts for the major components of expenditure incurred by the general government sector towards the operating activities (expenses from transactions) and on capital or infrastructure projects during the year, as well as any related obligations outstanding as at 30 September 2016.

## 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 police sectors as well as salary growth consistent with wages policy.

Employee expenses (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. The table below shows the key components of this provision at 30 September.

## Employee benefits (balance sheet) ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
|  | **Current** |  |  |  |
| 304 | Accrued salaries and wages | 376 | 294 | 400 |
| 21 | Other employee benefits | 24 | 21 | 24 |
| 1 626 | Annual leave | 1 504 | 1 439 | 1 574 |
| 3 005 | Long service leave | 3 442 | 3 538 | 3 657 |
| **4 956** | **Total current employee benefits and on-costs** | **5 347** | **5 291** | **5 656** |
|  | **Non-current** |  |  |  |
| 719 | Long service leave | 791 | 806 | 878 |
| **719** | **Total non-current employee benefits and on-costs** | **791** | **806** | **878** |
| **5 675** | **Total employee benefits and on-costs** | **6 137** | **6 098** | **6 534** |

## Superannuation (operating statement) ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
|  | **Defined benefit plans** |  |  |
| 223 | Net superannuation interest expense | 199 | 791 |
| 208 | Current service cost | 197 | 780 |
|  | Remeasurements: |  |  |
| (243) | Expected return on superannuation assets excluding interest income | (221) | (877) |
| 691 | Other actuarial (gain)/loss on superannuation assets | (287) | .. |
| 1 486 | Actuarial and other adjustments to unfunded superannuation liability | 253 | .. |
| **2 366** | **Total (gain)/expenses recognised in respect of defined benefit plans** | **141** | **694** |
|  | **Defined contribution plans** |  |  |
| 321 | Employer contributions to defined contribution plans | 337 | 1 396 |
| 25 | Other (including pensions) | 19 | 63 |
| **346** | **Total expense recognised in respect of defined contribution plans** | **355** | **1 459** |
| **2 711** | **Total superannuation (gain)/expense recognised in operating statement** | **496** | **2 153** |
|  | **Represented by:** |  |  |
| 223 | Net superannuation interest expense | 199 | 791 |
| 554 | Other superannuation | 552 | 2 239 |
| **777** | **Superannuation expense from transactions** | **752** | **3 030** |
| **1 934** | **Remeasurement recognised in other comprehensive income** | **(256)** | **(877)** |
| **2 711** | **Total superannuation costs recognised in operating statement** | **496** | **2 153** |

## Total operating expenses by government purpose and by department

(a) Total expenses by government purpose classification ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| 618 | General public services (a) | 608 | 2 296 |
| 1 447 | Public order and safety | 1 571 | 6 645 |
| 3 424 | Education | 3 489 | 14 801 |
| 3 609 | Health (a) | 3 973 | 16 374 |
| 1 095 | Social security and welfare | 1 067 | 4 244 |
| 631 | Housing and community amenities | 707 | 3 226 |
| 171 | Recreation and culture | 206 | 743 |
| 42 | Fuel and energy | 22 | 201 |
| 49 | Agriculture, forestry, fishing, and hunting | 74 | 388 |
| 1 537 | Transport and communications | 1 559 | 6 751 |
| 233 | Other economic affairs | 450 | 993 |
| 336 | Other purposes (a) | 315 | 1 515 |
| (151) | Not allocated by purpose (a) | (130) | (677) |
| **13 040** | **Total expenses from transactions** | **13 911** | **57 501** |

Note:

(a) September 2015-16 comparative figures have been restated to reflect more current information.

(b) Total expenses by department ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| 2 034 | Economic Development, Jobs, Transport and Resources | 2 254 | 8 726 |
| 3 802 | Education and Training | 3 891 | 16 526 |
| 634 | Environment, Land, Water and Planning | 733 | 2 892 |
| 5 129 | Health and Human Services | 5 541 | 22 235 |
| 1 380 | Justice and Regulation | 1 500 | 6 061 |
| 85 | Premier and Cabinet | 103 | 613 |
| 1 629 | Treasury and Finance | 1 650 | 7 132 |
| 43 | Parliament | 44 | 200 |
| 122 | Courts | 131 | 550 |
| 481 | Regulatory bodies and other part funded agencies | 506 | 2 103 |
| **15 339** | **Total expenses by department** | **16 353** | **67 039** |
| (2 299) | *Less eliminations and adjustments* | (2 442) | (9 539) |
| **13 040** | **Total expenses from transactions** | **13 911** | **57 501** |

## Purchases of non-financial assets by department ($ million)

| *2015-16*  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| 521 | Economic Development, Jobs, Transport and Resources | 1 063 | 3 488 |
| 48 | Education and Training | 152 | 850 |
| 1 | Environment, Land, Water and Planning | 9 | 116 |
| 78 | Health and Human Services | 192 | 1 367 |
| 221 | Justice and Regulation | 71 | 475 |
| 2 | Premier and Cabinet | 5 | 17 |
| 13 | Treasury and Finance (b) | 12 | 63 |
| 2 | Parliament | 4 | 29 |
| 4 | Courts | 5 | 49 |
| 27 | Regulatory bodies and other part funded agencies | 28 | 166 |
| **919** | **Total purchases of non-financial assets by department** | **1 542** | **6 622** |
| 41 | *Less eliminations and adjustments (a)(*b)(c) | 23 | 584 |
| **960** | **Total purchases of non-financial assets (a)** | **1 564** | **7 206** |

Notes:

(a) September 2015 -16 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

(b) 2016-17 Budget figures have been restated to reflect more current information.

(c) Budget includes contingencies not allocated to departments and estimated departmental underspend.

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

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| 958 | Purchases of non-financial assets (including change in inventories) (a) | 1 564 | 7 247 |
| (22) | Less: Sales of non-financial assets | (24) | (487) |
| (605) | Less: Depreciation | (627) | (2 620) |
| (249) | Plus: Other movements in non-financial assets | (905) | (3 037) |
| **82** | **Total net acquisition of non-financial assets from transactions (a)** | **8** | **1 104** |

Note:

(a) September 2015-16 comparative figures and 2016-17 Budget figures have been restated to reflect more current information.

# Major assets and investments

Introduction

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

## Total land, buildings, infrastructure, plant and equipment ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
| 25 932 | Buildings | 27 612 | 27 561 | 27 171 |
| 40 712 | Land and national parks | 44 724 | 44 737 | 44 646 |
| 2 465 | Leased buildings | 4 002 | 4 005 | 4 923 |
| 1 410 | Infrastructure systems | 1 320 | 1 333 | 1 354 |
| 2 197 | Plant, equipment and vehicles (a) | 2 326 | 2 205 | 2 423 |
| 158 | Leased plant, equipment and vehicles | 158 | 162 | 142 |
| 20 856 | Roads and road infrastructure | 20 031 | 20 032 | 20 601 |
| 584 | Leased roads and road infrastructure | 575 | 573 | 565 |
| 7 690 | Earthworks | 7 913 | 7 913 | 8 149 |
| 5 497 | Cultural assets | 5 592 | 5 488 | 5 596 |
| **107 503** | **Total land, buildings, infrastructure, plant and equipment (a)** | **114 254** | **114 009** | **115 572** |

Note:

(a) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

## Depreciation ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
| 248 | Buildings | 270 | 1 141 |
| 28 | Leased buildings | 37 | 108 |
| 8 | Infrastructure systems | 8 | 30 |
| .. | Leased Infrastructure systems | .. | .. |
| 128 | Plant, equipment and vehicles | 128 | 555 |
| 8 | Leased plant, equipment and vehicles | 7 | 16 |
| 151 | Road and road networks | 153 | 621 |
| .. | Leased roads and road infrastructure | .. | 9 |
| 4 | Cultural assets | 3 | 20 |
| 31 | Intangible produced assets | 20 | 121 |
| **605** | **Total depreciation** | **627** | **2 620** |

## Land and buildings ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
| 28 432 | Buildings | 29 437 | 29 601 | 30 220 |
| (2 500) | Accumulated depreciation | (1 825) | (2 040) | (3 049) |
| **25 932** | **Buildings (net carrying amount)** | **27 612** | **27 561** | **27 171** |
| 2 991 | Leased buildings | 4 467 | 4 501 | 5 496 |
| (526) | Leased buildings accumulated depreciation | (465) | (496) | (573) |
| **2 465** | **Leased buildings (net carrying amount)** | **4 002** | **4 005** | **4 923** |
| 39 651 | Land | 43 688 | 43 700 | 43 619 |
| 1 062 | National parks and other ‘land only’ holdings | 1 036 | 1 036 | 1 027 |
| **40 712** | **Land and national parks** | **44 724** | **44 737** | **44 646** |
| **69 109** | **Total land and buildings** | **76 339** | **76 303** | **76 741** |

## Plant, equipment, vehicles, and infrastructure systems ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
| 1 866 | Infrastructure systems | 1 775 | 1 779 | 1 838 |
| (456) | Accumulated depreciation | (455) | (446) | (484) |
| **1 410** | **Infrastructure systems (net carrying amount)** | **1 320** | **1 333** | **1 354** |
| 5 954 | Plant, equipment and vehicles (a) | 5 884 | 5 811 | 6 433 |
| (3 757) | Accumulated depreciation | (3 558) | (3 607) | (4 010) |
| 373 | Leased plant, equipment and vehicles | 396 | 407 | 396 |
| (215) | Accumulated depreciation | (238) | (245) | (254) |
| **2 356** | **Plant, equipment and vehicles (net carrying amount) (a)** | **2 484** | **2 367** | **2 565** |
| **3 766** | **Total plant, equipment and vehicles, and infrastructure systems (a)** | **3 804** | **3 700** | **3 919** |

Note:

(a) September 2015 comparative figures have been restated to finalise the allocation of equity balances between contributed capital and accumulated funds related to prior year machinery of government changes.

## Roads, road infrastructure and earthworks ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
| 39 088 | Roads and roads infrastructure | 38 705 | 38 857 | 39 895 |
| (18 232) | Accumulated depreciation | (18 673) | (18 825) | (19 294) |
| **20 856** | **Roads and roads infrastructure (net carrying amount)** | **20 031** | **20 032** | **20 601** |
| 584 | Leased road and road infrastructure | 584 | 584 | 584 |
| .. | Accumulated depreciation | (9) | (12) | (19) |
| **584** | **Leased road and road infrastructure (net carrying amount)** | **575** | **573** | **565** |
| **7 690** | **Earthworks** | **7 913** | **7 913** | **8 149** |
| **29 130** | **Total road networks and earthworks** | **28 519** | **28 517** | **29 315** |

## Cultural assets ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
| 5 636 | Cultural assets | 5 814 | 5 697 | 5 838 |
| (139) | Accumulated depreciation | (222) | (209) | (242) |
| **5 497** | **Total cultural assets** | **5 592** | **5 488** | **5 596** |

## Other non-financial assets ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
| 1 252 | Intangible produced assets | 1 421 | 1 435 | 1 467 |
| (693) | Accumulated depreciation | (786) | (799) | (879) |
| 143 | Intangible non-produced assets | 109 | 110 | 109 |
| (62) | Accumulated amortisation | (36) | (37) | (37) |
| **640** | **Total intangibles** | **708** | **709** | **660** |
| 69 | Investment properties | 151 | 151 | 143 |
| 4 | Biological assets (a) | 2 | 2 | 4 |
| 502 | Other assets | 220 | 654 | 296 |
| **1 215** | **Total other non-financial assets** | **1 081** | **1 516** | **1 103** |

Note:

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

## Total assets by government purpose classification (a) ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | budget  30 Jun |
| 1 531 | General public services | 1 613 | 1 609 |
| 8 754 | Public order and safety | 9 331 | 9 504 |
| 19 060 | Education | 22 075 | 22 619 |
| 12 214 | Health | 13 998 | 14 399 |
| 2 039 | Social security and welfare | 2 075 | 2 066 |
| 7 140 | Housing and community amenities | 8 239 | 8 342 |
| 8 090 | Recreation and culture | 8 806 | 8 942 |
| 46 | Fuel and energy | 25 | 23 |
| 557 | Agriculture, forestry, fishing, and hunting | 601 | 622 |
| 49 269 | Transport and communications | 48 872 | 49 628 |
| 727 | Other economic affairs | 534 | 879 |
| 2 | Other purposes | 2 | 1 |
| 100 162 | Not allocated by purpose | 112 832 | 117 568 |
| **209 590** | **Total assets** | **229 002** | **236 203** |

Note:

(a) September 2015 comparative figures and 2016-17 Budget figures have been restated to reflect more current information.

# Other assets and liabilities

Introduction

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

## Receivables ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
|  | **Contractual** |  |  |  |
| 846 | Sales of goods and services | 739 | 843 | 741 |
| 23 | Accrued investment income | 18 | 16 | 19 |
| 1 306 | Other receivables | 1 021 | 1 101 | 984 |
| (85) | Provision for doubtful contractual receivables | (90) | (96) | (90) |
|  | **Statutory** |  |  |  |
| 2 | Sales of goods and services | 5 | 5 | 5 |
| 2 669 | Taxes receivables | 2 491 | 2 646 | 2 434 |
| 1 803 | Fines and regulatory fees | 1 896 | 1 961 | 2 168 |
| 196 | GST input tax credits recoverable | 324 | 253 | 325 |
| (863) | Provision for doubtful statutory receivables | (839) | (864) | (984) |
| **5 897** | **Total receivables** | **5 566** | **5 866** | **5 601** |
|  | **Represented by:** |  |  |  |
| 4 785 | Current receivables | 4 828 | 5 125 | 4 866 |
| 1 112 | Non-current receivables | 738 | 741 | 736 |

## Payables ($ million)

| 2015-16  actual  30 Sep |  | 2016-17 | | |
| --- | --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep | budget  30 Jun |
|  | **Contractual** |  |  |  |
| 1 238 | Accounts payable | 1 290 | 1 019 | 1 297 |
| 1 673 | Accrued expenses | 2 187 | 2 076 | 2 130 |
| 2 405 | Unearned income | 2 258 | 2 349 | 2 198 |
|  | **Statutory** |  |  |  |
| 39 | Accrued taxes payable | 38 | 37 | 38 |
| **5 355** | **Total payables** | **5 773** | **5 481** | **5 663** |
|  | **Represented by:** |  |  |  |
| 3 424 | Current payables | 4 053 | 3 753 | 4 011 |
| 1 931 | Non-current payables | 1 720 | 1 728 | 1 653 |

# Public account

Introduction

This section provides disclosure of information in respect of the Public Account, in accordance with the requirements of the *Financial Management Act, No. 18 of 1994* (FMA).

## Consolidated fund receipts and payments ($ million)

| 2015-16  actual  to Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  to Sep | annual  budget |
|  | **Receipts** |  |  |
| 4 883 | Taxation | 5 019 | 20 906 |
| 199 | Fines and regulatory fees | 212 | 878 |
| 3 986 | Grants received | 4 290 | 18 218 |
| 1 449 | Sales of goods and services | 1 475 | 6 126 |
| 123 | Interest received | 114 | 518 |
| 38 | Public authority receipts | 85 | 1 051 |
| 51 | Other receipts | 12 | 542 |
| **10 729** | **Total operating activities** | **11 206** | **48 240** |
| 696 | Total inflows/(outflows) from investing and financing | 13 | 12 511 |
| **11 425** | **Total receipts** | **11 218** | **60 750** |
|  | **Payments to departments** |  |  |
| 2 122 | Economic Development, Jobs, Transport and Resources | 2 397 | 9 755 |
| 2 972 | Education and Training | 3 081 | 12 513 |
| 456 | Environment, Land, Water and Planning | 578 | 2 080 |
| 4 085 | Health and Human Services | 4 340 | 15 199 |
| 1 643 | Justice and Regulation | 1 607 | 6 263 |
| 80 | Premier and Cabinet | 101 | 568 |
| 953 | Treasury and Finance | 844 | 16 201 |
| 42 | Parliament | 48 | 215 |
| 131 | Courts | 128 | 554 |
| **12 483** | **Total payments** | **13 124** | **63 349** |
| **(1 058)** | **Net receipts/(payments)** | **(1 905)** | **(2 598)** |

## Trust fund cash flow statement ($ million)

| *2015-16*  actual  to Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  to Sep | annual  budget |
|  | **Cash flows from operating activities** |  |  |
|  | **Receipts** |  |  |
| 157 | Taxation | 166 | 1 276 |
| 8 | Regulatory fees and fines | 14 | 12 |
| 3 637 | Grants received (a) | 3 957 | 14 046 |
| 22 | Sales of goods and services | 57 | 138 |
| 29 | Interest received | 18 | 182 |
| 2 452 | Net transfers from consolidated fund | 824 | 7 862 |
| 5 | Dividend received (a) | 16 | 13 |
| 23 | Other receipts | 25 | 141 |
| **6 332** | **Total receipts (a)** | **5 077** | **23 669** |
|  | **Payments** |  |  |
| (36) | Payments for employees | (44) | (170) |
| (3) | Superannuation | (4) | (13) |
| (1) | Interest paid | (1) | (7) |
| (5 706) | Grants and subsidies (a) | (4 361) | (20 056) |
| (583) | Goods and services | (456) | (2 256) |
| **(6 329)** | **Total payments (a)** | **(4 866)** | **(22 503)** |
| **3** | **Net cash flows from operating activities (a)** | **211** | **1 166** |
|  | **Cash flows from investing activities** |  |  |
| 4 | Purchases of non-financial assets | (21) | (1 407) |
| 9 | Sales of non-financial assets | 7 | 34 |
| (28) | Other investing activities | (57) | 315 |
| **(15)** | **Net cash flows from investing activities** | **(71)** | **(1 058)** |
|  | **Cash flows from financing activities** |  |  |
| (457) | Net proceeds (repayments) from borrowings | (35) | (24) |
| **(457)** | **Net cash flows from financing activities** | **(35)** | **(24)** |
| **(469)** | **Net cash inflow/(outflow) (a)** | **106** | **84** |

Note:

(a) September 2015 comparative figures have been restated to reflect more current information.

## Reconciliation of cash flows to balances held ($ million)

|  | Balances  held at  30 Jun 2016 | Sep  movement  YTD | Balances  held at  30 Sep 2016 |
| --- | --- | --- | --- |
| **Cash and deposits** |  |  |  |
| Cash balances outside the Public Account | .. | (1) | (1) |
| Deposits held with the Public Account – specific trusts | 776 | 64 | 840 |
| Other balances held in the Public Account | 3 019 | (1 866) | 1 153 |
| **Total cash and deposits** | **3 795** | **(1 803)** | **1 992** |
| **Investments** |  |  |  |
| Investments held with the Public Account – specific trusts | 903 | 55 | 958 |
| **Total investments** | **903** | 55 | **958** |
| **Total fund balances** | **4 698** | **(1 748)** | **2 950** |
| **Less funds held outside the Public Account** |  |  |  |
| Cash | .. | (1) | (1) |
| **Total fund balances held outside the Public Account** | **..** | **(1)** | **(1)** |
| **Total funds held in the Public Account (a)** | **4 698** | **(1 747)** | **2 951** |

Note:

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

## Details of securities held ($ million)

| *2015-16*  actual  to Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| opening  1 Jul | actual  30 Sep |
| 1 626 | Amounts invested on behalf of specific trust accounts (a) | 1 679 | 1 798 |
| 1 773 | General account balances | 3 019 | 1 153 |
| **3 399** | **Total Public Account** | **4 698** | **2 951** |
|  | **Represented by:** |  |  |
| 2 124 | Stock, securities, cash and investments (a) | 3 351 | 1 126 |
| 1 275 | Advances pursuant to sections 36 and 37 of the *Financial Management Act 1994* | 1 348 | 1 826 |
| **3 399** | **Total Public Account** | **4 698** | **2 951** |

Note:

(a) September 2015 comparative figures have been restated to reflect more current information.

# 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)

| 2015-16  actual  30 Sep |  | 2016-17 | |
| --- | --- | --- | --- |
| actual  30 Sep | annual  budget |
| (88) | Net (increase)/decrease in provision for doubtful receivables | (86) | (159) |
| (1) | Amortisation of intangible non-produced assets | (1) | (3) |
| (6) | Bad debts written off | (3) | (154) |
| (29) | Other gains/(losses) | (34) | (1) |
| **(124)** | **Total other gains/(losses) from other economic flows** | **(124)** | **(318)** |

## Reconciliation of cash and cash equivalents ($ million)

| 2015-16  actual  30 Sep |  | 2016-17  actual  30 Sep |
| --- | --- | --- |
| 1 567 | Cash | 1 477 |
| 2 494 | Deposits at call | 2 602 |
| **4 061** | **Cash and cash equivalents** | **4 079** |
| .. | Bank overdraft | .. |
| **4 061** | **Balances as per cash flow statement** | **4 079** |

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

| 2015-16  actual  to Sep |  | 2016-17  actual  to Sep |
| --- | --- | --- |
| **353** | **Net result** | **370** |
|  | **Non-cash movements** |  |
| 606 | Depreciation and amortisation | 628 |
| 29 | Revaluation of investments | (17) |
| .. | Assets (received)/provided free of charge | 217 |
| 3 | Assets not previously/no longer recognised | .. |
| (3) | Revaluation of assets | (2) |
| **636** | **Non-cash items total** | **826** |
|  | **Movements included in investing and financing activities** |  |
| (2) | Net gain/loss from sale of investments | 1 |
| 13 | Net revenues from sale of non-financial assets | 2 |
| **11** | **Items included in investing and financing activities total** | **3** |
|  | **Movements in assets and liabilities** |  |
| 40 | Increase/(decrease) in provision for doubtful debts | 30 |
| (193) | Increase/(decrease) in payables | (97) |
| 70 | Increase/(decrease) in employee benefits | (40) |
| 5 | Increase/(decrease) in superannuation | 9 |
| (54) | Increase/(decrease) in other provisions | 32 |
| (382) | (Increase)/decrease in receivables | (330) |
| (205) | (Increase)/decrease in other non-financial assets | (434) |
| **(719)** | **Changes in assets and liabilities total** | **(829)** |
| **280** | **Net cash flows from operating activities** | **370** |

## Controlled entities

Note 9.7 Controlled entities in the *2015-16 Financial Report* for the State of Victoria contains a list of significant controlled entities, which have been consolidated for the purposes of the financial report.

The following are changes from 1 July 2016, of general government sector entities, which have been consolidated for the purposes of the financial report:

General government

Department of Health and Human Services

West Wimmera Health Service (a)

Dunmunkle Health Services (a)

Department of Economic Development, Jobs, Transport and Resources

Australian Synchrotron Holding Company (b)

Energy Safe Victoria (c)

Tourism Victoria (d)

Visit Victoria (d)

Notes:

(a) On 1 July 2016, by Order of the Governor-in-Council, Dunmunkle Health Service and West Wimmera Health Service were amalgamated to form a new registered funded agency named West Wimmera Health Service.

(b) The Australian Synchrotron Holding Company was transferred from the State of Victoria to the Australian Nuclear Science and Technology Organisation (ANSTO) on 1 July 2016.

(c) Effective from 1 July 2016, Energy Safe Victoria was transferred from the Department of Economic Development, Jobs, Transport and Resources to the Department of Environment, Land, Water and Planning.

(d) Effective 1 July 2016, Visit Victoria commenced operations and took over the responsibilities of Tourism Victoria and the Victorian Major Events Company Limited. Tourism Victoria ceased to operate but will remain in existence until its legislation is repealed. Effective from 1 July 2016, Victorian Major Events Company ceased to exist.

## Glossary of technical terms

The *2015-16 Financial Report* for the State of Victoria (Note 9.8) contains a summary of 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 ($ million)

|  | 2015-16  Sep | Dec | Mar | Jun | 2016-17  Sep |
| --- | --- | --- | --- | --- | --- |
| **Revenue from transactions** |  |  |  |  |  |
| Taxation revenue | 5 061 | 4 615 | 5 866 | 4 353 | 5 265 |
| Interest revenue | 203 | 190 | 186 | 206 | 168 |
| Dividends, income tax equivalent and rate equivalent revenue | 59 | 392 | 108 | 288 | 78 |
| Sales of goods and services | 1 661 | 1 671 | 1 461 | 1 879 | 1 672 |
| Grant revenue | 6 010 | 6 291 | 6 878 | 6 227 | 6 699 |
| Other revenue | 564 | 1 162 | 489 | 892 | 510 |
| **Total revenue from transactions** | **13 559** | **14 321** | **14 989** | **13 847** | **14 391** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 4 768 | 4 997 | 4 870 | 5 367 | 5 179 |
| Net superannuation interest expense | 223 | 218 | 218 | 218 | 199 |
| Other superannuation | 554 | 606 | 475 | 488 | 552 |
| Depreciation | 605 | 595 | 606 | 698 | 627 |
| Interest expense | 513 | 521 | 520 | 522 | 472 |
| Grant expense | 2 172 | 2 143 | 2 672 | 1 577 | 2 587 |
| Other operating expenses | 4 204 | 4 253 | 3 899 | 5 549 | 4 295 |
| **Total expenses from transactions** | **13 040** | **13 333** | **13 260** | **14 418** | **13 911** |
| **Net result from transactions – net operating balance** | **519** | **988** | **1 729** | **(572)** | **480** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non-financial assets | (13) | 24 | (14) | (141) | (2) |
| Net gain/(loss) on financial assets or liabilities at fair value | (29) | 9 | (11) | 21 | 16 |
| Share of net profit/(loss) from associates/joint venture entities | .. | 2 | .. | (6) | .. |
| Other gains/(losses) from other economic flows | (124) | (136) | (125) | (303) | (124) |
| **Total other economic flows included in net result** | **(166)** | **(101)** | **(150)** | **(429)** | **(110)** |
| **Net result** | **353** | **887** | **1 579** | **(1 001)** | **370** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non-financial assets revaluation surplus | 32 | (24) | (30) | 6 258 | (93) |
| Remeasurement of superannuation defined benefits plans | (1 934) | 1 230 | (1 274) | (1 243) | 256 |
| Other movements in equity | 13 | (38) | 34 | 13 | 68 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | (3) | (23) | (27) | (31) | 6 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | (327) | .. | 10 860 | .. |
| **Total other economic flows – other comprehensive income** | **(1 892)** | **817** | **(1 297)** | **15 857** | **236** |
| **Comprehensive result – total change in net worth** | **(1 539)** | **1 704** | **282** | **14 856** | **607** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **519** | **988** | **1 729** | **(572)** | **480** |
| Less: Net acquisition of non-financial assets from transactions | 82 | 280 | 189 | 236 | 8 |
| **Net lending/(borrowing)** | **437** | **708** | **1 540** | **(808)** | **472** |

Consolidated balance sheet as at the end of the quarter ($ million)

|  | 2015-16  Sep | Dec | Mar | Jun | 2016-17  Sep |
| --- | --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 4 061 | 4 112 | 4 415 | 4 772 | 4 079 |
| Advances paid | 4 567 | 4 550 | 4 539 | 4 582 | 4 586 |
| Receivables | 5 897 | 5 907 | 6 450 | 5 566 | 5 866 |
| Investments, loans and placements | 3 440 | 3 389 | 3 745 | 2 853 | 3 057 |
| Investments accounted for using the equity method | 44 | 44 | 44 | 46 | 47 |
| Investments in other sector entities | 82 548 | 82 563 | 82 818 | 94 710 | 95 473 |
| **Total financial assets** | **100 558** | **100 566** | **102 011** | **112 531** | **113 108** |
| **Non-financial assets** |  |  |  |  |  |
| Inventories | 146 | 154 | 175 | 188 | 186 |
| Non-financial assets held for sale | 169 | 165 | 165 | 188 | 183 |
| Land, buildings, infrastructure, plant and equipment | 107 503 | 107 750 | 107 948 | 114 254 | 114 009 |
| Other non-financial assets | 1 215 | 1 195 | 1 068 | 1 081 | 1 516 |
| **Total non-financial assets** | **109 033** | **109 265** | **109 356** | **115 711** | **115 895** |
| **Total assets** | **209 590** | **209 830** | **211 368** | **228 242** | **229 002** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 471 | 485 | 529 | 706 | 717 |
| Payables | 5 355 | 5 188 | 5 413 | 5 773 | 5 481 |
| Borrowings | 34 597 | 34 301 | 34 078 | 33 811 | 34 551 |
| Employee benefits | 5 675 | 5 769 | 5 676 | 6 137 | 6 098 |
| Superannuation | 27 885 | 26 722 | 28 032 | 29 291 | 29 044 |
| Other provisions | 754 | 809 | 802 | 829 | 861 |
| **Total liabilities** | **74 738** | **73 274** | **74 529** | **76 547** | **76 751** |
| **Net assets** | **134 853** | **136 556** | **136 838** | **151 695** | **152 251** |
| Accumulated surplus/(deficit) | 44 213 | 46 304 | 46 586 | 44 454 | 45 183 |
| Reserves | 90 590 | 90 203 | 90 203 | 107 191 | 107 069 |
| Non-controlling interest | 50 | 50 | 50 | 50 | .. |
| **Net worth** | **134 853** | **136 556** | **136 838** | **151 695** | **152 251** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | 25 820 | 27 292 | 27 482 | 35 984 | 36 357 |
| Net financial liabilities | 56 728 | 55 271 | 55 336 | 58 727 | 59 116 |
| Net debt | 23 000 | 22 735 | 21 908 | 22 309 | 23 545 |

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

|  | 2015-16  Sep | Dec | Mar | Jun | 2016-17  Sep |
| --- | --- | --- | --- | --- | --- |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 4 887 | 5 048 | 4 748 | 5 092 | 5 078 |
| Grants | 6 008 | 6 292 | 6 875 | 6 200 | 6 699 |
| Sales of goods and services (a) | 1 782 | 1 745 | 1 667 | 2 060 | 1 891 |
| Interest received | 193 | 179 | 183 | 231 | 169 |
| Dividends, income tax equivalent and rate equivalent receipts | 49 | 556 | 108 | 88 | 106 |
| Other receipts | 439 | 499 | 942 | 556 | 317 |
| **Total receipts** | **13 359** | **14 319** | **14 523** | **14 227** | **14 260** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (4 730) | (4 892) | (4 972) | (5 026) | (5 227) |
| Superannuation | (773) | (757) | (658) | (689) | (743) |
| Interest paid | (531) | (500) | (519) | (491) | (493) |
| Grants and subsidies | (2 185) | (2 151) | (2 693) | (1 509) | (2 670) |
| Goods and services (a) | (4 666) | (4 301) | (3 644) | (4 646) | (4 563) |
| Other payments | (194) | (176) | (161) | (204) | (194) |
| **Total payments** | **(13 078)** | **(12 778)** | **(12 647)** | **(12 566)** | **(13 890)** |
| **Net cash flows from operating activities** | **280** | **1 541** | **1 877** | **1 661** | **370** |
| **Cash flows from investing activities** |  |  |  |  |  |
| Purchases of non-financial assets | (960) | (1 077) | (954) | (1 429) | (1 564) |
| Sales of non-financial assets | 22 | 51 | 30 | 87 | 24 |
| **Cash flows from investments in non-financial assets** | **(938)** | **(1 026)** | **(925)** | **(1 341)** | **(1 540)** |
| Net cash flows from investments in financial assets for policy purposes | 30 | (220) | (77) | 359 | (90) |
| **Sub-total** | **(908)** | **(1 245)** | **(1 001)** | **(982)** | **(1 630)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (74) | 40 | (392) | 961 | (184) |
| **Net cash flows from investing activities** | **(982)** | **(1 205)** | **(1 393)** | **(22)** | **(1 813)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | .. | .. | .. | .. | (13) |
| Net borrowings | 528 | (299) | (225) | (1 336) | 740 |
| Deposits received (net) | (47) | 14 | 43 | 54 | 23 |
| **Net cash flows from financing activities** | **481** | **(285)** | **(181)** | **(1 282)** | **750** |
| **Net increase/(decrease) in cash and cash equivalents** | **(220)** | **51** | **303** | **357** | **(693)** |
| Cash and cash equivalents at beginning of reporting period | 4 282 | 4 061 | 4 112 | 4 415 | 4 772 |
| **Cash and cash equivalents at end of the financial year** | **4 061** | **4 112** | **4 415** | **4 772** | **4 079** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | 280 | 1 541 | 1 877 | 1 661 | 370 |
| Net cash flows from investments in non-financial assets | (938) | (1 026) | (925) | (1 341) | (1 540) |
| **Cash surplus/(deficit)** | **(658)** | **515** | **952** | **320** | **(1 170)** |

Note:

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

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. or na 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