**Quarterly Financial Report No. 1**

**September 2023**



Presented by

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# Overview

This financial report presents the financial results for the Victorian general government sector for the three months to 30 September 2023, prepared in accordance with the *Financial Management Act 1994*.

The Victorian economy continues to perform well. Victoria’s state final demand rose by 1.9 per cent over the year to June 2023. However, high inflation and rising interest rates presented rising cost‑of‑living pressures for some households, as has been the case nationally and globally. Reflecting this, growth in consumer spending slowed over the year and declined in the June quarter. Both business and public investment rose strongly over the year. Dwelling investment detracted moderately from growth over the year due to labour and materials constraints, although there remains a large pipeline of work yet to be done.

Victoria’s labour market remains strong and has added more than 500 000 jobs since its trough in September 2020. Workforce participation was near a record high and the unemployment rate remained historically low at 3.5 per cent in September.

Strong population growth is supporting the Victorian economy. The Victorian population rose by 2.4 per cent over the year to March 2023, driven by a strong recovery in net overseas migration after national border restrictions eased from late 2021.

# FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

For the three months to 30 September 2023, the net result from transactions for the general government sector recorded a deficit of $2.5 billion. This result compares with a full-year budget deficit of $4 billion.

Caution needs to be taken in interpreting and projecting the potential annual outcome for the full year from this quarterly result, due to the significant impact of the uneven recognition pattern of various major revenue items. These include land tax, the Fire Services Property Levy, Commonwealth grants and dividends and grants from public corporations.

### Revenue from transactions

Total revenue for the three months to 30 September 2023 was $20.6 billion. This is 23.1 per cent of the full-year budget estimate and an increase of $731 million compared with the same period last year.

Taxation revenue was $8.2 billion, or 23.5 per cent of the full-year budget estimate. Taxation revenue increased by $366 million when compared with the same time last year. This was primarily due to an increase in payroll tax of $545 million due to the strong labour market and the cessation of the New Jobs Tax Credit policy’s effect on revenue, and $164 million from the commencement of the COVID Debt Levy – Payroll $10m+ which came into effect on 1 July 2023. This increase is partially offset by a $506 million decrease in land transfer duty, primarily driven by the fall in settlement volumes and transaction prices that coincided with an increase in interest rates.

Grants revenue was $9.5 billion, or 22.8 per cent of the full-year budget estimate. This is below the pro‑rata budget, primarily due to the timing of Commonwealth grants and grants from public corporations. Grant revenue was $251 million higher when compared with the same period last year. This was primarily driven by higher goods and services tax (GST) grants due to an increase in the national GST pool compared with the same period in the prior year.

Revenue from the sale of goods and services was $1.6 billion, or 25.7 per cent of the full‑year budget estimate. The sale of goods and services was $127 million lower when compared with the same period last year primarily due to the upfront recognition of the licence revenue from the VicRoads Modernisation joint venture (VicRoads Modernisation) for its right to deliver specific administrative and cash collection services.

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

### Expenses from transactions

Total expenses for the three months to 30 September 2023 were $23.1 billion, an increase of $1.8 billion compared with the same time last year. The increase in total expenses mainly reflects an increase in other operating expenses of $1.1 billion, including recognition of the $380 million settlement relating to the withdrawal from the 2026 Commonwealth Games between the State of Victoria and the Commonwealth Games parties (the Commonwealth Games Federation, Commonwealth Games Federation Partnership and Commonwealth Games Australia).

Total expenses were $204 million below pro-rata at 24.8 per cent of the budget estimate. The variance to the pro-rata budget is primarily due to the timing of grant and other expenditure programs across departments partially offset by the recognition of the $380 million settlement relating to the withdrawal from the 2026 Commonwealth Games.

### Other economic flows

Other economic flows that are not included in the net result from transactions reflected a positive impact of $2 billion for the three months to 30 September 2023. This was primarily due to the remeasurement gain on the State’s defined benefit superannuation liability of $2 billion that primarily arose due to an increase in the bond yields that underlie the key superannuation valuation assumptions, partially offset by lower-than-expected investment returns on superannuation assets.

### Balance sheet

Total assets increased by $9.9 billion in the three months to 30 September 2023. This mainly reflects an increase in financial assets, primarily reflecting the strategy to pre-fund some of the required expenditure requirements of the general government sector which increased short-term liquidity. Also driving the increase in total assets was further investment in the Government’s infrastructure program.

Total liabilities increased by $10.4 billion to $214.8 billion as at 30 September 2023. This increase was primarily due to higher borrowings to fund the Government’s infrastructure program and to fund the operating deficit for the quarter.

Net debt increased by $5.5 billion to $120.6 billion as at 30 September 2023. This was driven mainly by an increase in borrowings, which is consistent with budget expectations, primarily for funding the Government’s infrastructure program. This increase was partially offset by an increase in financial assets for the reasons outlined above.

### Cash flow statement

The net cash flows from operating activities was a deficit of $587 million for the three months to 30 September 2023. This deficit primarily reflects the timing of receipts from various revenue items including dividends and grants from public corporations and from the Commonwealth Government. The net cash flows from operating activities declined by $8.1 billion from the equivalent period in the prior year, primarily relating to the timing of the upfront proceeds of $7.9 billion received from the VicRoads Modernisation joint venture which was received in the last September quarter.

### Government infrastructure investment

The State continues to deliver its infrastructure program to support economic activity and jobs, growing community needs and ongoing productivity improvement. Government infrastructure investment, which includes general government net infrastructure investment (net of asset sales) and estimated construction‑related cash outflows for Partnerships Victoria projects, totalled $5.5 billion for the three months to 30 September 2023 ($4.8 billion for the corresponding period in 2022).

The Government’s infrastructure scorecard as at 30 September 2023

Major projects in progress include:

85 by 2025 (Level Crossing Removal)

A Pathway to More Acute Mental Health Beds

Additional Acute Mental Health Beds in Regional Victoria

Additional VLocity trains

Ballarat Health Services expansion and redevelopment

Barwon Heads Road Upgrade Stage 2

Barwon Women’s and Children’s Hospital

Best Start, Best Life: Infrastructure

Big Housing Build

Casey Hospital Emergency Department Expansion Project

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

Courts case management system

E-Class Tram Infrastructure Program

Enrolment Growth and New Schools (Land acquisition for new schools, New schools construction, Relocatable Buildings Program, School upgrades: established area growth)

Forensic Mental Health Expansion Project (Thomas Embling Hospital)

Frankston Hospital Redevelopment

Geelong Convention and Exhibition Centre (part of Geelong City Deal)

Geelong Fast Rail

Gippsland Line Upgrade Stage 1

High Capacity Metro Trains

Homes Victoria Ground Lease Model Project 1

Homes Victoria Ground Lease Model Project 2

Hospital Infrastructure Delivery Fund

Hurstbridge Line upgrade Stage 2

Kananook Train Maintenance Facility Stage 2

Kardinia Park Stadium Stage 5 Redevelopment

M80 Ring Road upgrade

Melbourne Arts Precinct Transformation Phase One

Melton Line Upgrade

Men’s prison system capacity

Metro Tunnel

Metropolitan Network Modernisation program

The Government’s infrastructure scorecard as at 30 September 2023 *(continued)*

More VLocity trains

Murray Basin Rail Project

New Footscray Hospital

New Melton Hospital

New metropolitan trains

New trains for Sunbury

New Wyndham Law Court

Next generation computer aided dispatch system for Triple Zero

Next Generation Trams

North East Link – Primary Package (Tunnels)

North East Link (State and Freeway Packages)

Princes Highway East Duplication - Stage 3

Public housing renewal program

Public transport ticketing asset renewal

Redevelopment of Royal Melbourne Hospital and Royal Women’s Hospital and new Arden Hospital

Shepparton Line Upgrade – Stage 3

South Dynon Train Maintenance Facility Stage 1

South Dynon Train Maintenance Facility Stage 2

Suburban Rail Loop – Airport

Suburban Rail Loop East

Suburban Roads Upgrade

Technology and resources to support Victoria’s fines system

Ten new community hospitals to give patients the best care

Tram infrastructure upgrades

Twenty-five more level crossing removals by 2030

Warrnambool Base Hospital Redevelopment

Warrnambool Line Upgrade – Stage 2

Waurn Ponds Track Duplication – Stage 2

West Gate Tunnel

Western Highway duplication – Ballarat to Stawell

Western Rail Plan

# Consolidated comprehensive operating statement

For the period ended 30 September ($ million)

| 2022‑23 |  |  | 2023‑24 |
| --- | --- | --- | --- |
| actual30 Sep |  | Notes | actual30 Sep | publishedbudget |
|  | **Revenue and income from transactions** |  |  |  |
| 7 842 | Taxation | 2.1 | 8 208 | 34 877 |
| 259 | Interest income |  | 401 | 1 629 |
| 88 | Dividends, income tax equivalent and rate equivalent income | 2.2 | 85 | 1 275 |
| 1 696 | Sales of goods and services | 2.3 | 1 569 | 6 111 |
| 9 265 | Grants | 2.4 | 9 516 | 41 751 |
| 751 | Other revenue and income | 2.5 | 852 | 3 617 |
| **19 900** | **Total revenue and income from transactions** |  | **20 631** | **89 260** |
|  | **Expenses from transactions** |  |  |  |
| 8 361 | Employee expenses |  | 8 712 | 35 280 |
| 172 | Net superannuation interest expense | 3.3 | 181 | 718 |
| 1 039 | Other superannuation | 3.3 | 1 036 | 3 771 |
| 1 085 | Depreciation | 4.2 | 1 187 | 4 890 |
| 822 | Interest expense |  | 1 212 | 5 566 |
| 4 021 | Grant expense |  | 3 824 | 16 962 |
| 5 814 | Other operating expenses |  | 6 963 | 26 091 |
| **21 315** | **Total expenses from transactions** | 3.4 | **23 116** | **93 277** |
| **(1 415)** | **Net result from transactions – Net operating balance** |  | **(2 485)** | **(4 017)** |
|  | **Other economic flows included in net result** |  |  |  |
| 32 | Net gain/(loss) on disposal of non‑financial assets |  | 12 | 13 |
| (7) | Net gain/(loss) on financial assets or liabilities at fair value |  | 12 | 60 |
| 3 | Share of net profit/(loss) from associates/joint venture entities |  | .. | 30 |
| (5) | Other gains/(losses) from other economic flows | 6.1 | (39) | (473) |
| **23** | **Total other economic flows included in net result** |  | **(16)** | **(369)** |
| **(1 392)** | **Net result** |  | **(2 500)** | **(4 387)** |
|  | **Other economic flows – Other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| 3 504 | Changes in non‑financial assets revaluation surplus (a) |  | (47) | 1 030 |
| 1 284 | Remeasurement of superannuation defined benefits plans | 3.3 | 2 034 | 852 |
| (437) | Other movements in equity |  | 35 | 13 |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| 87 | Net gain/(loss) on financial assets at fair value |  | 6 | 3 |
| .. | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | (6 330) |
| **4 439** | **Total other economic flows – Other comprehensive income (a)** |  | **2 028** | **(4 431)** |
| **3 047** | **Comprehensive result – Total change in net worth (a)** |  | **(472)** | **(8 818)** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
| **(1 415)** | **Net operating balance** |  | **(2 485)** | **(4 017)** |
| 2 692 | Less: Net acquisition of non‑financial assets from transactions | 3.6 | 3 797 | 7 039 |
| **(4 107)** | **Net lending/(borrowing)** |  | **(6 282)** | **(11 056)** |

Note:

(a) The September 2022 changes in the non-financial assets revaluation surplus balance, and the associated totals, have been restated to reflect an update to the initial valuation of the registration and licensing database following the VicRoads Modernisation joint venture, consistent with the requirements of AASB 1059 Service Concession Arrangements: Grantors.

# Consolidated balance sheet

As at 30 September ($ million)

| 2022‑23 |  |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- | --- |
| actual30 Sep |  | Notes | opening1 Jul | actual30 Sep | revisedbudget |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 22 544 | Cash and deposits | 6.2 | 19 698 | 16 332 | 12 204 |
| 5 025 | Advances paid |  | 5 308 | 5 480 | 6 770 |
| 8 041 | Receivables and contract assets | 5.1 | 9 046 | 8 745 | 9 728 |
| 3 472 | Investments, loans and placements |  | 3 853 | 12 483 | 13 374 |
| 1 221 | Investments accounted for using the equity method |  | 1 180 | 1 181 | 1 180 |
| 89 414 | Investments in other sector entities |  | 96 042 | 96 136 | 97 389 |
| **129 716** | **Total financial assets** |  | **135 128** | **140 356** | **140 645** |
|  | **Non‑financial assets** |  |  |  |  |
| 1 130 | Inventories |  | 574 | 485 | 157 |
| 154 | Non‑financial assets held for sale |  | 110 | 100 | 88 |
| 229 316 | Land, buildings, infrastructure, plant and equipment | 4.1 | 249 480 | 253 364 | 258 538 |
| 6 970 | Other non‑financial assets (a) | 4.7 | 5 898 | 6 826 | 5 772 |
| **237 569** | **Total non‑financial assets (a)** |  | **256 062** | **260 775** | **264 556** |
| **367 285** | **Total assets (a)** |  | **391 190** | **401 131** | **405 200** |
|  | **Liabilities** |  |  |  |  |
| 1 762 | Deposits held and advances received |  | 1 615 | 1 761 | 1 581 |
| 27 048 | Payables | 5.2 | 28 047 | 28 999 | 28 230 |
| 358 | Contract liabilities | 5.2 | 352 | 372 | 324 |
| 125 758 | Borrowings |  | 142 289 | 153 123 | 164 529 |
| 9 911 | Employee benefits | 3.2 | 10 250 | 10 563 | 10 583 |
| 18 845 | Superannuation |  | 18 904 | 17 181 | 19 009 |
| 2 026 | Other provisions |  | 2 950 | 2 821 | 2 979 |
| **185 707** | **Total liabilities** |  | **204 407** | **214 820** | **227 235** |
| **181 578** | **Net assets (a)** |  | **186 783** | **186 311** | **177 965** |
| 52 290 | Accumulated surplus/(deficit) |  | 45 889 | 45 805 | 42 365 |
| 129 289 | Reserves (a) |  | 140 894 | 140 506 | 135 601 |
| **181 578** | **Net worth (a)** |  | **186 783** | **186 311** | **177 965** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| (55 991) | Net financial worth |  | (69 279) | (74 464) | (86 590) |
| 145 405 | Net financial liabilities |  | 165 321 | 170 600 | 183 980 |
| 96 479 | Net debt |  | 115 044 | 120 589 | 133 763 |

Note:

(a) The September 2022 balances in other non-financial assets and reserves, and the associated totals, have been restated to reflect an update to the initial valuation of the registration and licensing database following the VicRoads Modernisation joint venture, consistent with the requirements of AASB 1059 Service Concession Arrangements: Grantors.

# Consolidated cash flow statement

For the period ended 30 September ($ million)

| 2022‑23 |  |  | 2023‑24 |
| --- | --- | --- | --- |
| actual30 Sep |  | Notes | actual30 Sep | publishedbudget |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts** |  |  |  |
| 7 962 | Taxes received |  | 8 688 | 34 121 |
| 9 307 | Grants |  | 9 583 | 41 753 |
| 2 097 | Sales of goods and services (a) |  | 1 650 | 6 618 |
| 235 | Interest received |  | 404 | 1 557 |
| 88 | Dividends, income tax equivalent and rate equivalent receipts |  | 154 | 1 551 |
| 8 171 | Other receipts |  | 505 | 2 063 |
| **27 859** | **Total receipts** |  | **20 985** | **87 664** |
|  | **Payments** |  |  |  |
| (8 282) | Payments for employees |  | (8 362) | (34 959) |
| (838) | Superannuation |  | (906) | (3 532) |
| (724) | Interest paid |  | (1 116) | (5 246) |
| (4 190) | Grants and subsidies |  | (3 997) | (16 859) |
| (6 033) | Goods and services (a) |  | (6 939) | (25 318) |
| (240) | Other payments |  | (253) | (921) |
| **(20 307)** | **Total payments** |  | **(21 572)** | **(86 835)** |
| **7 552** | **Net cash flows from operating activities** |  | **(587)** | **829** |
|  | **Cash flows from investing activities** |  |  |  |
|  | **Cash flows from investments in non‑financial assets** |  |  |  |
| (3 500) | Purchases of non‑financial assets | 3.5 | (4 250) | (15 647) |
| 73 | Sales of non‑financial assets |  | 52 | 545 |
| **(3 426)** | **Net cash flows from investments in non‑financial assets** |  | **(4 198)** | **(15 102)** |
| (391) | Net cash flows from investments in financial assets for policy purposes |  | (259) | (3 648) |
| **(3 818)** | **Sub‑total** |  | **(4 457)** | **(18 750)** |
| (71) | Net cash flows from investments in financial assets for liquidity management purposes |  | (8 613) | (9 516) |
| **(3 889)** | **Net cash flows from investing activities** |  | **(13 069)** | **(28 267)** |
|  | **Cash flows from financing activities** |  |  |  |
| (111) | Advances received (net) |  | (10) | (34) |
| 7 968 | Net borrowings |  | 10 145 | 19 978 |
| 38 | Deposits received (net) |  | 156 | .. |
| **7 896** | **Net cash flows from financing activities** |  | **10 291** | **19 944** |
| **11 559** | **Net increase/(decrease) in cash and cash equivalents** |  | **(3 366)** | **(7 494)** |
| 10 985 | Cash and cash equivalents at beginning of reporting period |  | 19 698 | 19 698 |
| **22 544** | **Cash and cash equivalents at end of the reporting period** | 6.2 | **16 332** | **12 204** |
|  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |
| 7 552 | Net cash flows from operating activities |  | (587) | 829 |
| (3 426) | Net cash flows from investments in non‑financial assets |  | (4 198) | (15 102) |
| **4 126** | **Cash surplus/(deficit)** |  | **(4 785)** | **(14 273)** |

Note:

(a) These items include goods and services tax.

# Consolidated statement of changes in equity

For the period ended 30 September ($ million)

|  | Accumulated surplus/(deficit) | Contributions by owners | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- |
| **2023‑24** |  |  |  |  |  |  |
| Balance at 1 July 2023 | 45 889 | .. | 91 269 | 48 245 | 1 380 | 186 783 |
| Net result for the year | (2 500) | .. | .. | .. | .. | (2 500) |
| Other comprehensive income for the year | 2 042 | .. | (47) | .. | 33 | 2 028 |
| Transfer to/(from) accumulated surplus | 375 | .. | (375) | .. | .. | .. |
| **Total equity as at 30 September 2023** | **45 805** | **..** | **90 847** | **48 245** | **1 413** | **186 311** |
| **Budget equity as at 30 June 2024** | **42 365** | **..** | **92 300** | **41 916** | **1 385** | **177 965** |
| **2022‑23** |  |  |  |  |  |  |
| Balance at 1 July 2022 | 52 827 | .. | 79 719 | 44 815 | 1 170 | 178 531 |
| Net result for the year | (1 392) | .. | .. | .. | .. | (1 392) |
| Other comprehensive income for the year (a) | 854 | .. | 3 504 | .. | 81 | 4 439 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| **Total equity as at 30 September 2022** | **52 290** | **..** | **83 223** | **44 815** | **1 250** | **181 578** |

Note:

(a) The September 2022 non-financial assets revaluation surplus, and the associated totals, have been restated from an update to the initial valuation of the registration and licensing database following the VicRoads Modernisation joint venture, consistent with the requirements of AASB 1059 Service Concession Arrangements: Grantors.

# 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 to 30 September 2023.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2022-23 Financial Report* for the State of Victoria.

This quarterly financial report does not include all the notes normally included with the annual financial report, and therefore should be read in conjunction with the *2022-23 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 6.3. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

# How funds are raised

### Introduction

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

Revenue and income recognition are determined by the State based on the substance of the relevant arrangement in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 1059 *Service Concession Arrangements: Grantors*.

## Taxation

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **TAXES ON EMPLOYERS’ PAYROLL AND LABOUR FORCE** |  |  |
| 1 830 | Payroll tax | 2 376 | 7 984 |
| .. | COVID Debt Levy – Payroll $10m+ | 164 | 836 |
| 199 | Mental Health and Wellbeing Levy | 206 | 912 |
| **2 029** | **Total taxes on employers’ payroll and labour force** | **2 745** | **9 732** |
|  | **TAXES ON IMMOVABLE PROPERTY** |  |  |
| 188 | Land tax | 215 | 6 079 |
| .. | COVID Debt Levy – Landholdings | .. | 1 149 |
| 766 | Fire Services Property Levy | 817 | 847 |
| (4) | Congestion levy | (2) | 122 |
| 147 | Metropolitan improvement levy | 67 | 208 |
|  | Windfall gains tax | .. | 40 |
| **1 097** | **Total taxes on property** | **1 097** | **8 445** |
|  | **TAXES ON THE PROVISION OF GOODS AND SERVICES** |  |  |
|  | **Gambling taxes (a)** |  |  |
| 136 | Public lotteries | 155 | 674 |
| 353 | Electronic gaming machines | 349 | 1 382 |
| 48 | Casino | 36 | 207 |
| 65 | Racing and other sports betting | 62 | 303 |
| 4 | Other | 4 | 18 |
|  | **Financial and capital transactions** |  |  |
| 2 506 | Land transfer duty | 2 000 | 7 360 |
| 6 | Metropolitan planning levy | 5 | 22 |
| 39 | Financial accommodation levy | 41 | 172 |
| 97 | Growth areas infrastructure contribution | 67 | 328 |
| **38** | **Levies on statutory corporations** | **38** | **173** |
| **521** | **Taxes on insurance** | **575** | **2 011** |
| **3 814** | **Total taxes on the provision of goods and services** | **3 332** | **12 650** |
|  | **TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES** |  |  |
|  | **Motor vehicle taxes** |  |  |
| 481 | Vehicle registration fees | 528 | 2 106 |
| 291 | Duty on vehicle registrations and transfers | 353 | 1 247 |
| **..** | **Liquor licence fees** | **..** | **30** |
| **130** | **Other** | **153** | **668** |
| **902** | **Total taxes on the use of goods and performance of activities** | **1 034** | **4 050** |
| **7 842** | **Total taxation** | **8 208** | **34 877** |

Note:

(a) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue to 30 September 2023 of $47.7 million (30 September 2022: $41.9 million) recognised under AASB 15 Revenue from Contracts with Customers. The balance of these items is recognised under AASB 1058 Income of Not-for-Profit Entities.

## Dividends, income tax equivalent and rate equivalent income

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| .. | Dividends from PFC sector | .. | 610 |
| .. | Dividends from PNFC sector | .. | 162 |
| 20 | Dividends from non‑public sector | 30 | 236 |
| **20** | **Dividends** | **30** | **1 008** |
| 2 | Income tax equivalent income from PFC sector | 2 | 8 |
| 66 | Income tax equivalent income from PNFC sector | 53 | 254 |
| **68** | **Income tax equivalent income** | **55** | **261** |
| .. | Local government rate equivalent income | .. | 5 |
| **88** | **Total dividends, income tax equivalent and rate equivalent income** | **85** | **1 275** |

## Sales of goods and services

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |
| 24 | Sale of goods | 23 | 92 |
| 1 415 | Provision of services | 1 223 | 4 883 |
|  | **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |
| 55 | Motor vehicle regulatory fees | 103 | 306 |
| 184 | Other regulatory fees | 193 | 736 |
|  | **Amounts recognised as lease income (AASB 16)** |  |  |
| 17 | Rental | 26 | 93 |
| **1 696** | **Total sales of goods and services** | **1 569** | **6 111** |

## Grants (a)

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 4 434 | General purpose grants | 4 734 | 19 836 |
| 1 132 | Specific purpose grants for on‑passing | 1 194 | 5 559 |
| 3 692 | Specific purpose grants | 3 570 | 15 211 |
| **9 257** | **Total** | **9 498** | **40 607** |
| 8 | Other contributions and grants | 18 | 1 144 |
| **9 265** | **Total grants** | **9 516** | **41 751** |

Note:

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

## Other revenue and income

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |
| 35 | Royalties | 35 | 142 |
| 77 | Other revenue – Health | 73 | 254 |
| 184 | Other miscellaneous revenue | 192 | 693 |
|  | **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |
| 87 | Fair value of assets received free of charge or for nominal consideration | 116 | 432 |
| 136 | Fines | 174 | 942 |
| 43 | Donations and gifts (a) | 61 | 216 |
| 87 | Other income – Education | 76 | 396 |
|  | **Amounts recognised as lease income (AASB 16)** |  |  |
| 9 | Other non‑property rental | 9 | 27 |
|  | **Revenue items accounted for under AASB 1059** |  |  |
| 92 | Revenue related to economic service concession arrangements | 116 | 515 |
| **751** | **Total other revenue and income** | **852** | **3 617** |

Note:

(a) Primarily relates to donations to health services from non-government sources.

# How funds are spent

### Introduction

This section represents the major components of expenditure incurred by the general government sector towards the delivery of services and on capital or infrastructure projects during the period, as well as any related obligations outstanding as at 30 September 2023.

## 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. More than 90 per cent of employee expenses in the operating statement are wages and salaries. Employee expenses are recognised in the period in which the employee provides the services.

### Employee benefits (balance sheet)

As part of annual operations, the State provides for benefits accruing to employees but payable in future periods in respect of wages and salaries, annual leave and long service leave, and related on-costs for services rendered to the reporting date. In measuring employee benefits, significant judgement is applied in determining expected future wage and salary levels, experience of employee departures and periods of service. Future payments expected to be made after 12 months are discounted to reflect the estimated timing and amount of benefit payment. The table below shows the key components of this provision as at 30 September 2023.

## Employee benefits (balance sheet)

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
|  | **Current** |  |  |  |
| 874 | Accrued salaries and wages | 579 | 861 | 595 |
| 184 | Other employee benefits | 143 | 124 | 143 |
| 2 549 | Annual leave | 2 723 | 2 765 | 2 758 |
| 5 209 | Long service leave | 5 634 | 5 614 | 5 778 |
| **8 817** | **Total current employee benefits and on‑costs** | **9 079** | **9 364** | **9 274** |
|  | **Non‑current** |  |  |  |
| 1 094 | Long service leave | 1 171 | 1 199 | 1 309 |
| **1 094** | **Total non‑current employee benefits and on‑costs** | **1 171** | **1 199** | **1 309** |
| **9 911** | **Total employee benefits and on‑costs** | **10 250** | **10 563** | **10 583** |

## Superannuation (operating statement)

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Defined benefit plans** |  |  |
| 172 | Net superannuation interest expense | 181 | 718 |
| 357 | Current service cost | 284 | 1 131 |
|  | Remeasurements: |  |  |
| (248) | Expected return on superannuation assets excluding interest income | (214) | (852) |
| 407 | Other actuarial (gain)/loss on superannuation assets | 324 | .. |
| (1 443) | Actuarial and other adjustments to unfunded superannuation liability | (2 144) | .. |
| **(755)** | **Total expense recognised in respect of defined benefit plans** | **(1 569)** | **997** |
|  | **Defined contribution plans** |  |  |
| 660 | Employer contributions to defined contribution plans | 741 | 2 573 |
| 22 | Other (including pensions) | 11 | 67 |
| **682** | **Total expense recognised in respect of defined contribution plans** | **752** | **2 640** |
| **(73)** | **Total superannuation (gain)/expense recognised in operating statement** | **(817)** | **3 637** |
|  | **Represented by:** |  |  |
| 172 | Net superannuation interest expense | 181 | 718 |
| 1 039 | Other superannuation | 1 036 | 3 771 |
| **1 211** | **Superannuation expense from transactions** | **1 216** | **4 489** |
| **(1 284)** | **Remeasurement recognised in other comprehensive income** | **(2 034)** | **(852)** |
| **(73)** | **Total superannuation costs recognised in operating statement** | **(817)** | **3 637** |

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

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

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 1 532 | General public services | 1 918 | 8 930 |
| 2 589 | Public order and safety | 2 710 | 11 150 |
| 991 | Economic affairs | 654 | 2 975 |
| 247 | Environmental protection | 265 | 952 |
| 422 | Housing and community amenities | 396 | 2 649 |
| 7 137 | Health | 7 293 | 29 141 |
| 286 | Recreation, culture and religion | 615 | 996 |
| 4 850 | Education | 5 400 | 22 389 |
| 1 884 | Social protection | 1 924 | 7 909 |
| 1 743 | Transport | 1 955 | 7 484 |
| (366) | Not allocated by purpose (a) | (14) | (1 299) |
| **21 315** | **Total expenses from transactions** | **23 116** | **93 277** |

Note:

(a) Not allocated by purpose for expenses represents eliminations and adjustments.

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

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Expenses from transactions** |  |  |
| 4 994 | Education | 5 147 | 20 400 |
| 1 077 | Energy, Environment and Climate Action | 920 | 3 411 |
| 1 914 | Families, Fairness and Housing | 1 947 | 7 794 |
| .. | Government Services | 398 | 2 167 |
| 7 276 | Health | 7 412 | 28 071 |
| 787 | Jobs, Skills, Industry and Regions | 847 | 4 107 |
| 2 389 | Justice and Community Safety | 2 771 | 9 234 |
| 250 | Premier and Cabinet | 126 | 427 |
| 1 785 | Transport and Planning | 2 138 | 8 015 |
| 2 511 | Treasury and Finance | 3 220 | 12 518 |
| 81 | Parliament | 86 | 366 |
| 201 | Courts | 208 | 891 |
| 791 | Regulatory bodies and other part budget funded agencies (b) | 856 | 3 135 |
| **24 057** | **Total expenses by department** | **26 076** | **100 535** |
| *(2 742)* | *Less eliminations and adjustments (c)* | *(2 960)* | *(7 258)* |
| **21 315** | **Total expenses from transactions** | **23 116** | **93 277** |

Notes:

(a) On 5 December 2022, the former Premier announced a number of machinery of government changes to restructure the functions of government departments, including the renaming of several departments and the creation of a new department with effect from 1 January 2023. Refer to Note 9.8 in Chapter 4 of the 2022‑23 Financial Report for further details.

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

(c) Mainly comprising payroll tax and inter‑departmental transfers. The published budget also includes contingencies not allocated to departments and estimated departmental underspend.

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

 ($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 461 | Education | 631 | 2 642 |
| 59 | Energy, Environment and Climate Action | 46 | 324 |
| 13 | Families, Fairness and Housing | 6 | 85 |
| .. | Government Services | 61 | 115 |
| 387 | Health | 212 | 2 001 |
| 17 | Jobs, Skills, Industry and Regions | 58 | 219 |
| 190 | Justice and Community Safety | 119 | 578 |
| 2 | Premier and Cabinet | 2 | 3 |
| 2 228 | Transport and Planning | 3 039 | 6 635 |
| 3 | Treasury and Finance | 5 | 15 |
| 5 | Parliament | 2 | 11 |
| 76 | Courts | 35 | 292 |
| 7 | Regulatory bodies and other part funded agencies (b) | 13 | 196 |
| **3 447** | **Total purchases of non‑financial assets by department** | **4 230** | **13 116** |
| *52* | *Eliminations and adjustments (c)* | *20* | *2 531* |
| **3 500** | **Total purchases of non‑financial assets** | **4 250** | **15 647** |

Notes:

(a) On 5 December 2022, the former Premier announced a number of machinery of government changes to restructure the functions of government departments, including the renaming of several departments and the creation of a new department with effect from 1 January 2023. Refer to Note 9.8 of the 2022-23 Financial Report for further details.

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

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

## Net acquisition of non-financial assets from transactions

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 3 368 | Purchases of non‑financial assets (including change in inventories) | 4 230 | 15 230 |
| (73) | Less: Sales of non‑financial assets | (52) | (545) |
| (1 085) | Less: Depreciation and amortisation | (1 187) | (4 890) |
| 482 | Plus/(less): Other movements in non‑financial assets | 807 | (2 757) |
| **2 692** | **Total net acquisition of non‑financial assets from transactions** | **3 797** | **7 039** |

# Major assets and investments

### Introduction

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

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

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 52 992 | Buildings | 58 034 | 58 519 | 61 108 |
| 93 340 | Land and national parks | 95 317 | 95 390 | 95 972 |
| 21 306 | Infrastructure systems | 25 620 | 28 573 | 29 790 |
| 5 529 | Plant, equipment and vehicles | 6 296 | 5 455 | 5 382 |
| 39 268 | Roads and road infrastructure | 45 294 | 46 498 | 47 571 |
| 10 231 | Earthworks | 12 170 | 12 170 | 12 085 |
| 6 649 | Cultural assets | 6 749 | 6 759 | 6 630 |
| **229 316** | **Total land, buildings, infrastructure, plant and equipment** | **249 480** | **253 364** | **258 538** |

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: buildings, infrastructure, plant and equipment($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 8 505 | Buildings | 8 807 | 8 783 | 8 356 |
| 1 | Infrastructure systems | .. | .. | 1 |
| 454 | Plant, equipment and vehicles | 380 | 367 | 283 |
| **8 960** | **Total right‑of‑use assets: buildings, infrastructure, plant and equipment** | **9 187** | **9 150** | **8 640** |

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

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 1 949 | Buildings | 2 050 | 2 033 | 2 009 |
| 3 353 | Land and national parks | 3 353 | 3 353 | 3 353 |
| 7 290 | Infrastructure systems | 8 586 | 9 057 | 10 218 |
| 1 207 | Plant, equipment and vehicles | 1 516 | 546 | 182 |
| 13 693 | Roads and road infrastructure | 16 349 | 16 785 | 17 739 |
| 916 | Earthworks | 1 056 | 1 056 | 1 056 |
| **28 406** | **Total service concession assets: land, buildings, infrastructure, plant and equipment** | **32 911** | **32 830** | **34 557** |

## Depreciation

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 577 | Buildings | 650 | 2 694 |
| 10 | Infrastructure systems | 10 | 54 |
| 196 | Plant, equipment and vehicles | 192 | 868 |
| 235 | Roads and road infrastructure | 277 | 957 |
| 4 | Cultural assets | 5 | 12 |
| 63 | Intangible produced assets | 53 | 306 |
| **1 085** | **Total depreciation** | **1 187** | **4 890** |

The following two tables are subsets of total depreciation expense.

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

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 160 | Buildings | 158 | 752 |
| 29 | Plant, equipment and vehicles | 27 | 125 |
| **189** | **Total depreciation of right‑of‑use assets** | **186** | **876** |

Depreciation of service concession assets ($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 16 | Buildings | 18 | 47 |
| 6 | Plant, equipment and vehicles | 7 | 28 |
| 51 | Roads and road infrastructure | 58 | 178 |
| .. | Intangible produced assets | 1 | 1 |
| **74** | **Total depreciation of service concession assets** | **84** | **255** |

## Land and buildings

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 57 722 | Buildings | 61 904 | 63 039 | 67 715 |
| (4 730) | Accumulated depreciation | (3 870) | (4 519) | (6 607) |
| **52 992** | **Buildings (net carrying amount)** | **58 034** | **58 519** | **61 108** |
| 91 331 | Land | 93 307 | 93 380 | 93 972 |
| 2 010 | National parks and other ’land only’ holdings | 2 010 | 2 010 | 2 000 |
| **93 340** | **Land and national parks** | **95 317** | **95 390** | **95 972** |
| **146 333** | **Total land and buildings** | **153 351** | **153 909** | **157 080** |

## Plant, equipment and vehicles, and infrastructure systems

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 21 870 | Infrastructure systems | 26 251 | 29 215 | 30 475 |
| (564) | Accumulated depreciation | (631) | (642) | (685) |
| **21 306** | **Infrastructure systems (net carrying amount)** | **25 620** | **28 573** | **29 790** |
| 11 324 | Plant, equipment and vehicles | 12 131 | 11 434 | 11 995 |
| (5 795) | Accumulated depreciation | (5 835) | (5 979) | (6 614) |
| **5 529** | **Plant, equipment and vehicles (net carrying amount)** | **6 296** | **5 455** | **5 382** |
| **26 835** | **Total plant, equipment and vehicles, and infrastructure systems** | **31 916** | **34 027** | **35 171** |

## Roads, road infrastructure and earthworks

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 41 583 | Roads and roads infrastructure | 45 294 | 46 775 | 48 535 |
| (2 314) | Accumulated depreciation | .. | (277) | (964) |
| **39 268** | **Roads and road infrastructure (net carrying amount)** | **45 294** | **46 498** | **47 571** |
| **10 231** | **Earthworks** | **12 170** | **12 170** | **12 085** |
| **49 500** | **Total roads, road infrastructure and earthworks** | **57 465** | **58 668** | **59 656** |

## Cultural assets

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 6 748 | Cultural assets | 6 859 | 6 874 | 6 665 |
| (100) | Accumulated depreciation | (110) | (115) | (35) |
| **6 649** | **Total cultural assets** | **6 749** | **6 759** | **6 630** |

## Other non-financial assets

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 3 020 | Intangible produced assets | 2 921 | 2 989 | 3 102 |
| (1 691) | Accumulated depreciation | (1 628) | (1 679) | (1 914) |
| 3 723 | Service concession assets – Intangible produced (a) | 3 370 | 3 370 | 3 370 |
| .. | Accumulated depreciation | (4) | (5) | (5) |
| 78 | Intangible non‑produced assets | 79 | 79 | 81 |
| (56) | Accumulated amortisation | (59) | (60) | (65) |
| **5 074** | **Total intangibles (a)** | **4 680** | **4 695** | **4 569** |
| 320 | Investment properties | 305 | 305 | 306 |
| 5 | Biological assets | 4 | 4 | 6 |
| 1 570 | Other assets | 909 | 1 822 | 892 |
| **6 970** | **Total other non‑financial assets (a)** | **5 898** | **6 826** | **5 772** |

Note:

(a) The September 2022 service concession assets – intangible produced, including associated totals, have been restated from an update to the initial valuation of the registration and licensing database following the VicRoads Modernisation joint venture, consistent with the requirements of AASB 1059 Service Concession Arrangements: Grantors.

# Other assets and liabilities

### Introduction

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

## Receivables and contract assets

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
|  | **Contractual** |  |  |  |
| 870 | Sales of goods and services | 734 | 1 085 | 757 |
| 31 | Accrued investment income | 130 | 52 | 133 |
| 1 587 | Other receivables | 1 653 | 1 654 | 1 827 |
| (204) | Allowance for impairment losses of contractual receivables | (202) | (183) | (200) |
|  | **Statutory** |  |  |  |
| 11 | Sales of goods and services | 1 | 2 | 1 |
| 5 083 | Taxes receivable | 5 840 | 5 361 | 6 257 |
| 2 740 | Fines and regulatory fees | 2 593 | 2 638 | 2 731 |
| 408 | GST input tax credits recoverable | 600 | 438 | 600 |
| (2 486) | Allowance for impairment losses of statutory receivables | (2 303) | (2 303) | (2 379) |
|  | **Other** |  |  |  |
| .. | Contract assets | 1 | .. | 1 |
| **8 041** | **Total receivables and contract assets** | **9 046** | **8 745** | **9 728** |
|  | **Represented by:** |  |  |  |
| 7 526 | Current receivables and contract assets | 8 517 | 8 213 | 9 199 |
| 514 | Non‑current receivables and contract assets | 530 | 532 | 528 |

## Payables and contract liabilities

($ million)

| 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
|  | **Contractual** |  |  |  |
| 1 293 | Accounts payable | 865 | 1 609 | 887 |
| 5 046 | Accrued expenses | 5 356 | 5 315 | 5 333 |
| 19 255 | Grant of a right to the operator liability | 19 725 | 19 885 | 19 984 |
| 1 412 | Unearned income | 1 960 | 2 076 | 1 886 |
|  | **Statutory** |  |  |  |
| 42 | Accrued taxes payable | 78 | 52 | 77 |
| .. | Unearned income | 63 | 63 | 63 |
|  | **Other** |  |  |  |
| 358 | Contract liabilities | 352 | 372 | 324 |
| **27 406** | **Total payables and contract liabilities** | **28 398** | **29 371** | **28 554** |
|  | **Represented by:** |  |  |  |
| 7 975 | Current payables and contract liabilities | 8 544 | 9 389 | 8 462 |
| 19 431 | Non‑current payables and contract liabilities | 19 855 | 19 982 | 20 092 |

# 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)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| (8) | Net (increase)/decrease in allowances for credit losses | (4) | (112) |
| .. | Amortisation of intangible non‑produced assets | (1) | (7) |
| (4) | Bad debts written off | (3) | (335) |
| 8 | Other gains/(losses) | (31) | (20) |
| **(5)** | **Total other gains/(losses) from other economic flows** | **(39)** | **(473)** |

## Reconciliation of cash and cash equivalents

($ million)

| 2022‑23 |  | 2023‑24 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep |
| 6 394 | Cash | 7 093 |
| 16 150 | Deposits at call | 9 239 |
| **22 544** | **Cash and cash equivalents** | **16 332** |
| .. | Bank overdraft | .. |
| **22 544** | **Balances as per cash flow statement** | **16 332** |

## Controlled entities

Note 9.8 in Chapter 4 of the *2022-23 Financial Report* for the State of Victoria lists significant controlled entities that were consolidated in that financial report.

The following are changes in general government sector entities since 1 July 2023, which have been consolidated in this financial report:

| General government |
| --- |
| Department of Transport and PlanningSecretary, Project Development (a) |

Note:

(a) Effective from 1 August 2023, the Secretary, Project Development, a body corporate was established under Section 41A of the Project Development and Construction Management Act 1994. The purpose of the body corporate is to facilitate and manage public construction for nominated projects under the Act and was assigned from the Department of Jobs, Skills, Industry and Regions to the Department of Transport and Planning.

## Glossary of technical terms

The *2022-23 Financial Report* for the State of Victoria (Note 9.9) summarises the major technical terms used in this report.

# Results quarter by quarter – Victorian general government sector

### Introduction

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

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

|  | 2022‑23 |  |  |  | 2023‑24 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 7 842 | 6 539 | 10 716 | 7 254 | 8 208 |
| Interest income | 259 | 331 | 371 | 345 | 401 |
| Dividends, income tax equivalent and rate equivalent income | 88 | 146 | 59 | 528 | 85 |
| Sales of goods and services | 1 696 | 1 503 | 1 411 | 1 654 | 1 569 |
| Grants | 9 265 | 10 494 | 10 712 | 9 668 | 9 516 |
| Other revenue and income | 751 | 1 007 | 723 | 1 361 | 852 |
| **Total revenue and income from transactions** | **19 900** | **20 019** | **23 990** | **20 811** | **20 631** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 8 361 | 8 383 | 7 916 | 8 968 | 8 712 |
| Net superannuation interest expense | 172 | 191 | 177 | 179 | 181 |
| Other superannuation | 1 039 | 835 | 913 | 972 | 1 036 |
| Depreciation | 1 085 | 1 093 | 1 160 | 1 266 | 1 187 |
| Interest expense | 822 | 991 | 995 | 1 166 | 1 212 |
| Grant expense | 4 021 | 4 287 | 5 081 | 5 665 | 3 824 |
| Other operating expenses | 5 814 | 7 024 | 6 471 | 8 519 | 6 963 |
| **Total expenses from transactions** | **21 315** | **22 804** | **22 714** | **26 734** | **23 116** |
| **Net result from transactions – Net operating balance** | **(1 415)** | **(2 785)** | **1 276** | **(5 924)** | **(2 485)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 32 | 18 | 75 | (35) | 12 |
| Net gain/(loss) on financial assets or liabilities at fair value | (7) | 16 | 60 | (98) | 12 |
| Share of net profit/(loss) from associates/joint venture entities | 3 | 2 | .. | (43) | .. |
| Other gains/(losses) from other economic flows | (5) | 101 | (107) | (1 012) | (39) |
| **Total other economic flows included in net result** | **23** | **137** | **28** | **(1 187)** | **(16)** |
| **Net result** | **(1 392)** | **(2 648)** | **1 304** | **(7 111)** | **(2 500)** |
| **Other economic flows – Other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus (a) | 3 504 | 148 | 258 | 9 800 | (47) |
| Remeasurement of superannuation defined benefits plans | 1 284 | 138 | (3 160) | 3 094 | 2 034 |
| Other movements in equity | (437) | 84 | 41 | (224) | 35 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 87 | 46 | .. | 5 | 6 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | 3 507 | .. | (76) | .. |
| **Total other economic flows – Other comprehensive income (a)** | **4 439** | **3 923** | **(2 861)** | **12 598** | **2 028** |
| **Comprehensive result – Total change in net worth** | **3 047** | **1 275** | **(1 557)** | **5 487** | **(472)** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **(1 415)** | **(2 785)** | **1 276** | **(5 924)** | **(2 485)** |
| Less: Net acquisition of non‑financial assets from transactions | 2 692 | 4 224 | 1 624 | 2 746 | 3 797 |
| **Net lending/(borrowing)** | **(4 107)** | **(7 009)** | **(347)** | **(8 670)** | **(6 282)** |

Note:

(a) Changes in the non-financial assets revaluation surplus, including associated totals, have been restated from September 2022 and the following quarters to reflect an update to the initial valuation of the registration and licensing database following the VicRoads Modernisation joint venture, consistent with the requirements of
AASB 1059 Service Concession Arrangements: Grantors.

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

|  | 2022‑23 |  |  |  | 2023‑24 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 22 544 | 21 468 | 20 941 | 19 698 | 16 332 |
| Advances paid | 5 025 | 5 227 | 5 332 | 5 308 | 5 480 |
| Receivables and contract assets | 8 041 | 7 717 | 10 809 | 9 046 | 8 745 |
| Investments, loans and placements | 3 472 | 3 619 | 3 874 | 3 853 | 12 483 |
| Investments accounted for using the equity method | 1 221 | 1 223 | 1 223 | 1 180 | 1 181 |
| Investments in other sector entities | 89 414 | 93 525 | 94 739 | 96 042 | 96 136 |
| **Total financial assets** | **129 716** | **132 779** | **136 918** | **135 128** | **140 356** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 1 130 | 1 118 | 1 121 | 574 | 485 |
| Non‑financial assets held for sale | 154 | 82 | 85 | 110 | 100 |
| Land, buildings, infrastructure, plant and equipment | 229 316 | 233 161 | 236 254 | 249 480 | 253 364 |
| Other non‑financial assets (a) | 6 970 | 6 778 | 6 250 | 5 898 | 6 826 |
| **Total non‑financial assets (a)** | **237 569** | **241 140** | **243 709** | **256 062** | **260 775** |
| **Total assets (a)** | **367 285** | **373 919** | **380 627** | **391 190** | **401 131** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 1 762 | 1 727 | 1 695 | 1 615 | 1 761 |
| Payables | 27 048 | 26 006 | 26 654 | 28 047 | 28 999 |
| Contract liabilities | 358 | 407 | 361 | 352 | 372 |
| Borrowings | 125 758 | 132 754 | 136 828 | 142 289 | 153 123 |
| Employee benefits | 9 911 | 9 582 | 9 827 | 10 250 | 10 563 |
| Superannuation | 18 845 | 18 629 | 21 804 | 18 904 | 17 181 |
| Other provisions | 2 026 | 1 962 | 2 161 | 2 950 | 2 821 |
| **Total liabilities** | **185 707** | **191 066** | **199 331** | **204 407** | **214 820** |
| **Net assets (a)** | **181 578** | **182 853** | **181 296** | **186 783** | **186 311** |
| Accumulated surplus/(deficit) | 52 290 | 49 863 | 50 255 | 45 889 | 45 805 |
| Reserves (a) | 129 289 | 132 990 | 131 042 | 140 894 | 140 506 |
| **Net worth (a)** | **181 578** | **182 853** | **181 296** | **186 783** | **186 311** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | (55 991) | (58 287) | (62 413) | (69 278) | (74 464) |
| Net financial liabilities | 145 405 | 151 812 | 157 152 | 165 321 | 170 600 |
| Net debt | 96 479 | 104 167 | 108 376 | 115 044 | 120 589 |

Note:

(a) ‘Other non-financial assets’ and ‘Reserves’, including associated totals, have been restated from September 2022 and the following quarters to reflect an update to the initial valuation of the registration and licensing database following the VicRoads Modernisation joint venture, consistent with the requirements of AASB 1059 Service Concession Arrangements: Grantors.

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

|  | 2022‑23 |  |  |  | 2023‑24 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 7 962 | 7 213 | 6 965 | 9 481 | 8 688 |
| Grants | 9 307 | 10 417 | 10 731 | 10 426 | 9 583 |
| Sales of goods and services (a) | 2 097 | 1 235 | 1 768 | 1 774 | 1 650 |
| Interest received | 235 | 319 | 365 | 309 | 404 |
| Dividends, income tax equivalent and rate equivalent receipts | 88 | 140 | 399 | 66 | 154 |
| Other receipts | 8 171 | 1 163 | 239 | 634 | 505 |
| **Total receipts** | **27 859** | **20 487** | **20 468** | **22 689** | **20 985** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (8 282) | (8 662) | (7 758) | (8 558) | (8 362) |
| Superannuation | (838) | (1 104) | (1 075) | (958) | (906) |
| Interest paid | (724) | (880) | (915) | (1 040) | (1 116) |
| Grants and subsidies | (4 190) | (4 445) | (5 077) | (4 691) | (3 997) |
| Goods and services (a) | (6 033) | (7 243) | (5 793) | (8 041) | (6 939) |
| Other payments | (240) | (200) | (241) | (265) | (253) |
| **Total payments** | **(20 307)** | **(22 534)** | **(20 859)** | **(23 554)** | **(21 572)** |
| **Net cash flows from operating activities** | **7 552** | **(2 047)** | **(391)** | **(865)** | **(587)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (3 500) | (4 781) | (3 155) | (4 837) | (4 250) |
| Sales of non‑financial assets | 73 | 128 | 40 | 84 | 52 |
| **Net cash flows from investments in non‑financial assets** | **(3 426)** | **(4 653)** | **(3 115)** | **(4 753)** | **(4 198)** |
| Net cash flows from investments in financial assets for policy purposes | (391) | (682) | (387) | (165) | (259) |
| **Sub‑total** | **(3 818)** | **(5 335)** | **(3 502)** | **(4 919)** | **(4 457)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (71) | (100) | (207) | (113) | (8 613) |
| **Net cash flows from investing activities** | **(3 889)** | **(5 435)** | **(3 709)** | **(5 032)** | **(13 069)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (111) | (5) | (39) | (88) | (10) |
| Net borrowings | 7 968 | 6 441 | 3 605 | 4 734 | 10 145 |
| Deposits received (net) | 38 | (29) | 6 | 8 | 156 |
| **Net cash flows from financing activities** | **7 896** | **6 407** | **3 573** | **4 654** | **10 291** |
| **Net increase/(decrease) in cash and cash equivalents** | **11 559** | **(1 076)** | **(527)** | **(1 243)** | **(3 366)** |
| Cash and cash equivalents at beginning of the reporting period | 10 985 | 22 544 | 21 468 | 20 941 | 19 698 |
| **Cash and cash equivalents at end of the reporting period** | **22 544** | **21 468** | **20 941** | **19 698** | **16 332** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | 7 552 | (2 047) | (391) | (865) | (587) |
| Net cash flows from investments in non‑financial assets | (3 426) | (4 653) | (3 115) | (4 753) | (4 198) |
| **Cash surplus/(deficit)** | **4 126** | **(6 700)** | **(3 506)** | **(5 618)** | **(4 785)** |

Note:

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

# Style conventions

The source of data for tables and charts is the Department of Treasury and Finance unless specified otherwise. Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding.

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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