



# DELIVERING FOR ALL VICTORIANS

## VICTORIAN BUDGET 19/20 QUARTERLY FINANCIAL REPORT NO. 3

31 March 2020  
Presented by Tim Pallas MP,  
Treasurer of the State of Victoria

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Treasurer of the State of Victoria



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## OVERVIEW

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

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

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

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

## GENERAL GOVERNMENT SECTOR OUTCOME

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

### Financial performance

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

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

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

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

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

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

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

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

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

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

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

## **Financial position**

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

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

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

## **Cash flows**

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

## **Government infrastructure investment**

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



## The Government's infrastructure scorecard as at 31 March 2020

Major projects in progress include:

- 75 level crossing removals by 2025;
- Additional VLocity trains – standard gauge train component;
- Ballarat Health Services expansion and redevelopment;
- Building a world-class Geelong Performing Arts Centre;
- Casey Hospital expansion;
- Caulfield to Dandenong conventional signalling and power infrastructure upgrade;
- Child Link;
- Chisholm Road prison project;
- City Loop fire and safety upgrade (Stage 2) and intruder alarm;
- Courts case management system;
- Cranbourne line duplication;
- Cranbourne-Pakenham and Sunbury line upgrade;
- Drysdale Bypass;
- Echuca-Moama Bridge;
- Family violence information sharing system reform (Central Information Point);
- Frankston Hospital;
- Frankston line stabling;
- Goulburn Valley Health redevelopment;
- Goulburn-Murray Water Connections Project;
- High Capacity Metro Trains Project;
- Hurstbridge Line upgrade – Stage 2;
- Infringement Management and Enforcement Services (IMES) Reform Project information technology solution;
- M80 Ring Road upgrade;
- Melbourne Airport Rail;
- Melbourne Park redevelopment – Stage 3;
- Men's prison system capacity;
- Metro Tunnel;
- Metropolitan Network Modernisation program;
- Monash Freeway Upgrade – Stage 2;
- Mordialloc Freeway;
- More E-Class trams and infrastructure;
- Murray Basin Rail Project;
- New Footscray Hospital;
- New schools construction;
- New trains for Sunbury;
- New youth justice facility;
- Non-urban train radio renewal;
- North East Link;
- Northern Hospital inpatient expansion – Stage 2;

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

- Princes Highway duplication project – Winchelsea to Colac;
- Public housing renewal program;
- Public Safety – Police Response (Intelligence capability);
- Public Safety – Police Response (Mobile technology solution);
- Regional Rail Revival;
- Royal Victorian Eye and Ear Hospital redevelopment;
- Safe Digital Clinical Systems – Parkville Precinct electronic medical records;
- Shepparton Corridor Upgrade – Stage 2;
- Suburban Rail Loop;
- Suburban Roads Upgrade;
- Ten new community hospitals;
- Tram Automatic Vehicle Monitoring system replacement;
- Tram procurement and supporting infrastructure;
- Victorian Heart Hospital;
- Waurn Ponds Track Duplication – Stage 2;
- West Gate Tunnel Project;
- Western Highway duplication – Ballarat to Stawell;
- Western Rail Plan;
- Western Roads Upgrade;
- Women's prison system capacity;
- Wyndham Vale stabling yard; and
- Yan Yean Road duplication.

## CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 31 March <sup>(a)</sup>

(\$ million)

2018-19 actual 31 Mar		Notes	2019-20 actual 31 Mar	revised budget
	<b>Revenue from transactions</b>			
18 689	Taxation revenue	2.1	18 951	24 382
608	Interest revenue		459	712
427	Dividends, income tax equivalent and rate equivalent revenue	2.2	575	825
5 727	Sales of goods and services	2.3	5 932	8 118
24 966	Grant revenue	2.4	24 612	33 889
2 084	Other revenue	2.5	2 154	3 025
<b>52 501</b>	<b>Total revenue from transactions</b>		<b>52 683</b>	<b>70 951</b>
	<b>Expenses from transactions</b>			
18 489	Employee expenses		19 981	26 089
517	Net superannuation interest expense	3.3	305	407
2 072	Other superannuation	3.3	2 282	2 965
2 202	Depreciation	4.2	2 784	3 717
1 646	Interest expense		1 739	2 556
9 839	Grant expense		10 787	13 015
14 719	Other operating expenses		15 577	21 584
<b>49 484</b>	<b>Total expenses from transactions</b>	3.4	<b>53 456</b>	<b>70 333</b>
<b>3 017</b>	<b>Net result from transactions – net operating balance</b>		<b>(773)</b>	<b>618</b>
	<b>Other economic flows included in net result</b>			
(65)	Net gain/(loss) on disposal of non-financial assets		(34)	25
(127)	Net gain/(loss) on financial assets or liabilities at fair value		219	18
(472)	Other gains/(losses) from other economic flows	7.1	(587)	(382)
<b>(662)</b>	<b>Total other economic flows included in net result</b>		<b>(403)</b>	<b>(339)</b>
<b>2 355</b>	<b>Net result</b>		<b>(1 176)</b>	<b>279</b>
	<b>Other economic flows – other comprehensive income</b>			
	<b>Items that will not be reclassified to net result</b>			
164	Changes in non-financial assets revaluation surplus		368	3 114
(2 179)	Remeasurement of superannuation defined benefits plans	3.3	(763)	63
270	Other movements in equity		(107)	..
	<b>Items that may be reclassified subsequently to net result</b>			
(63)	Net gain/(loss) on financial assets at fair value		(79)	2
(1 240)	Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		(843)	383
<b>(3 048)</b>	<b>Total other economic flows – other comprehensive income</b>		<b>(1 424)</b>	<b>3 563</b>
<b>(693)</b>	<b>Comprehensive result – total change in net worth</b>		<b>(2 600)</b>	<b>3 842</b>
	<b>KEY FISCAL AGGREGATES</b>			
<b>3 017</b>	<b>Net operating balance</b>		<b>(773)</b>	<b>618</b>
3 965	Less: Net acquisition of non-financial assets from transactions <sup>(b)</sup>	3.6	3 647	7 544
<b>(948)</b>	<b>Net lending/(borrowing) <sup>(b)</sup></b>		<b>(4 420)</b>	<b>(6 926)</b>

The accompanying notes form part of these financial statements.

Notes:

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

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

## CONSOLIDATED BALANCE SHEET

As at 31 March <sup>(a)</sup>

(\$ million)

2018-19 actual 31 Mar		Notes	opening 1 Jul	2019-20 actual 31 Mar	revised budget
<b>Assets</b>					
<b>Financial assets</b>					
5 722	Cash and deposits	7.2	9 775	9 236	6 266
8 441	Advances paid		8 340	7 408	6 478
8 376	Receivables	5.1	6 634	8 469	6 843
5 059	Investments, loans and placements		2 539	2 776	2 846
45	Investments accounted for using the equity method		45	45	45
102 979	Investments in other sector entities		101 743	103 629	106 310
<b>130 621</b>	<b>Total financial assets</b>		<b>129 077</b>	<b>131 563</b>	<b>128 787</b>
<b>Non-financial assets</b>					
177	Inventories		165	198	172
345	Non-financial assets held for sale		223	200	229
147 582	Land, buildings, infrastructure, plant and equipment	4.1	157 814	161 297	168 202
2 152	Other non-financial assets	4.7	2 126	2 487	2 048
<b>150 256</b>	<b>Total non-financial assets</b>		<b>160 328</b>	<b>164 182</b>	<b>170 652</b>
<b>280 877</b>	<b>Total assets</b>	4.8	<b>289 405</b>	<b>295 745</b>	<b>299 439</b>
<b>Liabilities</b>					
5 140	Deposits held and advances received		5 146	4 464	3 205
14 500	Payables	5.2	15 948	15 508	16 014
39 013	Borrowings		44 834	53 829	52 732
7 056	Employee benefits	3.2	8 020	8 183	8 333
27 699	Superannuation		28 632	29 565	28 437
1 070	Other provisions		1 057	1 028	1 024
<b>94 477</b>	<b>Total liabilities</b>		<b>103 636</b>	<b>112 577</b>	<b>109 746</b>
<b>186 400</b>	<b>Net assets</b>		<b>185 768</b>	<b>183 168</b>	<b>189 693</b>
55 997	Accumulated surplus/(deficit)		55 564	77 161	79 584
130 403	Reserves		130 204	106 007	110 109
<b>186 400</b>	<b>Net worth</b>		<b>185 768</b>	<b>183 168</b>	<b>189 693</b>
<b>FISCAL AGGREGATES</b>					
36 144	Net financial worth		25 441	18 986	19 041
66 835	Net financial liabilities		76 303	84 643	87 268
24 932	Net debt		29 325	38 873	40 348

The accompanying notes form part of these financial statements.

Note:

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

## CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 March <sup>(a)</sup>

(\$ million)

2018-19 actual 31 Mar	Notes	2019-20 actual 31 Mar	revised budget
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
16 683	Taxes received	17 563	24 183
24 967	Grants	24 642	33 904
6 406	Sales of goods and services <sup>(b)</sup>	6 622	8 881
606	Interest received	472	704
477	Dividends, income tax equivalent and rate equivalent receipts	615	820
4 010	Other receipts	1 428	2 183
<b>53 149</b>	<b>Total receipts</b>	<b>51 343</b>	<b>70 675</b>
<b>Payments</b>			
(18 573)	Payments for employees	(19 941)	(25 782)
(2 273)	Superannuation	(2 416)	(3 504)
(1 537)	Interest paid	(1 538)	(2 273)
(9 896)	Grants and subsidies	(11 193)	(13 007)
(15 073)	Goods and services <sup>(b)</sup>	(16 572)	(21 945)
(587)	Other payments	(724)	(805)
<b>(47 939)</b>	<b>Total payments</b>	<b>(52 383)</b>	<b>(67 317)</b>
<b>5 210</b>	<b>Net cash flows from operating activities</b>	<b>(1 041)</b>	<b>3 358</b>
<b>Cash flows from investing activities</b>			
<b>Cash flows from investments in non-financial assets</b>			
(6 876)	Purchases of non-financial assets	(6 715)	(13 290)
137	Sales of non-financial assets	108	349
<b>(6 739)</b>	<b>Net cash flows from investments in non-financial assets</b>	<b>(6 607)</b>	<b>(12 941)</b>
1 184	Net cash flows from investments in financial assets for policy purposes	618	3 351
<b>(5 555)</b>	<b>Sub-total</b>	<b>(5 989)</b>	<b>(9 589)</b>
(1 194)	Net cash flows from investments in financial assets for liquidity management purposes	(293)	(278)
<b>(6 749)</b>	<b>Net cash flows from investing activities</b>	<b>(6 282)</b>	<b>(9 868)</b>
<b>Cash flows from financing activities</b>			
(1 341)	Advances received (net)	(634)	(1 941)
2 318	Net borrowings	7 466	4 942
27	Deposits received (net)	(48)	..
<b>1 004</b>	<b>Net cash flows from financing activities</b>	<b>6 784</b>	<b>3 001</b>
<b>(535)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(539)</b>	<b>(3 509)</b>
6 257	Cash and cash equivalents at beginning of reporting period	9 775	9 775
<b>5 722</b>	<b>Cash and cash equivalents at end of the reporting period</b>	<b>9 236</b>	<b>6 266</b>
<b>FISCAL AGGREGATES</b>			
5 210	Net cash flows from operating activities	(1 041)	3 358
(6 739)	Net cash flows from investments in non-financial assets	(6 607)	(12 941)
<b>(1 529)</b>	<b>Cash surplus/(deficit)</b>	<b>(7 648)</b>	<b>(9 583)</b>

The accompanying notes form part of these financial statements.

Notes:

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March

(\$ million)

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

The accompanying notes form part of these financial statements.

Notes:

- (a) The 1 July 2019 balance has been restated resulting from the application of the of AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities, AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.
- (b) The 1 July 2018 balance has been restated resulting from the application of AASB 9 Financial Instruments.
- (c) The 1 July 2018 balance and the March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.

## 1. ABOUT THIS REPORT

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### Basis of preparation

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

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

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

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

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

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

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

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

### Statement of compliance

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

## 2. HOW FUNDS ARE RAISED

### Introduction

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

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

### 2.1 Taxation revenue

(\$ million)

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
<b>4 702</b>	<b>Taxes on employers' payroll and labour force <sup>(a)</sup></b>	<b>4 777</b>	<b>6 590</b>
	<b>Taxes on immovable property</b>		
3 369	Land tax	3 040	3 545
645	Fire Services Property Levy	707	709
111	Congestion levy	110	101
173	Metropolitan improvement levy	188	183
<b>4 298</b>	<b>Total taxes on property</b>	<b>4 045</b>	<b>4 538</b>
	<b>Gambling taxes</b>		
401	Public lotteries	406	502
850	Electronic gaming machines	820	1 115
160	Casino	158	233
71	Racing and other sports betting	124	156
9	Other	8	11
	<b>Financial and capital transactions</b>		
4 538	Land transfer duty	4 785	6 025
..	Other property duties	..	..
15	Metropolitan planning levy	24	20
147	Financial accommodation levy	114	163
227	Growth areas infrastructure contribution	174	293
<b>91</b>	<b>Levies on statutory corporations</b>	<b>115</b>	<b>157</b>
<b>1 036</b>	<b>Taxes on insurance</b>	<b>1 131</b>	<b>1 467</b>
<b>7 544</b>	<b>Total taxes on the provision of goods and services</b>	<b>7 861</b>	<b>10 143</b>
	<b>Motor vehicle taxes</b>		
1 225	Vehicle registration fees	1 321	1 771
685	Duty on vehicle registrations and transfers	698	1 008
<b>23</b>	<b>Liquor licence fees <sup>(a)</sup></b>	<b>..</b>	<b>25</b>
<b>212</b>	<b>Other <sup>(b)</sup></b>	<b>248</b>	<b>307</b>
<b>2 144</b>	<b>Total taxes on the use of goods and performance of activities <sup>(b)</sup></b>	<b>2 268</b>	<b>3 111</b>
<b>18 689</b>	<b>Total taxation revenue <sup>(b)</sup></b>	<b>18 951</b>	<b>24 382</b>

Notes:

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

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



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

(\$ million)

2018-19		2019-20	
actual 31 Mar		actual 31 Mar	revised budget
12	Dividends from PFC sector	9	111
158	Dividends from PNFC sector	294	340
43	Dividends from non-public sector	60	111
<b>213</b>	<b>Dividends</b>	<b>362</b>	<b>562</b>
25	Income tax equivalent revenue from PFC sector	4	6
184	Income tax equivalent revenue from PNFC sector	205	250
<b>209</b>	<b>Income tax equivalent revenue</b>	<b>209</b>	<b>257</b>
5	Local government rate equivalent revenue	4	6
<b>427</b>	<b>Total dividends, income tax equivalent and rate equivalent revenue</b>	<b>575</b>	<b>825</b>

## 2.3 Sales of goods and services

(\$ million)

2018-19		2019-20	
actual 31 Mar		actual 31 Mar	revised budget
174	Motor vehicle regulatory fees	176	240
426	Other regulatory fees	388	593
60	Sale of goods	66	89
3 315	Provision of services <sup>(a)</sup>	3 429	4 715
58	Rental	74	86
1	Refunds and reimbursements	12	11
1 692	Inter-sector capital asset charge	1 788	2 384
<b>5 727</b>	<b>Total sales of goods and services <sup>(a)</sup></b>	<b>5 932</b>	<b>8 118</b>

Note:

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

## 2.4 Grant revenue

(\$ million)

2018-19		2019-20	
actual 31 Mar		actual 31 Mar	revised budget
12 762	General purpose grants	12 589	17 028
3 661	Specific purpose grants for on-passing	3 862	3 927
7 994	Other specific purpose grants	7 974	11 363
<b>24 417</b>	<b>Total</b>	<b>24 426</b>	<b>32 318</b>
549	Other contributions and grants	186	1 570
<b>24 966</b>	<b>Total grant revenue</b>	<b>24 612</b>	<b>33 889</b>

## 2.5 Other revenue

(\$ million)

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

Notes:

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

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

### 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 employee benefit obligations outstanding as at 31 March 2020.

#### 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. Increases in employee expenses are mainly attributable to increased service delivery in the health, education, and community safety sectors as well as salary growth in line with enterprise bargaining agreements.

##### Employee benefits (balance sheet)

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

#### 3.2 Employee benefits (balance sheet)

(\$ million)

2018-19 actual 31 Mar		opening 1 Jul	2019-20 actual 31 Mar	revised budget
	<b>Current</b>			
343	Accrued salaries and wages	656	506	671
84	Other employee benefits	84	65	81
1 550	Annual leave	1 758	1 765	1 801
4 179	Long service leave	4 474	4 727	4 602
<b>6 156</b>	<b>Total current employee benefits and on-costs</b>	<b>6 971</b>	<b>7 063</b>	<b>7 155</b>
	<b>Non-current</b>			
899	Long service leave	1 048	1 120	1 178
<b>899</b>	<b>Total non-current employee benefits and on-costs</b>	<b>1 048</b>	<b>1 120</b>	<b>1 178</b>
<b>7 056</b>	<b>Total employee benefits and on-costs</b>	<b>8 020</b>	<b>8 183</b>	<b>8 333</b>

### 3.3 Superannuation (operating statement)

(\$ million)

2018-19 actual 31 Mar		2019-20 actual 31 Mar	revised budget
	<b>Defined benefit plans</b>		
517	Net superannuation interest expense	305	407
751	Current service cost	829	1 108
	Remeasurements:		
(780)	Expected return on superannuation assets excluding interest income	(985)	(1 316)
1 138	Other actuarial (gain)/loss on superannuation assets	2 518	(15)
1 821	Actuarial and other adjustments to unfunded superannuation liability	(770)	1 267
<b>3 446</b>	<b>Total expense recognised in respect of defined benefit plans</b>	<b>1 897</b>	<b>1 452</b>
	<b>Defined contribution plans</b>		
1 257	Employer contributions to defined contribution plans	1 386	1 784
65	Other (including pensions)	67	73
<b>1 321</b>	<b>Total expense recognised in respect of defined contribution plans</b>	<b>1 453</b>	<b>1 858</b>
<b>4 767</b>	<b>Total superannuation (gain)/expense recognised in operating statement</b>	<b>3 350</b>	<b>3 310</b>
	<b>Represented by:</b>		
517	Net superannuation interest expense	305	407
2 072	Other superannuation	2 282	2 965
<b>2 589</b>	<b>Superannuation expense from transactions</b>	<b>2 587</b>	<b>3 373</b>
<b>2 179</b>	<b>Remeasurement recognised in other comprehensive income</b>	<b>763</b>	<b>(63)</b>
<b>4 767</b>	<b>Total superannuation costs recognised in operating statement</b>	<b>3 350</b>	<b>3 310</b>

### 3.4 Total expenses by classification of the functions of government (COFOG) and by portfolio department <sup>(a)</sup>

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

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
2 970	General public services	3 094	3 621
6 060	Public order and safety	6 674	8 640
1 189	Economic affairs	1 308	2 237
585	Environmental protection	655	866
1 447	Housing and community amenities	1 532	2 214
14 390	Health	15 820	21 007
649	Recreation, culture and religion	608	892
12 478	Education	13 202	16 906
3 994	Social protection	4 155	5 606
6 314	Transport	6 783	9 312
(592)	Not allocated by purpose	(375)	(968)
<b>49 484</b>	<b>Total Expenses by COFOG</b>	<b>53 456</b>	<b>70 333</b>

Notes:

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

#### (b) Total expenses by portfolio department <sup>(a)(b)</sup> (\$ million)

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
<b>Expenses from transactions</b>			
14 079	Education and Training	15 197	19 477
2 814	Environment, Land, Water and Planning	2 712	3 687
19 500	Health and Human Services	21 064	28 151
591	Jobs, Precincts and Regions	1 587	2 574
5 656	Justice and Community Safety	6 023	8 225
544	Premier and Cabinet	524	712
7 413	Transport	6 928	9 097
6 251	Treasury and Finance	6 828	7 572
155	Parliament	164	248
468	Courts	512	718
1 843	Regulatory bodies and other part funded agencies <sup>(c)</sup>	2 062	2 614
<b>59 314</b>	<b>Total expenses by department</b>	<b>63 602</b>	<b>83 074</b>
(9 830)	Less eliminations and adjustments <sup>(d)</sup>	(10 146)	(12 742)
<b>49 484</b>	<b>Total expenses</b>	<b>53 456</b>	<b>70 333</b>

Notes:

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

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

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

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

### 3.5 Purchases of non-financial assets by portfolio department <sup>(a)(b)</sup>

(\$ million)

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

Notes:

- (a) On 29 November 2018, the Premier announced various machinery of government changes effective from 1 January 2019. Refer to Note 9.8 in the 2018-19 Financial Report for the State of Victoria for further details.
- (b) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.
- (c) Other general government sector agencies, which receive less than 50 per cent of their revenue from appropriations and therefore are not allocated to departments.
- (d) The budget includes contingencies not allocated to departments and estimated departmental underspend.

### 3.6 Net acquisition of non-financial assets from transactions <sup>(a)</sup>

(\$ million)

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
6 877	Purchases of non-financial assets (including change in inventories)	6 734	13 293
(137)	Less: Sales of non-financial assets	(108)	(349)
(2 202)	Less: Depreciation and amortisation	(2 784)	(3 717)
(573)	Plus/(less): Other movements in non-financial assets <sup>(b)</sup>	(194)	(1 684)
<b>3 965</b>	<b>Total net acquisition of non-financial assets from transactions <sup>(b)</sup></b>	<b>3 647</b>	<b>7 544</b>

Notes:

- (a) The March 2019 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 7.4 for further details.
- (b) The 2019-20 revised budget figures have been restated to reflect more current information.

## 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 <sup>(a)(b)</sup>

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
31 756	Buildings	43 321	43 850	45 889
4 805	Leased buildings	..	..	..
59 365	Land and national parks	58 294	58 239	59 537
4 154	Infrastructure systems	5 157	6 313	6 509
2 920	Plant, equipment and vehicles	3 378	3 465	3 301
219	Leased plant, equipment and vehicles	..	..	..
30 666	Roads and road infrastructure	33 105	34 872	38 069
8 042	Earthworks	8 899	8 899	9 238
5 655	Cultural assets	5 661	5 660	5 660
<b>147 582</b>	<b>Total land, buildings, infrastructure, plant and equipment</b>	<b>157 814</b>	<b>161 297</b>	<b>168 202</b>

Notes:

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

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

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

#### Total right of use (leased) assets: land, buildings, infrastructure, plant and equipment <sup>(a)</sup>

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
..	Buildings	8 181	8 150	8 802
..	Infrastructure systems	6	6	13
..	Plant, equipment and vehicles	563	509	529
..	<b>Total right of use assets: land, buildings, infrastructure, plant and equipment</b>	<b>8 750</b>	<b>8 665</b>	<b>9 344</b>

Note:

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

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

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
1 701	Buildings	1 829	1 855	1 780
916	Land and national parks	921	921	972
2 854	Infrastructure systems	3 236	4 408	4 459
179	Plant, equipment and vehicles	170	178	88
8 528	Roads and road infrastructure	9 263	10 363	11 805
<b>14 177</b>	<b>Total service concession assets: land, buildings, infrastructure, plant and equipment</b>	<b>15 420</b>	<b>17 726</b>	<b>19 104</b>

## 4.2 Depreciation <sup>(a)</sup>

(\$ million)

2018-19		2019-20	
actual 31 Mar		actual 31 Mar	revised budget
873	Buildings	1 524	1 929
123	Leased buildings	..	..
43	Infrastructure systems	45	54
433	Plant, equipment and vehicles	458	700
22	Leased plant, equipment and vehicles	..	..
595	Roads and road infrastructure	625	850
14	Cultural assets	15	22
100	Intangible produced assets <sup>(b)</sup>	118	163
<b>2 202</b>	<b>Total depreciation</b>	<b>2 784</b>	<b>3 717</b>

Notes:

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

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

The following two tables are subsets of total depreciation expense.

### Depreciation of right of use (leased) assets <sup>(a)</sup>

(\$ million)

2018-19		2019-20	
actual 31 Mar		actual 31 Mar	revised budget
..	Buildings	490	597
..	Infrastructure systems	2	5
..	Plant, equipment and vehicles	46	121
..	<b>Total depreciation of right of use assets</b>	<b>538</b>	<b>723</b>

Note:

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

### Depreciation of service concession assets

(\$ million)

2018-19		2019-20	
actual 31 Mar		actual 31 Mar	revised budget
31	Buildings	41	47
15	Plant, equipment and vehicles	16	29
128	Roads and road infrastructure	125	183
1	Intangible produced assets	..	1
<b>175</b>	<b>Total depreciation of service concession assets</b>	<b>182</b>	<b>260</b>



### 4.3 Land and buildings <sup>(a)</sup>

(\$ million)

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

Note:

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

### 4.4 Plant, equipment, vehicles, and infrastructure systems <sup>(a)</sup>

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
4 683	Infrastructure systems	5 728	6 929	7 134
(529)	Accumulated depreciation	(572)	(616)	(626)
<b>4 154</b>	<b>Infrastructure systems (net carrying amount)</b>	<b>5 157</b>	<b>6 313</b>	<b>6 509</b>
7 245	Plant, equipment and vehicles	7 932	8 406	8 406
(4 325)	Accumulated depreciation	(4 554)	(4 941)	(5 106)
514	Leased plant, equipment and vehicles	..	..	..
(295)	Accumulated depreciation	..	..	..
<b>3 139</b>	<b>Plant, equipment and vehicles (net carrying amount)</b>	<b>3 378</b>	<b>3 465</b>	<b>3 301</b>
<b>7 292</b>	<b>Total plant, equipment and vehicles, and infrastructure systems</b>	<b>8 534</b>	<b>9 778</b>	<b>9 809</b>

Note:

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

### 4.5 Roads, road infrastructure and earthworks <sup>(a)</sup>

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
51 420	Roads and roads infrastructure	56 569	58 919	63 068
(20 755)	Accumulated depreciation	(23 463)	(24 047)	(24 999)
<b>30 666</b>	<b>Roads and road infrastructure (net carrying amount)</b>	<b>33 105</b>	<b>34 872</b>	<b>38 069</b>
<b>8 042</b>	<b>Earthworks</b>	<b>8 899</b>	<b>8 899</b>	<b>9 238</b>
<b>38 708</b>	<b>Total roads, road infrastructure and earthworks</b>	<b>42 004</b>	<b>43 771</b>	<b>47 307</b>

Note:

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

## 4.6 Cultural assets

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
5 842	Cultural assets	5 850	5 863	5 870
(186)	Accumulated depreciation	(189)	(202)	(210)
<b>5 655</b>	<b>Total cultural assets</b>	<b>5 661</b>	<b>5 660</b>	<b>5 660</b>

## 4.7 Other non-financial assets <sup>(a)</sup>

(\$ million)

2018-19		2019-20		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
2 039	Intangible produced assets	2 197	2 267	2 289
(1 046)	Accumulated depreciation	(1 085)	(1 166)	(1 200)
249	Service concession assets – intangible produced	251	251	251
(1)	Accumulated depreciation	(1)	(1)	(2)
119	Intangible non-produced assets	109	110	111
(44)	Accumulated amortisation	(40)	(45)	(45)
<b>1 316</b>	<b>Total intangibles</b>	<b>1 430</b>	<b>1 416</b>	<b>1 403</b>
184	Investment properties	280	281	281
2	Biological assets	2	2	4
649	Other assets	414	787	360
<b>2 152</b>	<b>Total other non-financial assets</b>	<b>2 126</b>	<b>2 487</b>	<b>2 048</b>

Note:

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

## 4.8 Total assets by classification of the functions of government (COFOG) <sup>(a)</sup>

(\$ million)

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
2 252	General public services	4 208	2 399
9 860	Public order and safety	11 173	13 761
1 299	Economic affairs	1 103	1 296
11 932	Environmental protection	11 660	11 777
2 010	Housing and community amenities	1 996	2 202
16 265	Health	20 074	20 044
7 347	Recreation, culture and religion	7 592	7 680
28 064	Education	27 705	28 510
1 750	Social protection	1 999	2 378
69 683	Transport	76 955	82 541
130 414	Not allocated by purpose <sup>(b)</sup>	131 282	126 848
<b>280 877</b>	<b>Total assets by COFOG</b>	<b>295 745</b>	<b>299 439</b>

Notes:

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

(b) Represents financial assets which are not able to be allocated by purpose. This mainly includes balances relating to the general government sector's investment in other sector entities.

## 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

(\$ million)

2018-19 actual 31 Mar		opening 1 Jul	2019-20 actual 31 Mar	revised budget
	<b>Contractual</b>			
931	Sales of goods and services	895	914	897
17	Accrued investment income	27	11	27
893	Other receivables	888	1 285	943
(106)	Allowance for credit losses of contractual receivables	(138)	(144)	(136)
	<b>Statutory</b>			
2	Sales of goods and services	5	6	2
5 044	Taxes receivable	3 363	4 715	3 407
2 852	Fines and regulatory fees	2 881	3 242	3 001
316	GST input tax credits recoverable	419	394	421
(1 573)	Allowance for credit losses of statutory receivables	(1 706)	(1 954)	(1 721)
<b>8 376</b>	<b>Total receivables</b>	<b>6 634</b>	<b>8 469</b>	<b>6 843</b>
	<b>Represented by:</b>			
8 059	Current receivables	6 312	8 290	6 525
317	Non-current receivables	322	180	318

### 5.2 Payables<sup>(a)</sup>

(\$ million)

2018-19 actual 31 Mar		opening 1 Jul	2019-20 actual 31 Mar	revised budget
	<b>Contractual</b>			
1 403	Accounts payable	1 840	1 272	1 376
2 417	Accrued expenses	2 918	2 657	2 918
8 913	Grant of right to operate liability	9 402	9 763	10 110
1 723	Unearned income	1 729	1 650	1 548
	<b>Statutory</b>			
43	Accrued taxes payable	59	166	61
<b>14 500</b>	<b>Total payables</b>	<b>15 948</b>	<b>15 508</b>	<b>16 014</b>
	<b>Represented by:</b>			
4 815	Current payables	5 610	5 458	5 131
9 685	Non-current payables	10 338	10 050	10 883

Note:

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

## 6. PUBLIC ACCOUNT

### Introduction

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

### 6.1 Consolidated fund receipts and payments <sup>(a)</sup>

(\$ million)

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
<b>Receipts</b>			
16 941	Taxation	17 804	24 510
566	Fines and regulatory fees	572	981
16 140	Grants received	15 266	22 694
5 205	Sales of goods and services <sup>(b)</sup>	5 629	7 562
341	Interest received	338	484
434	Dividends, income tax equivalent and rate equivalent receipts	556	709
3 242	Other receipts <sup>(b)</sup>	467	766
<b>42 870</b>	<b>Total operating activities</b>	<b>40 632</b>	<b>57 706</b>
4 812	Total inflows from investing and financing	7 113	9 705
<b>47 681</b>	<b>Total receipts</b>	<b>47 745</b>	<b>67 412</b>
<b>Payments to departments</b>			
10 867	Education and Training	11 479	15 812
2 195	Environment, Land, Water and Planning	2 112	2 953
13 604	Health and Human Services	14 635	18 683
250	Jobs, Precincts and Regions	1 694	2 411
5 888	Justice and Community Services	6 132	9 061
567	Premier and Cabinet	503	686
8 264	Transport	8 794	12 877
4 992	Treasury and Finance	4 405	10 320
166	Parliament	171	240
476	Courts	524	775
<b>47 269</b>	<b>Total payments</b>	<b>50 449</b>	<b>73 817</b>
<b>412</b>	<b>Net receipts/(payments)</b>	<b>(2 703)</b>	<b>(6 406)</b>

Notes:

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

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

## 6.2 Trust fund cash flow statement

(\$ million)

2018-19		2019-20	
actual		actual	revised
31 Mar		31 Mar	budget
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
323	Taxation	373	428
65	Regulatory fees and fines	60	86
13 814	Grants received	15 610	18 341
366	Sale of goods and services	467	507
139	Interest received	77	150
25	Dividends received	46	90
2 637	Net transfers from consolidated fund	3 074	4 288
128	Other receipts	142	132
<b>17 498</b>	<b>Total receipts</b>	<b>19 850</b>	<b>24 021</b>
<b>Payments</b>			
(209)	Payments for employees	(234)	(240)
(17)	Superannuation	(20)	(18)
(5)	Interest paid	(39)	(9)
(15 546)	Grants and subsidies	(16 175)	(19 702)
(1 357)	Goods and services	(2 146)	(2 681)
<b>(17 134)</b>	<b>Total payments</b>	<b>(18 613)</b>	<b>(22 651)</b>
<b>365</b>	<b>Net cash flows from operating activities</b>	<b>1 236</b>	<b>1 371</b>
<b>Cash flows from investing activities</b>			
(38)	Purchases of property, plant and equipment	(282)	(2 942)
49	Proceeds from sale of property, plant and equipment	53	58
1 320	Net proceeds from customer loans	817	1 774
(1 524)	Other investing activities	(1 734)	(877)
<b>(193)</b>	<b>Net cash flows from investing activities</b>	<b>(1 145)</b>	<b>(1 987)</b>
<b>Cash flows from financing activities</b>			
(556)	Net proceeds (repayments) from borrowings	(176)	56
<b>(556)</b>	<b>Net cash flows from financing activities</b>	<b>(176)</b>	<b>56</b>
<b>(384)</b>	<b>Net cash inflow/(outflow)</b>	<b>(85)</b>	<b>(560)</b>

## 6.3 Reconciliation of cash flows to balances held

(\$ million)

	Balances held at 30 Jun 2019	Mar movement YTD	Balances held at 31 Mar 2020
<b>Cash and deposits</b>			
Cash and balances outside of the Public Account	..	26	26
Deposits held with the Public Account – specific trusts	19	(2)	17
Other balances held in the Public Account	4 424	(2 911)	1 512
<b>Total cash and deposits</b>	<b>4 443</b>	<b>(2 887)</b>	<b>1 556</b>
<b>Investments</b>			
Investments held with the Public Account – specific trusts	1 016	372	1 388
<b>Total investments</b>	<b>1 016</b>	<b>372</b>	<b>1 388</b>
<b>Total fund balances</b>	<b>5 459</b>	<b>(2 515)</b>	<b>2 944</b>
<b>Less funds held outside the public account</b>			
Cash	..	26	26
<b>Total fund balances held outside the Public Account</b>	<b>..</b>	<b>26</b>	<b>26</b>
<b>Total fund balances held in the Public Account <sup>(a)</sup></b>	<b>5 459</b>	<b>(2 541)</b>	<b>2 918</b>

Note:

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

## 6.4 Details of securities held

(\$ million)

2018-19 <i>actual</i> 31 Mar		2019-20 <i>opening</i> 1 Jul <i>actual</i> 31 Mar	
1 623	Amounts invested on behalf of specific trust accounts	1 035	1 405
2 883	General account balances	4 424	1 512
<b>4 507</b>	<b>Total Public Account</b>	<b>5 459</b>	<b>2 918</b>
<b>Represented by:</b>			
3 805	Stock, securities, cash and investments	4 527	2 069
Add cash advanced for:			
..	Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to section 38 of the <i>Financial Management Act 1994</i>	350	..
702	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	582	849
<b>4 507</b>	<b>Total Public Account</b>	<b>5 459</b>	<b>2 918</b>

## 7. OTHER DISCLOSURES

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### Introduction

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

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

(\$ million)

2018-19 actual 31 Mar		2019-20	
		actual 31 Mar	revised budget
(442)	Net (increase)/decrease in allowances for credit losses	(308)	(192)
(4)	Amortisation of intangible non-produced assets	(4)	(6)
(14)	Bad debts written off	(5)	(168)
(12)	Other gains/(losses)	(271)	(14)
<b>(472)</b>	<b>Total other gains/(losses) from other economic flows</b>	<b>(587)</b>	<b>(382)</b>

#### 7.2 Reconciliation of cash and cash equivalents

(\$ million)

2018-19 actual 31 Mar		2019-20 actual 31 Mar
1 416	Cash	3 704
4 306	Deposits at call	5 532
<b>5 722</b>	<b>Cash and cash equivalents</b>	<b>9 236</b>
..	Bank overdraft	..
<b>5 722</b>	<b>Balances as per cash flow statement</b>	<b>9 236</b>

### 7.3 Reconciliation of net result to net cash flows from operating activities <sup>(a)</sup>

(\$ million)

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

Note:

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



## 7.4 Adoption of the new Accounting Standards

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

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

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

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

### Transitional impacts of the new Accounting Standards

(\$ million)

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

(\$ million)

	Before new accounting standards			Net impact of new accounting standards			After new accounting standards		
	Opening 1 July 2018	2018-19 actual 31 Mar	Opening 1 July 2019	Opening 1 July 2018	2018-19 actual 31 Mar	Opening 1 July 2019	Opening 1 July 2018	2018-19 actual 31 Mar	Opening 1 July 2019
	<b>General government sector</b>								
<b>Comprehensive balance sheet</b>									
<b>Total assets</b>	<b>264 294</b>	<b>269 442</b>	<b>273 421</b>	<b>9 242</b>	<b>11 435</b>	<b>15 983</b>	<b>273 536</b>	<b>280 877</b>	<b>289 405</b>
Financial liabilities	40 207	41 284	43 031	1 541	2 869	6 948	41 748	44 153	49 980
Other liabilities	39 971	44 971	47 747	4 724	5 353	5 909	44 695	50 324	53 656
<b>Total liabilities</b>	<b>80 178</b>	<b>86 254</b>	<b>90 778</b>	<b>6 265</b>	<b>8 223</b>	<b>12 858</b>	<b>86 443</b>	<b>94 477</b>	<b>103 636</b>
<b>Net debt</b>	<b>20 003</b>	<b>21 837</b>	<b>22 377</b>	<b>1 767</b>	<b>3 095</b>	<b>6 948</b>	<b>21 770</b>	<b>24 932</b>	<b>29 325</b>
<b>Net worth</b>	<b>184 116</b>	<b>183 188</b>	<b>182 644</b>	<b>2 977</b>	<b>3 212</b>	<b>3 125</b>	<b>187 093</b>	<b>186 400</b>	<b>185 768</b>
<b>Accumulated surplus/(deficit)</b>	<b>52 626</b>	<b>52 812</b>	<b>52 473</b>	<b>2 977</b>	<b>3 185</b>	<b>3 091</b>	<b>55 603</b>	<b>55 997</b>	<b>55 564</b>

## 7.5 Controlled entities

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

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

### General government

#### Department of Health and Human Services

Bendigo Health <sup>(a)</sup>  
Great Ocean Road Health <sup>(b)</sup>  
Kyabram District Health Service <sup>(c)</sup>  
Mildura Base Public Hospital <sup>(d)</sup>  
NCN Health <sup>(e)</sup>

#### Department of Premier and Cabinet

Portable Long Service Authority <sup>(f)</sup>

#### Department of Transport <sup>(g)(h)</sup>

Head, Transport for Victoria <sup>(i)</sup>

#### Notes:

- (a) Effective from 22 October 2019, Bendigo Health Care Group changed its name to Bendigo Health.
- (b) Effective from 1 July 2019, Lorne Community Hospital and Otway Health were amalgamated into Great Ocean Road Health.
- (c) Effective from 22 October 2019, Kyabram and District Health Services changed its name to Kyabram District Health Service.
- (d) Effective from 17 December 2019, Mildura Base Public Hospital was established to manage the Mildura Hospital.
- (e) Effective from 1 July 2019, Numurkah District Health Service, Cobram District Health and Nathalia District Hospital were amalgamated into NCN Health.
- (f) The Portable Long Service Authority was established under the Long Service Benefits Portability Act 2018 and, by Order of the Governor in Council, commenced on 1 July 2019.
- (g) Effective from 1 July 2019, the Public Transport Development Authority and Roads Corporation (with the exception of registration and licensing and some heavy vehicle functions) were consolidated into the Department of Transport.
- (h) Effective 1 January 2020, the Linking Melbourne Authority was abolished.
- (i) Effective from 1 January 2020, Head, Transport for Victoria was reconstituted as a body corporate to administer Victoria's train, tram, bus and road system. The Public Transport Development Authority was subsequently abolished with the creation of Head, Transport for Victoria.

## 7.6 Glossary of technical terms

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

## 8. 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 <sup>(a)</sup> (\$ million)

	2018-19		2019-20		
	Mar	Jun	Sep	Dec	Mar
<b>Revenue from transactions</b>					
Taxation revenue	7 763	4 896	5 839	5 556	7 555
Interest revenue	191	209	160	160	140
Dividends, income tax equivalent and rate equivalent revenue	97	603	57	435	82
Sales of goods and services	1 896	1 970	1 947	2 051	1 934
Grant revenue	9 165	8 337	7 822	7 988	8 802
Other revenue	609	1 259	652	793	710
<b>Total revenue from transactions</b>	<b>19 721</b>	<b>17 275</b>	<b>16 477</b>	<b>16 983</b>	<b>19 223</b>
<b>Expenses from transactions</b>					
Employee expenses	6 196	6 916	6 578	6 663	6 741
Net superannuation interest expense	170	172	141	63	101
Other superannuation	690	725	752	763	767
Depreciation	743	844	886	928	970
Interest expense	546	606	564	581	593
Grant expense	3 858	3 516	3 259	3 187	4 341
Other operating expenses	4 812	6 264	5 102	5 138	5 337
<b>Total expenses from transactions</b>	<b>17 014</b>	<b>19 042</b>	<b>17 282</b>	<b>17 323</b>	<b>18 851</b>
<b>Net result from transactions – net operating balance</b>	<b>2 707</b>	<b>(1 767)</b>	<b>(805)</b>	<b>(340)</b>	<b>373</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	(15)	27	9	(44)	..
Net gain/(loss) on financial assets or liabilities at fair value	72	91	1	18	200
Share of net profit/(loss) from associates/joint venture entities	1	..	..	..	..
Other gains/(losses) from other economic flows	(166)	(449)	(171)	(175)	(240)
<b>Total other economic flows included in net result</b>	<b>(109)</b>	<b>(330)</b>	<b>(161)</b>	<b>(201)</b>	<b>(40)</b>
<b>Net result</b>	<b>2 598</b>	<b>(2 098)</b>	<b>(967)</b>	<b>(542)</b>	<b>332</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	114	4 114	229	22	117
Remeasurement of superannuation defined benefits plans	(1 087)	(1 192)	(976)	1 651	(1 438)
Other movements in equity	7	51	(57)	(108)	58
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value	(15)	(2)	(17)	(40)	(22)
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	..	(1 414)	..	(843)	..
<b>Total other economic flows – other comprehensive income</b>	<b>(982)</b>	<b>1 557</b>	<b>(821)</b>	<b>682</b>	<b>(1 285)</b>
<b>Comprehensive result – total change in net worth</b>	<b>1 617</b>	<b>(541)</b>	<b>(1 787)</b>	<b>140</b>	<b>(953)</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>2 707</b>	<b>(1 767)</b>	<b>(805)</b>	<b>(340)</b>	<b>373</b>
Less: Net acquisition of non-financial assets from transactions <sup>(b)</sup>	957	2 757	1 068	1 506	1 073
<b>Net lending/(borrowing) <sup>(b)</sup></b>	<b>1 750</b>	<b>(4 524)</b>	<b>(1 873)</b>	<b>(1 846)</b>	<b>(701)</b>

Notes:

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

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

**Consolidated balance sheet at the end of the past five quarters <sup>(a)</sup>**
**(\$ million)**

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

*Note:*

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

**Consolidated cash flow statement for the past five quarters <sup>(a)</sup>**
**(\$ million)**

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

**Notes:**

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

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

## APPENDIX A – FINANCIAL MANAGEMENT ACT 1994 COMPLIANCE INDEX

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

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

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

## STYLE CONVENTIONS

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

The notation used in the tables is as follows:

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

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