**2023‑24 Mid‑Year Financial Report**

**(incorporating Quarterly Financial Report No. 2)**



**March 2024**

Presented by

**Tim Pallas MP**

Treasurer of the State of Victoria

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Chapter 1 – Mid-year results for the state of Victoria, including the general government sector

The *2023-24 Mid-Year Financial Report* presents the financial results for the State of Victoria, including the general government sector, for the six months to 31 December 2023. The report has been prepared in accordance with the *Financial Management Act 1994* and applicable accounting standards.

The actual results in this report are compared with the revised budget estimates in the *2023-24 Budget Update.*

The likely 2023-24 full-year results cannot be extrapolated from the half-year results due to seasonal and other factors impacting on the timing of activities and transactions. For example, land tax revenue is mainly recognised in the March quarter and certain grant revenue from the Commonwealth Government is expected to be received later in the financial year.

The State comprises the general government sector, the public non-financial corporations (PNFC) sector and the public financial corporations (PFC) sector.

The general government sector consists of all government departments and other controlled public sector agencies that are largely financed by state taxes and Commonwealth grants. The general government sector is primarily responsible for delivering government policy as set out in the annual budget.

The PNFC and PFC sectors consist of a wide range of entities that provide goods and services through commercial cost recovery principles via user charges and fees. The largest Victorian PNFCs provide water, housing and transport services. Victorian PFCs can be categorised into two broad types: those that service the general public and businesses (such as the statutory insurers), and those that provide financial services to other areas of government including investing and borrowing functions.

The non-financial public sector (NFPS) represents the general government sector and the PNFC sector after eliminating transactions between the two sectors.

Due to transactions between the different sectors, not all transactions in each sector affect the overall State of Victoria outcome. For the period to 31 December 2023, the general government sector recorded a net result from transactions deficit of $4.2 billion.

# Overview

The Victorian economy continues to perform well as it navigates a period of high inflation and elevated interest rates. Victoria’s gross state product (GSP) increased by 2.6 per cent in 2022-23 and the economy is now 8.6 per cent larger, in real terms, than it was before the COVID-19 pandemic. The labour market is strong, with the unemployment rate at or below 4.0 per cent so far in 2023-24.

Victoria’s state final demand rose by 2.1 per cent over the year to September 2023. Strong growth in business investment, public consumption and public investment drove this result, increasing by 11.4 per cent, 2.9 per cent and 10.9 per cent respectively. Growth in consumer spending has eased and was unchanged over the year. Dwelling investment detracted from growth over the year, with labour and materials constraints limiting building activity, although there remains a large pipeline of construction work yet to be done.

Over the year to December 2023, Victoria’s employment increased by 124 000 persons, or 3.5 per cent. Workforce participation and the share of working-age Victorians in employment were near record high levels in December. Strong employment growth over the year meant that, by the end of 2023, employment was 528 000 persons above its trough in September 2020 – exceeding the Government’s Jobs Plan target of 400 000 jobs being created by 2025.

Victoria’s population rose by 2.7 per cent over the year to June 2023 (reflecting the latest available data), driven by a strong recovery in net overseas migration following disruptions to migration during the COVID-19 pandemic.

Inflation remains a key challenge for the Victorian economy, as it does nationally and globally. After annual inflation in Melbourne reached a peak of 8.0 per cent in December 2022, it has since eased to be 3.8 per cent in December 2023. Nevertheless, high price levels are contributing to cost-of-living pressures for some households.

To contain inflation in the Australian economy, the Reserve Bank of Australia has raised the cash rate significantly between mid-2022 and late 2023. The resulting elevated interest rates faced by households and businesses, alongside rising consumer prices, are expected to weigh on Victoria’s economic growth. Despite these challenges, the outlook remains positive, with Victorian households supported by a strong labour market.

The general government sector’s infrastructure investment, which includes net infrastructure investment (net of asset sales) and construction related cash outflows for Partnerships Victoria projects, was $12 billion for the period to 31 December 2023, or 51 per cent of the revised full‑year budget estimate. This proportion is consistent with the prior year.

Net cash flows from operating activities for the general government sector for the period to 31 December 2023 was a deficit of $1.2 billion, compared with a revised budget forecast surplus of $309 million for the full year. This includes the timing of receipts for land tax and certain grants from the Commonwealth Government.

The decrease from the prior year is primarily due to the proceeds received in 2022-23 from the VicRoads Modernisation joint venture (VicRoads Modernisation).

Net debt for the general government sector was $126.8 billion, or 20.9 per cent of GSP, at 31 December 2023 (20.2 per cent at 30 June 2023), reflecting an increase in borrowings over the period primarily to fund the State’s capital program.

# Financial performance

For the six months to 31 December 2023, the general government sector recorded a net result from transactions deficit of $4.2 billion, which is consistent with the same period last year and a $3.5 billion deficit forecast in the revised full‑year budget estimate.

The increased deficit from the revised full‑year budget estimates primarily reflects the impact of seasonal factors affecting the timing of activities and transactions across the year. These include the timing of recognition of various revenue items including land tax and grants from the Commonwealth Government.

The net result for the State was a deficit of $8.2 billion over the six months to 31 December 2023. This is a $7.5 billion increase in the deficit compared with the same period last year. This movement is further explained below.

Table 1.1: Summary comprehensive operating statement for the period ended 31 December (a) ($ million)

|  | State of Victoria | | | | General government sector | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2022‑23  actual  to Dec | 2023‑24  actual  to Dec | 2023‑24  revised  estimate | % (b) | 2022‑23  actual  to Dec | 2023‑24  actual  to Dec | 2023‑24  revised  estimate | % (b) |
| **Revenue and income from transactions** |  |  |  |  |  |  |  |  |
| Taxation | 14 144 | 15 373 | 35 258 | 44 | 14 380 | 15 632 | 35 774 | 44 |
| Interest income | 683 | 992 | 2 198 | 45 | 591 | 806 | 1 827 | 44 |
| Dividends and income tax equivalent and rate equivalent income | 1 567 | 1 692 | 2 354 | 72 | 233 | 344 | 2 185 | 16 |
| Sales of goods and services | 8 797 | 9 936 | 19 632 | 51 | 3 198 | 3 233 | 6 408 | 50 |
| Grants | 19 745 | 20 431 | 40 436 | 51 | 19 758 | 20 480 | 40 533 | 51 |
| Other revenue and income | 2 123 | 2 262 | 4 377 | 52 | 1 758 | 1 852 | 3 619 | 51 |
| **Total revenue and income from transactions** | **47 060** | **50 687** | **104 254** | **49** | **39 919** | **42 346** | **90 346** | **47** |
| **Expenses from transactions** |  |  |  |  |  |  |  |  |
| Employee expenses | 17 491 | 18 394 | 36 362 | 51 | 16 745 | 17 687 | 34 816 | 51 |
| Net superannuation interest expense | 363 | 389 | 778 | 50 | 363 | 389 | 774 | 50 |
| Other superannuation | 1 984 | 2 129 | 3 868 | 55 | 1 874 | 2 004 | 3 617 | 55 |
| Depreciation | 3 640 | 4 014 | 8 124 | 49 | 2 178 | 2 407 | 4 897 | 49 |
| Interest expense | 2 253 | 3 121 | 6 665 | 47 | 1 813 | 2 635 | 5 662 | 47 |
| Grant expense | 7 221 | 6 692 | 15 358 | 44 | 8 308 | 7 600 | 16 995 | 45 |
| Other operating expenses | 19 317 | 21 414 | 42 616 | 50 | 12 838 | 13 806 | 27 055 | 51 |
| **Total expenses from transactions** | **52 269** | **56 153** | **113 772** | **49** | **44 119** | **46 529** | **93 816** | **50** |
| **Net result from transactions – Net operating balance** | **(5 209)** | **(5 466)** | **(9 518)** | **57** | **(4 200)** | **(4 182)** | **(3 470)** | **121** |
| Total other economic flows included in net result | 4 514 | (2 744) | 3 678 | (75) | 160 | (158) | (567) | 28 |
| **Net result** | **(694)** | **(8 209)** | **(5 840)** | **141** | **(4 040)** | **(4 341)** | **(4 037)** | **108** |
| Total other economic flows –  Other comprehensive income (c) | 4 748 | 268 | 3 231 | 8 | 8 362 | (1 939) | (902) | 215 |
| **Comprehensive result – Total change in net worth (c)** | **4 054** | **(7 941)** | **(2 609)** | **304** | **4 322** | **(6 280)** | **(4 940)** | **127** |

Notes:

(a) This is an abbreviated statement. The full consolidated and disaggregated operating statement is reported in Chapter 2.

(b) The percentage represents the 2023-24 actual to December as a percentage of the estimate presented in the 2023-24 Budget Update.

(c) The December 2022 changes in the Total other economic flows – Other comprehensive income balance, and the associated totals, have been restated to reflect the 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.

## General government sector

### Revenue and income

Total revenue for the six months ending 31 December 2023 was $42.3 billion. This is 47 per cent of the revised full-year budget estimate and an increase of $2.4 billion from the same period last year.

Taxation revenue was $15.6 billion, or 44 per cent of the revised full-year budget estimate. Taxation is influenced by seasonal factors, such as land tax revenue largely being recognised in the March quarter and the Fire Services Property Levy in the September quarter.

Taxation revenue increased by $1.3 billion compared with the same period last year. This was primarily due to an increase in payroll tax of $965 million due to a strong labour market and the cessation of the New Jobs Tax Credit policy’s effect on revenue, and an additional $433 million from the commencement of the COVID Debt Levy – Payroll $10m+ which came into effect on 1 July 2023. This increase was partially offset by a $420 million decrease in land transfer duty, primarily driven by a fall in the average duty received per transaction.

Grants were $20.5 billion, which is consistent with the full-year revised budget estimate.

Grants revenue was $722 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 and greater no-worse-off guarantee payments received from the Commonwealth. Also driving the increase was higher Commonwealth grants for non‑government schools. This is partially offset by decreases in the Commonwealth funding related to the COVID-19 health response.

Interest income of $806 million was 44 per cent of the revised full-year budget estimates and $215 million higher when compared with the same period last year, which was primarily due to an increase in interest rates.

Dividends, income tax equivalent and rate equivalent income for the half year was $344 million, $110 million higher compared with the same period last year. This represents 16 per cent of the revised full‑year budget estimate.

Revenue from the sale of goods and services for the half year was $3.2 billion, or 50 per cent of the revised full-year budget estimate. This is consistent with the prior year and the pro rata revised budget.

Other revenue and income was $1.9 billion, which is broadly consistent with the same period last year.

### Expenses

Total expenses were $46.5 billion, or 50 per cent of the revised full-year budget estimate.

Employee expenses were slightly above the pro rata budget for the first half of the year at $17.7 billion, or 51 per cent of the revised full-year budget estimate. This is an increase of $942 million compared with the same period last year, mainly due to increased spending on service delivery in the health and education sectors and annual salary growth in line with Enterprise Bargaining Agreements.

Grant expense for the first half of the year was $7.6 billion, 45 per cent of the revised full-year budget estimate. This was below the pro rata revised budget, primarily due to the timing of grants for various programs across the economic growth, regional development and agriculture portfolios**.**

Compared with the same period last year, grant expense decreased by $708 million. This decrease is primarily due to the payment for the WorkSafe’s financial sustainability initiative in the prior period, and the Commonwealth’s decision to bring forward the 2023‑24 local government grants to 2022‑23. Also driving the decrease was a reduction in grants for various programs across the jobs and industry, energy and resources portfolios. This was partially offset by an increase in expenditure associated with increased Commonwealth grants for non‑government schools.

Interest expense of $2.6 billion was 47 per cent of the revised full-year budget estimate and $823 million higher when compared with the same period last year. The proportion of the revised full‑year estimate is consistent with the prior year. The nominal increase is primarily due to additional borrowings to fund the State’s capital program and an increase in interest rates on borrowings.

Other operating expenses were $13.8 billion, or 51 per cent of the revised full-year budget estimate. This is slightly above pro rata budget. The increase from the revised budget primarily reflects increased expenditure in the health sector.

Compared with the same period last year, other operating expenses increased by $968 million. This includes 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, the Commonwealth Games Federation Partnerships and Commonwealth Games Australia), energy bill relief concession payments which commenced in 2023-24, as well as the impact of a full six months of operations for the VicRoads Modernisation joint venture compared with the prior year.

The other categories of general government operating expenses were generally in line with the pro rata revised full-year budget estimate.

## State of Victoria

### Revenue

Total revenue for the State for the six months ending 31 December 2023 was $50.7 billion. This is $3.6 billion higher than the same period last year. The general government sector contributed 84 per cent of this result, with the balance coming from the PNFC and PFC sectors.

The PNFC sector reported total revenue of $5.4 billion for the six months to 31 December 2023, an increase of $634 million from the same period last year. This is primarily the result of increased sales of goods and services reported by the water businesses due to an increase in the customer base driving demand, and the timing of settlements for property developments achieved by Development Victoria.

PFC sector total revenue and income from transactions increased by $1.4 billion, to $8 billion, for the six months to 31 December 2023. This increase in revenue was largely due to higher insurance premiums, primarily for the Victorian WorkCover Authority (WorkSafe), and increased interest income for the Treasury Corporation of Victoria (TCV). The increase was partly offset by lower grants received by WorkSafe and Breakthrough Victoria.

**Expenses**

Total expenses for the State increased by $3.9 billion to $56.2 billion compared with the same period last year. Of this, 83 per cent was driven by the general government sector.

PNFC sector total expenses were $5.4 billion for the six months to 31 December 2023, an increase of $573 million from the same period last year. This was largely the result of increased service delivery and annual salary growth in line with Enterprise Bargaining Agreements and associated on-costs, and the cost of goods sold incurred by Development Victoria.

PFC sector total expenses from transactions increased by $1.3 billion to $8.7 billion for the six months to 31 December 2023. This increase was largely due to higher claims expenses being incurred by the insurance agencies and higher interest expenses for TCV, partly offset by a lower income tax equivalent expense for the Transport Accident Commission.

### Net result from transactions

The net result from transactions for the State for the six months to December 2023 was a deficit of $5.5 billion. This was a decline of $257 million compared with the same period last year, primarily driven by the general government sector. This decline in the general government sector mainly reflects increased expenses including additional service delivery, partially offset by increased revenue due to an increase in taxation revenue and grants.

The PNFC sector’s net result from transactions improved from a deficit of $62 million for the six months to 31 December 2022, to a deficit of $1 million for the six months to 31 December 2023. This was primarily driven by better operating results from the metropolitan water businesses**.**

The net result from transactions for the PFC sector improved slightly, from a deficit of $798 million for the six months to 31 December 2022, to a deficit of $749 million for the six months to 31 December 2023.

### Net result and other economic flows

The net result from transactions does not include unrealised investment income earned or revaluations which, in accordance with Australian accounting standards, are disclosed as other economic flows and included in the net result.

Other economic flows for the State included in the net result decreased by $7.3 billion, to a deficit of $2.7 billion for the six months to 31 December 2023. This was largely driven by:

* an actuarial strain for WorkSafe and the Victorian Managed Insurance Authority due to changes in the claims assumptions that underlie the valuation of their outstanding claims liabilities
* a net revaluation loss that arose due to the combined impact of decreases in the discount rates (negative) and inflation rates (positive) that are used to value the liabilities of the State’s insurance agencies
* a mark-to-market revaluation loss on TCV’s borrowings as a result of lower bond yields
* unrealised gains on the investments held by the State’s insurance agencies due to favourable investment market performance
* the release of risk margins and claims handling expenses.

This resulted in the State reporting a net result deficit of $8.2 billion for the six months to 31 December 2023, a decrease of $7.5 billion compared with the same period last year.

# Financial position

Table 1.2: Summary balance sheet as at 31 December (a) ($ million)

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Jun 2023 | Dec 2023 | Actual movement | Jun 2023 | Dec 2023 | Actual movement |
| **Assets** |  |  |  |  |  |  |
| Financial assets | 103 750 | 109 553 | 5 803 | 135 128 | 135 449 | 320 |
| Non‑financial assets | 418 090 | 427 904 | 9 814 | 256 062 | 264 722 | 8 660 |
| **Total assets** | **521 840** | **537 457** | **15 617** | **391 190** | **400 170** | **8 980** |
| **Liabilities** |  |  |  |  |  |  |
| Superannuation | 18 904 | 19 437 | 533 | 18 904 | 19 437 | 533 |
| Borrowings | 164 953 | 182 477 | 17 524 | 142 289 | 157 362 | 15 074 |
| Other liabilities | 103 786 | 109 288 | 5 501 | 43 214 | 42 867 | (347) |
| **Total liabilities** | **287 643** | **311 201** | **23 558** | **204 407** | **219 667** | **15 260** |
| **Net assets** | **234 197** | **226 255** | **(7 941)** | **186 783** | **180 504** | **(6 280)** |

Note:

(a) This is an abbreviated balance sheet. The full consolidated and disaggregated balance sheet is reported in Chapter 2.

## State of Victoria

During the period to 31 December 2023, the net assets for the State of Victoria decreased by $7.9 billion. The total assets of the State increased by $15.6 billion, mainly driven by the Government’s pipeline of infrastructure investments and increased holdings of financial assets.

Total liabilities for the State increased by $23.6 billion to $311.2 billion. This was largely due to an increase in borrowings, reflecting incremental borrowings by the Treasury Corporation of Victoria primarily to fund the Government’s infrastructure investment program.

# Cash flow

Table 1.3 outlines the use of cash resources. It summarises cash generated through the operations of government departments and other general government sector agencies and how the cash has been invested in fixed assets. The net cash flows from operating activities for the half year was a deficit of $1.2 billion compared with a revised budget forecast surplus of $309 million for the full year. This includes the timing of receipts for land tax and certain grants from the Commonwealth Government.

A detailed cash flow statement is provided in Chapter 2.

Table 1.3: Application of cash resources for the general government sector (a) ($ million)

|  | 2023‑24 actual to Dec | 2023‑24 revised estimate |
| --- | --- | --- |
| Net result from transactions – Net operating balance | (4 182) | (3 470) |
| Add back: Non‑cash revenues and expenses (net) (b) | 2 933 | 3 779 |
| **Net cash flows from operating activities** | **(1 249)** | **309** |
| Less: |  |  |
| **Net investment in fixed assets** |  |  |
| Purchases of non‑financial assets | 9 097 | 17 170 |
| Net cash flows from investments in financial assets for policy purposes | 1 003 | 2 650 |
| Sales of non‑financial assets | (114) | (570) |
| **Net investment in fixed assets** | **9 986** | **19 250** |
| Leases and service concession arrangements | 1 252 | 2 684 |
| Other movements | (770) | (1 202) |
| **Decrease/(increase) in net debt** | **(11 716)** | **(20 423)** |

Notes:

(a) Figures in this table are subject to rounding to the nearest million dollar and may not add up to totals.

(b) Includes depreciation, prepayments and movements in the unfunded superannuation liability and liability of employee benefits, as well as operating cash flows not required to be recognised in the operating statement for the year.

## Infrastructure investment

Infrastructure supports delivery of high-quality services to the community. It has a significant and ongoing impact on state and national productivity and generates significant direct and indirect employment and wider economic benefits.

The general government sector’s government infrastructure investment, which includes net infrastructure investment (net of asset sales) and construction related cash outflows for Partnerships Victoria projects was $12 billion for the period to 31 December 2023, or 51 per cent of the revised full‑year budget estimate.

The Government’s infrastructure scorecard as at 31 December 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

Eastern Freeway Upgrade (a)

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 (a)

Melbourne Arts Precinct Transformation Phase One

Melton Line Upgrade

Men’s prison system capacity

The Government’s infrastructure scorecard as at 31 December 2023 *(continued)*

Metro Tunnel

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 Connections (a)

North East Link – Primary Package (Tunnels)

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

Waurn Ponds Track Duplication – Stage 2

West Gate Tunnel Project

Western Highway duplication – Ballarat to Stawell

Western Rail Plan

Note:

1. Previously published as part of North East Link (State and Freeway Packages).

# Financial sustainability

## General government sector

General government sector net debt increased by $11.7 billion to $126.8 billion as at 31 December 2023. This primarily reflects an increase in borrowings over the period to fund the State’s capital program. The ratio of net debt to GSP increased from 20.2 to 20.9 per cent.

Overall, net financial liabilities increased during the period primarily due to the increase in net debt as explained previously.

Over the period to 31 December 2023, the ratio of net financial liabilities to GSP increased from 29.1 per cent to 29.4 per cent.

Table 1.4: General government sector net debt and net financial liabilities as at 31 December ($ million)

|  | Closing  30 Jun 2023 | Closing  31 Dec 2023 | Actual movement | % change |
| --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |
| Cash and deposits | 19 698 | 12 913 | (6 785) | (34) |
| Advances paid | 5 308 | 5 961 | 652 | 12 |
| Investment, loans and placements | 3 853 | 13 578 | 9 725 | 252 |
| **Total** | **28 859** | **32 452** | **3 592** | **12** |
| **Liabilities** |  |  |  |  |
| Deposits held and advances received | 1 615 | 1 850 | 235 | 15 |
| Borrowings | 142 289 | 157 362 | 15 074 | 11 |
| **Total** | **143 904** | **159 212** | **15 309** | **11** |
| **Net debt (a)** | **115 044** | **126 760** | **11 716** | **10** |
| Superannuation liability | 18 904 | 19 437 | 533 | 3 |
| **Net debt plus superannuation liabilities** | **133 948** | **146 197** | **12 249** | **9** |
| Other liabilities (net) (b) | 31 372 | 32 167 | 795 | 3 |
| **Net financial liabilities (c)** | **165 321** | **178 365** | **13 044** | **8** |
| (per cent) | | | | |
| **Net debt to GSP (d)** | **20.2** | **20.9** |  |  |
| **Net debt plus superannuation liability to GSP (d)** | **23.5** | **24.1** |  |  |
| **Net financial liabilities to GSP (d)** | **29.1** | **29.4** |  |  |

Notes:

(a) The sum of borrowings, deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.

(b) Includes other employee entitlements, provisions and other liabilities less receivables and investments accounted for using the equity method.

(c) Total liabilities less financial assets (excluding investments in other sector entities).

(d) Ratios to GSP may vary from publications year-to-year due to revisions to the Australian Bureau of Statistics GSP data. The ratios as at 31 December 2023 reflect the 2023-24 GSP forecast growth rate for the full year.

## Non-financial public sector

Table 1.5 includes several key indicators to assess financial sustainability of the NFPS (comprising the general government and the PNFC sectors).

Table 1.5: Non-financial public sector net debt and net financial liabilities as at 31 December ($ million)

|  | Closing  30 Jun 2023 | Closing  31 Dec 2023 | Actual movement | % change |
| --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |
| Cash and deposits | 21 930 | 15 033 | (6 897) | (31) |
| Advances paid | 930 | 678 | (252) | (27) |
| Investment, loans and placements | 4 672 | 14 377 | 9 706 | 208 |
| **Total** | **27 532** | **30 088** | **2 556** | **9** |
| **Liabilities** |  |  |  |  |
| Deposits held and advances received | 1 638 | 1 905 | 267 | 16 |
| Borrowings | 159 411 | 175 484 | 16 073 | 10 |
| **Total** | **161 049** | **177 389** | **16 340** | **10** |
| **Net debt (a)** | **133 518** | **147 301** | **13 784** | **10** |
| Superannuation liability | 18 904 | 19 437 | 533 | 3 |
| **Net debt plus superannuation liabilities** | **152 422** | **166 738** | **14 317** | **9** |
| Other liabilities (net) (b) | 41 270 | 41 604 | 333 | 1 |
| **Net financial liabilities (c)** | **193 692** | **208 342** | **14 650** | **8** |
| (per cent) | | | | |
| **Net debt to GSP (d)** | **23.5** | **24.3** |  |  |
| **Net debt plus superannuation liability to GSP (d)** | **26.8** | **27.5** |  |  |
| **Net financial liabilities to GSP (d)** | **34.0** | **34.4** |  |  |

Notes:

(a) The sum of borrowings, deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.

(b) Includes other employee entitlements, provisions and other liabilities less receivables and investments accounted for using the equity method.

(c) Total liabilities less financial assets (excluding investments in other sector entities).

(d) Ratios to GSP may vary from publications year-to-year due to revisions to the Australian Bureau of Statistics GSP data. The ratios as at 31 December 2023 reflect the 2023-24 GSP forecast growth rate for the full year.

For the six months to 31 December 2023, the increase in NFPS net debt was primarily due to higher borrowings primarily to fund the Government’s infrastructure program. This is partially offset by an increase in financial assets reflecting an increase in short-term liquidity in the general government sector.

Chapter 2 – Mid-year financial report

# Consolidated comprehensive operating statement

For the six months ended 31 December ($ million)

|  |  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- | --- |
|  | Notes | 2023 | 2022 | 2023 | 2022 |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 2.1 | 15 373 | 14 144 | 15 632 | 14 380 |
| Interest income |  | 992 | 683 | 806 | 591 |
| Dividends, income tax equivalent and rate equivalent income | 2.2 | 1 692 | 1 567 | 344 | 233 |
| Sales of goods and services | 2.3 | 9 936 | 8 797 | 3 233 | 3 198 |
| Grants | 2.4 | 20 431 | 19 745 | 20 480 | 19 758 |
| Other revenue and income | 2.5 | 2 262 | 2 123 | 1 852 | 1 758 |
| **Total revenue and income from transactions** |  | **50 687** | **47 060** | **42 346** | **39 919** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses |  | 18 394 | 17 491 | 17 687 | 16 745 |
| Net superannuation interest expense | 3.2 | 389 | 363 | 389 | 363 |
| Other superannuation | 3.2 | 2 129 | 1 984 | 2 004 | 1 874 |
| Depreciation | 4.2 | 4 014 | 3 640 | 2 407 | 2 178 |
| Interest expense | 5.4 | 3 121 | 2 253 | 2 635 | 1 813 |
| Grant expense | 3.3 | 6 692 | 7 221 | 7 600 | 8 308 |
| Other operating expenses | 3.4 | 21 414 | 19 317 | 13 806 | 12 838 |
| **Total expenses from transactions** | 3.5, 3.6 | **56 153** | **52 269** | **46 529** | **44 119** |
| **Net result from transactions – Net operating balance** |  | **(5 466)** | **(5 209)** | **(4 182)** | **(4 200)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets |  | 11 | 83 | 33 | 50 |
| Net gain/(loss) on financial assets or liabilities at fair value |  | (2 120) | 2 465 | 120 | 9 |
| Share of net profit/(loss) from associates/joint venture entities |  | (13) | 5 | (13) | 5 |
| Other gains/(losses) from other economic flows | 9.2 | (621) | 1 962 | (299) | 96 |
| **Total other economic flows included in net result** |  | **(2 744)** | **4 514** | **(158)** | **160** |
| **Net result** |  | **(8 209)** | **(694)** | **(4 341)** | **(4 040)** |
| **Other economic flows – Other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus (a) |  | 437 | 3 641 | 339 | 3 652 |
| Remeasurement of superannuation defined benefits plans | 3.2 | (35) | 1 431 | (43) | 1 422 |
| Other movements in equity |  | (121) | (448) | 75 | (352) |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value |  | (12) | 124 | (5) | 134 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | .. | (2 305) | 3 507 |
| **Total other economic flows – Other comprehensive income (a)** |  | **268** | **4 748** | **(1 939)** | **8 362** |
| **Comprehensive result – Total change in net worth (a)** |  | **(7 941)** | **4 054** | **(6 280)** | **4 322** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** |  | **(5 466)** | **(5 209)** | **(4 182)** | **(4 200)** |
| Less: Net acquisition of non‑financial assets from transactions | 9.1 | 9 141 | 7 886 | 8 010 | 6 915 |
| **Net lending/(borrowing)** |  | **(14 606)** | **(13 095)** | **(12 193)** | **(11 115)** |

The accompanying notes form part of these financial statements.

Note:

(a) The December 2022 changes in the non-financial assets revaluation surplus balance, and the associated totals, have been restated to reflect the 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 31 December ($ million)

|  |  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- | --- |
|  | Notes | Dec  2023 | Jun  2023 | Dec  2023 | Jun  2023 |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 5.2 | 18 886 | 25 678 | 12 913 | 19 698 |
| Advances paid | 5.3 | 678 | 930 | 5 961 | 5 308 |
| Receivables and contract assets | 6.2 | 12 685 | 11 973 | 7 701 | 9 046 |
| Investments, loans and placements | 5.3 | 76 091 | 63 975 | 13 578 | 3 853 |
| Investments accounted for using the equity method |  | 1 212 | 1 193 | 1 149 | 1 180 |
| Investments in other sector entities |  | .. | .. | 94 147 | 96 042 |
| **Total financial assets** |  | **109 553** | **103 750** | **135 449** | **135 128** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 6.1 | 1 715 | 1 851 | 447 | 574 |
| Non‑financial assets held for sale |  | 308 | 139 | 278 | 110 |
| Land, buildings, infrastructure, plant and equipment | 4.1 | 418 412 | 408 948 | 257 529 | 249 480 |
| Other non‑financial assets | 4.3 | 7 470 | 7 152 | 6 467 | 5 898 |
| **Total non‑financial assets** |  | **427 904** | **418 090** | **264 722** | **256 062** |
| **Total assets** | 3.6 | **537 457** | **521 840** | **400 170** | **391 190** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received |  | 2 041 | 1 777 | 1 850 | 1 615 |
| Payables | 6.3 | 42 271 | 40 334 | 27 334 | 28 047 |
| Contract liabilities | 6.3 | 655 | 598 | 393 | 352 |
| Borrowings | 5.1 | 182 477 | 164 953 | 157 362 | 142 289 |
| Employee benefits | 3.1 | 11 220 | 10 948 | 10 517 | 10 250 |
| Superannuation | 6.4 | 19 437 | 18 904 | 19 437 | 18 904 |
| Other provisions | 6.5 | 53 100 | 50 129 | 2 774 | 2 950 |
| **Total liabilities** |  | **311 201** | **287 643** | **219 667** | **204 407** |
| **Net assets** |  | **226 255** | **234 197** | **180 504** | **186 783** |
| Accumulated surplus/(deficit) |  | 72 051 | 80 106 | 41 894 | 45 889 |
| Reserves |  | 154 204 | 154 090 | 138 609 | 140 894 |
| **Net worth** |  | **226 255** | **234 197** | **180 504** | **186 783** |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth |  | (201 649) | (183 893) | (84 218) | (69 278) |
| Net financial liabilities |  | 201 649 | 183 893 | 178 365 | 165 321 |
| Net debt |  | 88 863 | 76 146 | 126 760 | 115 044 |

The accompanying notes form part of these financial statements.

# Consolidated cash flow statement

For the six months ended 31 December ($ million)

|  |  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- | --- |
|  | Notes | 2023 | 2022 | 2023 | 2022 |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received |  | 16 750 | 14 939 | 17 009 | 15 175 |
| Grants |  | 20 377 | 19 700 | 20 425 | 19 724 |
| Sales of goods and services (a) |  | 11 911 | 10 745 | 3 258 | 3 331 |
| Interest received |  | 871 | 452 | 793 | 554 |
| Dividends, income tax equivalent and rate equivalent receipts |  | 1 711 | 1 469 | 806 | 228 |
| Other receipts |  | 1 201 | 9 613 | 1 086 | 9 334 |
| **Total receipts** |  | **52 822** | **56 918** | **43 376** | **48 346** |
| **Payments** |  |  |  |  |  |
| Payments for employees |  | (18 108) | (17 692) | (17 412) | (16 944) |
| Superannuation |  | (2 020) | (2 043) | (1 904) | (1 942) |
| Interest paid |  | (2 680) | (1 984) | (2 440) | (1 604) |
| Grants and subsidies |  | (6 878) | (7 478) | (7 850) | (8 636) |
| Goods and services (a) |  | (20 125) | (18 374) | (14 436) | (13 276) |
| Other payments |  | (584) | (451) | (585) | (439) |
| **Total payments** |  | **(50 395)** | **(48 022)** | **(44 625)** | **(42 841)** |
| **Net cash flows from operating activities** |  | **2 427** | **8 897** | **(1 249)** | **5 505** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | 3.5, 3.6 | (11 454) | (10 152) | (9 097) | (8 280) |
| Sales of non‑financial assets |  | 196 | 303 | 114 | 201 |
| **Net cash flows from investments in non‑financial assets** |  | **(11 258)** | **(9 849)** | **(8 983)** | **(8 080)** |
| Net cash flows from investments in financial assets for policy purposes |  | 55 | (392) | (1 003) | (1 073) |
| **Sub‑total** |  | **(11 203)** | **(10 241)** | **(9 986)** | **(9 153)** |
| Net cash flows from investments in financial assets for liquidity management purposes |  | (11 816) | (1 941) | (9 609) | (171) |
| **Net cash flows from investing activities** |  | **(23 019)** | **(12 182)** | **(19 594)** | **(9 324)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) |  | 125 | (36) | 142 | (116) |
| Net borrowings |  | 13 535 | 12 947 | 13 824 | 14 410 |
| Deposits received (net) |  | 139 | 116 | 93 | 8 |
| **Net cash flows from financing activities** |  | **13 800** | **13 028** | **14 059** | **14 302** |
| **Net increase/(decrease) in cash and cash equivalents** |  | **(6 792)** | **9 743** | **(6 785)** | **10 483** |
| Cash and cash equivalents at beginning of reporting period |  | 25 678 | 17 258 | 19 698 | 10 985 |
| **Cash and cash equivalents at end of the reporting period** | 5.2 | **18 886** | **27 001** | **12 913** | **21 468** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities |  | 2 427 | 8 897 | (1 249) | 5 505 |
| Net cash flows from investments in non‑financial assets |  | (11 258) | (9 849) | (8 983) | (8 080) |
| **Cash surplus/(deficit)** |  | **(8 831)** | **(953)** | **(10 232)** | **(2 574)** |

The accompanying notes form part of these financial statements.

Note:

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

# Consolidated statement of changes in equity

For the six months ended 31 December ($ million)

| State of Victoria | Accumulated surplus/(deficit) | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other  reserves | Total |
| --- | --- | --- | --- | --- | --- |
| **2023** |  |  |  |  |  |
| Balance at 1 July 2023 | 80 106 | 151 951 | .. | 2 139 | 234 196 |
| Net result for the year | (8 209) | .. | .. | .. | (8 209) |
| Other comprehensive income for the year | (220) | 437 | .. | 51 | 268 |
| Transfer to/(from) accumulated surplus | 375 | (375) | .. | .. | .. |
| **Total equity as at 31 December 2023** | **72 051** | **152 013** | **..** | **2 191** | **226 255** |
| **2022** |  |  |  |  |  |
| Balance at 1 July 2022 | 84 968 | 132 911 | .. | 1 886 | 219 765 |
| Net result for the year | (694) | .. | .. | .. | (694) |
| Other comprehensive income for the year (a) | 985 | 3 641 | .. | 122 | 4 748 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2022 (a)** | **85 259** | **136 552** | **..** | **2 008** | **223 819** |

| General government sector |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2023** |  |  |  |  |  |
| Balance at 1 July 2023 | 45 889 | 91 269 | 48 245 | 1 380 | 186 783 |
| Net result for the year | (4 341) | .. | .. | .. | (4 341) |
| Other comprehensive income for the year | (28) | 339 | (2 305) | 55 | (1 939) |
| Transfer to/(from) accumulated surplus | 375 | (375) | .. | .. | .. |
| **Total equity as at 31 December 2023** | **41 894** | **91 234** | **45 941** | **1 435** | **180 504** |
| **2022** |  |  |  |  |  |
| Balance at 1 July 2022 | 52 827 | 79 719 | 44 815 | 1 170 | 178 531 |
| Net result for the year | (4 040) | .. | .. | .. | (4 040) |
| Other comprehensive income for the year (a) | 1 076 | 3 652 | 3 507 | 127 | 8 362 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2022 (a)** | **49 863** | **83 371** | **48 322** | **1 297** | **182 853** |

The accompanying notes form part of these financial statements.

Note:

(a) The December 2022 changes in the non-financial assets revaluation surplus balance, and the associated totals, have been restated to reflect the 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 Mid-Year Financial Report presents the unaudited general purpose consolidated interim financial statements of the State of Victoria (the State) and the Victorian general government sector. The report also incorporates the quarterly financial report of the general government sector for the quarter ended 31 December 2023.

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

This interim financial report does not include all the notes normally included within the annual financial report and should be read in conjunction with the *2022-23 Financial Report*.

## Statement of compliance

These financial statements have been prepared in the manner and form determined by the Treasurer, in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB).

In particular, they are presented consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 134 *Interim Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

The financial statements have also applied reporting requirements from the *Australian System of Government Finance Statistics: Concepts, Sources and Methods (2015)* manual released by the Australian Bureau of Statistics.

The *2023-24 Mid-Year Financial Report* was authorised for issue by the Treasurer on 6 March 2024.

## **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 the cash is received or paid.

These financial statements are presented in Australian dollars and the historical cost convention is used except for:

* general government sector investments in other sector entities, which are measured at net asset value
* non-financial physical assets including service concession arrangement assets and right-of-use assets which, subsequent to recognition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure the carrying amounts do not materially differ from their fair values
* certain liabilities, most notably unfunded superannuation and insurance claim provisions, which are subject to an actuarial assessment
* financial assets classified at fair value through other comprehensive income, which are measured at fair value with movements reflected in other economic flows – other comprehensive income
* financial assets classified at fair value through profit and loss, which are measured at fair value with movements reflected in other economic flows included in net result.

## Reporting entity

The State of Victoria reporting entity includes government departments, public non-financial corporations (PNFCs), public financial corporations (PFCs) and other government-controlled entities. The State and most of its subsidiary entities are not‑for‑profit entities. The state-controlled entities are classified into various sectors according to the System of National Accounts as described below.

### General government

The Victorian 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 general government sector is not a separate reporting entity but represents a sector within the State of Victoria reporting entity and is reported in accordance with AASB 1049. The primary function of entities within 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. Unless otherwise noted, accounting policies applied by the State of Victoria apply equally to the general government sector.

### Public non-financial corporations

The primary function of entities in the PNFC sector is to provide goods and services in a competitive market that is non-regulatory and non-financial in nature. Such entities are financed mainly through sales to consumers of these goods and services.

### Public financial corporations

The PFC sector comprises entities engaged primarily in providing financial intermediary services or auxiliary financial services and which have one or more of the following characteristics:

* They perform a central borrowing function
* They provide insurance services
* They accept call, term or savings deposits
* They have the ability to incur liabilities and acquire financial assets in the market on their own account.

### Non-financial public sector

The non-financial public sector (NFPS) consolidates the general government and PNFC sectors.

Note 9.1 disaggregates information about these sectors.

Disclosing this information assists users of the financial statements to determine the effects of differing activities on the financial performance and position of the State. It also assists users to identify the resources used to produce a range of goods and services, and the extent to which the State has recovered the costs of these resources from revenues attributable to those activities.

## Basis of consolidation

The consolidated financial statements of the State incorporate the assets and liabilities of all reporting entities it controlled as at 31 December 2023 and the revenue and expenses of controlled entities for the part of the reporting period in which control existed.

The consolidated financial statements of the Victorian general government sector incorporate the assets and liabilities, and revenue and expenses of entities classified as general government. Entities in the PNFC and PFC sectors are not consolidated into the financial statements of the general government sector, but are accounted for as equity investments measured at the Government’s proportional share of the carrying amount of net assets of the PNFC sector and PFC sector entities before consolidation eliminations. Where the carrying amount of the entity’s net assets before consolidation eliminations of an entity within the sector is less than zero, the amount is not included in the general government sector, but the net liabilities will be consolidated at the state level. Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value.

Entities which are not controlled by the State, including local government authorities, universities and denominational hospitals, are not consolidated into the State’s financial statements.

Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In preparing the consolidated financial statements for reporting the State and Victorian general government sector, all material transactions and balances between consolidated government‑controlled entities are eliminated.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the revenue and expenses of the relevant sectors of government.

Details of significant changes to entities consolidated by the State are shown in Note 9.3.

## Prospective accounting and reporting changes

Certain new and revised accounting standards have been issued but are not effective for the 2023-24 reporting period. These accounting standards have not been applied to the Mid-Year Financial Report.

The State is reviewing its existing policies and assessing the potential implications of:

* AASB 2022‑10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non‑Financial Assets of Not‑for‑Profit Public Sector Entities*:
  + AASB 2022‑10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurement of non‑financial assets of not‑for‑profit public sector entities not held primarily for their ability to generate net cash inflows.
  + Among other things, this Standard:
    - specifies when entities need to consider if an asset’s highest and best use differs from its current use. It also clarifies when an asset’s use is considered financially feasible
    - specifies when an entity shall use its own assumptions and data to develop unobservable inputs. It also clarifies when these assumptions and judgements shall be adjusted
    - provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in the reference asset and identification of economic obsolescence.
  + This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.
* AASB 17 *Insurance Contracts*, AASB 2022‑8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* and AASB 2022‑9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*:
  + AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for not‑for‑profit public sector entities for annual reporting periods beginning on or after 1 July 2026.
  + AASB 2022‑9 amends AASB 17 to make public sector‑related modifications (for example, it specifies the pre‑requisites, indicators, and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.
  + AASB 2022‑8 makes consequential amendments to other AASs so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026.

Several other amending standards have been issued that apply to future reporting periods, but are considered to have limited impact on public sector reporting.

## Rounding

All amounts in the financial report have been rounded to the nearest $1 million unless otherwise stated. Figures in this financial report may not add due to rounding.

# How funds are raised

## Introduction

This section presents the sources and amounts of revenue and income raised by the State.

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

**Structure**

[2.1 Taxation 20](#_Toc154061607)

[2.2 Dividends, income tax equivalent and rate equivalent income 21](#_Toc154061608)

[2.3 Sales of goods and services 21](#_Toc154061609)

[2.4 Grants 22](#_Toc154061610)

[2.5 Other revenue and income 22](#_Toc154061611)

## Taxation

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| **TAXES ON EMPLOYERS’ PAYROLL AND LABOUR FORCE** |  |  |  |  |
| Payroll Tax | 4 426 | 3 463 | 4 481 | 3 516 |
| COVID Debt Levy – Payroll $10m+ | 429 | .. | 433 | .. |
| Mental Health and Wellbeing Levy | 464 | 446 | 474 | 446 |
| **Total taxes on employers’ payroll and labour force** | **5 319** | **3 909** | **5 388** | **3 962** |
| **TAXES ON IMMOVABLE PROPERTY** |  |  |  |  |
| Land tax | 263 | 276 | 285 | 296 |
| Fire Services Property Levy | 833 | 776 | 833 | 776 |
| Congestion levy (a) | (2) | (5) | (2) | (5) |
| Metropolitan improvement levy | 122 | 198 | 122 | 198 |
| Windfall gains tax | 10 | .. | 10 | .. |
| **Total taxes on property** | **1 227** | **1 245** | **1 249** | **1 266** |
| **TAXES ON THE PROVISION OF GOODS AND SERVICES** |  |  |  |  |
| **Gambling taxes (b)** |  |  |  |  |
| Public lotteries | 326 | 346 | 326 | 346 |
| Electronic gaming machines | 692 | 714 | 692 | 714 |
| Casino | 86 | 93 | 86 | 93 |
| Racing and other sports betting | 139 | 149 | 139 | 149 |
| Other | 9 | 8 | 9 | 8 |
| **Financial and capital transactions** |  |  |  |  |
| Land transfer duty | 4 251 | 4 672 | 4 251 | 4 672 |
| Metropolitan planning levy | 11 | 13 | 11 | 13 |
| Financial accommodation levy | .. | .. | 84 | 78 |
| Growth areas infrastructure contribution | 125 | 150 | 125 | 150 |
| **Levies on statutory corporations** | **..** | **..** | **83** | **83** |
| **Taxes on insurance** | **1 089** | **987** | **1 089** | **987** |
| **Total taxes on the provision of goods and services** | **6 728** | **7 132** | **6 895** | **7 293** |
| **TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES** |  |  |  |  |
| **Motor vehicle taxes** |  |  |  |  |
| Vehicle registration fees | 1 040 | 955 | 1 042 | 957 |
| Duty on vehicle registrations and transfers | 704 | 598 | 704 | 598 |
| **Liquor licence fees** | **..** | **15** | **..** | **15** |
| **Other** | **354** | **290** | **354** | **290** |
| **Total taxes on the use of goods and performance of activities** | **2 098** | **1 858** | **2 099** | **1 860** |
| **Total taxation** | **15 373** | **14 144** | **15 632** | **14 380** |

Notes:

(a) The negative congestion levy amount represents administrative adjustments made by the State Revenue Office over the first two quarters of the financial year.

(b) The Public lotteries, electronic gaming machines, casino, racing and other sports betting and other taxes include gambling licence revenue in the six months to   
31 December 2023 of $95 million (31 December 2022: $87 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)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Dividends from PNFC sector | .. | .. | 85 | 52 |
| Dividends from non‑public sector | 1 692 | 1 567 | 114 | 35 |
| **Dividends** | **1 692** | **1 567** | **200** | **87** |
| Income tax equivalent income from PFC sector | .. | .. | 22 | 6 |
| Income tax equivalent income from PNFC sector | .. | .. | 123 | 140 |
| **Income tax equivalent income** | **..** | **..** | **144** | **146** |
| **Total dividends, income tax equivalent and rate equivalent income** | **1 692** | **1 567** | **344** | **233** |

Dividends by entity ($ million)

|  | General  government sector | |
| --- | --- | --- |
|  | 2023 | 2022 |
| **Public non‑financial corporations** |  |  |
| Melbourne Water Corporation | 11 | 10 |
| South East Water Corporation | 22 | 15 |
| Yarra Valley Water Corporation | 25 | 23 |
| Development Victoria | 27 | 4 |
| **Dividends from PNFC sector** | **85** | **52** |

## Sales of goods and services

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |  |  |
| Sale of goods | 334 | 244 | 45 | 49 |
| Provision of services | 8 580 | 7 716 | 2 505 | 2 613 |
| **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |  |  |
| Motor vehicle regulatory fees | 164 | 126 | 164 | 126 |
| Other regulatory fees | 461 | 384 | 445 | 372 |
| Refunds and reimbursements | 200 | 166 | 1 | 1 |
| **Amounts recognised as lease income (AASB 16)** |  |  |  |  |
| Rental | 197 | 161 | 72 | 37 |
| **Total sales of goods and services** | **9 936** | **8 797** | **3 233** | **3 198** |

## Grants (a)

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| General purpose grants | 10 820 | 10 159 | 10 820 | 10 159 |
| Specific purpose grants for on‑passing | 2 532 | 2 384 | 2 532 | 2 384 |
| Specific purpose grants | 7 009 | 7 199 | 6 996 | 7 184 |
| **Total** | **20 361** | **19 742** | **20 348** | **19 726** |
| Other contributions and grants | 70 | 3 | 132 | 32 |
| **Total grants** | **20 431** | **19 745** | **20 480** | **19 758** |

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)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |  |  |
| Royalties | 75 | 79 | 67 | 71 |
| Other revenue – Health | 144 | 133 | 144 | 133 |
| Other miscellaneous revenue | 548 | 472 | 452 | 374 |
| **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |  |  |
| Fair value of assets received free of charge or for nominal consideration | 424 | 386 | 214 | 196 |
| Fines | 375 | 456 | 372 | 455 |
| Donations and gifts (a) | 218 | 156 | 157 | 116 |
| Other income – Education | 173 | 170 | 173 | 170 |
| **Amounts recognised as lease income (AASB 16)** |  |  |  |  |
| Other non‑property rental | 47 | 43 | 15 | 16 |
| **Revenue items accounted for under AASB 1059** |  |  |  |  |
| Revenue related to economic service concession arrangements | 258 | 228 | 258 | 228 |
| **Total other revenue and income** | **2 262** | **2 123** | **1 852** | **1 758** |

Note:

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

# How funds are spent

## Introduction

This section accounts for the major components of expenditure incurred by the State towards the delivery of services and on capital or infrastructure projects during the year, as well as any related obligations outstanding as at 31 December 2023.

## Structure

[3.1 Employee expenses and provision for   
outstanding employee benefits 23](#_Toc154062105)

[3.2 Superannuation (Operating statement) 24](#_Toc154062106)

[3.3 Grant expense 24](#_Toc154062107)

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[3.5 Total operating expenses and purchases of non‑financial assets – By department 26](#_Toc154062109)

[3.6 Total operating expenses, purchases of non‑financial assets and total assets – By classification of the functions of   
government 27](#_Toc154062110)

## 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, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to reflect the estimated timing and amount of benefit payment. The table below shows the key components of this provision at 31 December and 30 June 2023.

Total provision for employee benefits and on-costs at 31 December ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec  2023 | Jun  2023 | Dec  2023 | Jun  2023 |
| **Current** |  |  |  |  |
| Accrued salaries and wages | 711 | 611 | 679 | 579 |
| Other employee benefits | 153 | 171 | 125 | 143 |
| Annual leave | 2 972 | 2 960 | 2 739 | 2 723 |
| Long service leave | 6 046 | 5 940 | 5 744 | 5 634 |
| **Total current employee benefits and on‑costs** | **9 883** | **9 683** | **9 288** | **9 079** |
| **Non‑current** |  |  |  |  |
| Accrued salaries and wages | 11 | 11 | .. | .. |
| Long service leave | 1 327 | 1 254 | 1 229 | 1 171 |
| **Total non‑current employee benefits and on‑costs** | **1 338** | **1 265** | **1 229** | **1 171** |
| **Total employee benefits and on‑costs** | **11 220** | **10 948** | **10 517** | **10 250** |

## Superannuation (Operating statement)

($ million)

|  | State of Victoria | |
| --- | --- | --- |
|  | 2023 | 2022 |
| **Defined benefit plans** |  |  |
| Net superannuation interest expense | 389 | 363 |
| Current service cost | 484 | 507 |
| Remeasurements: |  |  |
| Expected return on superannuation assets excluding interest income | (363) | (422) |
| Other actuarial (gain)/loss on superannuation assets | (36) | (139) |
| Actuarial and other adjustments to unfunded superannuation liability | 434 | (870) |
| **Total expense recognised in respect of defined benefit plans** | **908** | **(561)** |
| **Defined contribution plans** |  |  |
| Employer contributions to defined contribution plans | 1 605 | 1 437 |
| Other (including pensions) | 40 | 41 |
| **Total expense recognised in respect of defined contribution plans** | **1 644** | **1 478** |
| **Total superannuation (gain)/expense recognised in operating statement** | **2 553** | **916** |
| **Represented by:** |  |  |
| Net superannuation interest expense | 389 | 363 |
| Other superannuation | 2 129 | 1 984 |
| **Superannuation expense from transactions** | **2 518** | **2 347** |
| **Remeasurement recognised in other comprehensive income** | **35** | **(1 431)** |
| **Total superannuation costs recognised in operating statement** | **2 553** | **916** |

## Grant expense

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| **Current grant expense** |  |  |  |  |
| Commonwealth Government | 1 495 | 1 459 | 1 495 | 1 458 |
| Local government (including grants for on‑passing) | 155 | 423 | 153 | 422 |
| Private sector and not‑for‑profit on‑passing | 2 555 | 2 299 | 2 555 | 2 299 |
| Other private sector and not‑for‑profit | 2 048 | 2 544 | 2 025 | 2 516 |
| Grants within the Victorian Government | .. | .. | 1 095 | 1 342 |
| Grants to other state governments | 28 | 33 | 28 | 33 |
| **Total current grant expense** | **6 282** | **6 758** | **7 351** | **8 070** |
| **Capital grant expense** |  |  |  |  |
| Local government (including grants for on‑passing) | 55 | 49 | 55 | 49 |
| Private sector and not‑for‑profit on‑passing | 333 | 388 | 180 | 150 |
| Other private sector and not‑for‑profit | .. | 5 | .. | 5 |
| Grants within the Victorian Government | .. | .. | 12 | 32 |
| Other grants | 22 | 21 | .. | 1 |
| **Total capital grant expense** | **410** | **463** | **249** | **238** |
| **Total grant expense** | **6 692** | **7 221** | **7 600** | **8 308** |

## Other operating expenses

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Purchase of supplies and consumables (a) | 2 770 | 2 739 | 2 375 | 2 389 |
| Cost of goods sold | 179 | 79 | 23 | 14 |
| Finance expenses and fees | 328 | 293 | 26 | 22 |
| Purchase of services (a) | 10 766 | 10 139 | 9 476 | 8 999 |
| Insurance claims expense | 5 229 | 4 389 | 231 | 190 |
| Maintenance | 1 053 | 970 | 585 | 521 |
| Short‑term and low‑value lease expense | 83 | 59 | 85 | 62 |
| Other | 1 006 | 649 | 1 005 | 641 |
| **Total other operating expenses** | **21 414** | **19 317** | **13 806** | **12 838** |

Note:

(a) A breakdown of purchase of supplies and consumables and purchase of services is provided in the following two tables.

Purchase of supplies and consumables ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Medicinal pharmacy and medical supplies | 1 110 | 1 070 | 1 110 | 1 070 |
| Office supplies and consumables | 103 | 111 | 97 | 105 |
| Specialised operational supplies and consumables | 150 | 145 | 128 | 120 |
| Other purchase of supplies and consumables | 1 407 | 1 413 | 1 041 | 1 094 |
| **Total purchase of supplies and consumables** | **2 770** | **2 739** | **2 375** | **2 389** |

Purchase of services ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Service contracts | 5 828 | 5 527 | 5 589 | 5 214 |
| Accommodation/occupancy | 673 | 651 | 565 | 566 |
| Medical and client care services | 272 | 243 | 272 | 243 |
| Staff related expenses (non‑labour related) | 177 | 159 | 158 | 143 |
| Other purchase of services | 3 815 | 3 558 | 2 891 | 2 833 |
| **Total purchase of services** | **10 766** | **10 139** | **9 476** | **8 999** |

## Total operating expenses and purchases of non‑financial assets – By department

The following table discloses the funds spent by each portfolio department, including operating expenditure and capital expenditure, as part of the department’s normal activities.

Total operating expenses and purchases of non-financial assets – By department ($ million)

|  | Expenses from  transactions | | Purchases of  non‑financial assets | |
| --- | --- | --- | --- | --- |
| State of Victoria (a) | Dec  2023 | Dec  2022 | Dec  2023 | Dec  2022 |
| Education | 10 442 | 10 414 | 1 339 | 1 211 |
| Energy, Environment and Climate Action | 5 195 | 5 281 | 1 429 | 1 188 |
| Families, Fairness and Housing | 5 054 | 4 871 | 422 | 538 |
| Government Services | 753 | .. | 52 | .. |
| Health | 15 010 | 14 651 | 825 | 783 |
| Jobs, Skills, Industry and Regions | 2 015 | 2 256 | 210 | 182 |
| Justice and Community Safety | 5 278 | 8 494 | 233 | 378 |
| Premier and Cabinet | 234 | 602 | 8 | 13 |
| Transport and Planning | 6 142 | 6 957 | 6 717 | 5 678 |
| Treasury and Finance | 15 069 | 7 455 | 32 | 13 |
| Parliament | 176 | 168 | 12 | 18 |
| Courts | 425 | 403 | 81 | 122 |
| Regulatory bodies and other part budget funded agencies (b) | 1 921 | 1 673 | 96 | 56 |
| **Total** | **67 714** | **63 225** | **11 455** | **10 179** |
| *Less eliminations and adjustments (c)* | *(11 561)* | *(10 957)* | *(2)* | *(27)* |
| **Grand total** | **56 153** | **52 269** | **11 454** | **10 152** |

| General government sector (a) |  |  |  |  |
| --- | --- | --- | --- | --- |
| Education | 10 442 | 10 414 | 1 339 | 1 211 |
| Energy, Environment and Climate Action | 1 711 | 2 126 | 117 | 147 |
| Families, Fairness and Housing | 4 068 | 3 808 | 14 | 24 |
| Government Services | 753 | .. | 52 | .. |
| Health | 14 925 | 14 571 | 808 | 770 |
| Jobs, Skills, Industry and Regions | 1 637 | 1 722 | 121 | 91 |
| Justice and Community Safety | 5 136 | 5 109 | 230 | 363 |
| Premier and Cabinet | 234 | 595 | 8 | 13 |
| Transport and Planning | 4 582 | 3 895 | 6 220 | 5 451 |
| Treasury and Finance | 6 279 | 5 209 | 9 | 10 |
| Parliament | 176 | 168 | 12 | 18 |
| Courts | 425 | 403 | 81 | 122 |
| Regulatory bodies and other part budget funded agencies (b) | 1 921 | 1 673 | 96 | 56 |
| **Total** | **52 288** | **49 694** | **9 106** | **8 275** |
| *Less eliminations and adjustments (c)* | *(5 760)* | *(5 575)* | *(9)* | *6* |
| **Grand total** | **46 529** | **44 119** | **9 097** | **8 280** |

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 (including the COVID Debt Levy – Payroll $10m+), the mental health and wellbeing levy and inter-departmental transfers.

## Total operating expenses, purchases of non‑financial assets and total assets – By classification of the functions of government

The following table presents operating and capital expenditure and total assets held by classification of the functions of government (COFOG).

Total operating expenses, purchases of non-financial assets and total assets – By COFOG ($ million)

|  | Expenses from transactions | | Purchases of non‑financial assets | | Total assets | |
| --- | --- | --- | --- | --- | --- | --- |
| State of Victoria | Dec  2023 | Dec  2022 | Dec  2023 | Dec  2022 | Dec  2023 | Jun  2023 |
| General public services | 10 706 | 8 770 | 100 | 46 | 7 355 | 7 016 |
| Public order and safety | 5 401 | 5 173 | 384 | 523 | 15 867 | 15 723 |
| Economic affairs | 1 480 | 1 692 | 54 | 134 | 1 678 | 1 601 |
| Environmental protection | 509 | 492 | 84 | 83 | 16 720 | 16 652 |
| Housing and community amenities | 2 860 | 2 763 | 1 252 | 1 115 | 63 362 | 62 694 |
| Health | 14 411 | 14 181 | 827 | 778 | 24 710 | 24 162 |
| Recreation, culture and religion | 1 444 | 1 122 | 224 | 168 | 16 619 | 16 517 |
| Education | 10 758 | 9 956 | 1 333 | 1 164 | 44 780 | 43 672 |
| Social protection | 4 580 | 4 392 | 461 | 579 | 37 961 | 37 820 |
| Transport | 5 176 | 4 728 | 6 737 | 5 602 | 205 377 | 198 072 |
| Not allocated by purpose (a)(b) | (1 173) | (1 001) | (2) | (41) | 103 029 | 97 910 |
| **Total** | **56 153** | **52 269** | **11 454** | **10 152** | **537 457** | **521 840** |

| General government sector |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| General public services | 3 975 | 3 169 | 76 | 17 | 3 278 | 3 212 |
| Public order and safety | 5 555 | 5 578 | 384 | 523 | 15 867 | 15 723 |
| Economic affairs | 1 445 | 1 680 | 53 | 156 | 1 666 | 1 579 |
| Environmental protection | 544 | 528 | 84 | 83 | 16 720 | 16 652 |
| Housing and community amenities | 742 | 977 | 13 | 11 | 3 700 | 3 698 |
| Health | 14 690 | 14 276 | 827 | 778 | 24 710 | 24 162 |
| Recreation, culture and religion | 873 | 594 | 77 | 26 | 8 685 | 8 662 |
| Education | 10 827 | 10 008 | 1 333 | 1 164 | 44 780 | 43 672 |
| Social protection | 3 984 | 3 761 | 53 | 65 | 2 513 | 2 492 |
| Transport | 4 123 | 3 799 | 6 206 | 5 465 | 143 396 | 136 729 |
| Not allocated by purpose (a)(b) | (229) | (249) | (9) | (8) | 134 856 | 134 609 |
| **Total** | **46 529** | **44 119** | **9 097** | **8 280** | **400 170** | **391 190** |

Notes:

(a) Not allocated by purpose for expenses and purchases of non-financial assets represents eliminations and adjustments.

(b) Not allocated by purpose for total assets represents eliminations and adjustments, and financial assets, which are not able to be allocated by purpose.

# Major assets and investments

## Introduction

This section outlines the assets that the State controls, reflecting investing activities in the current and prior years.

## Structure

[4.1 Total land, buildings, infrastructure, plant   
and equipment 28](#_Toc158110464)

[4.2 Depreciation 30](#_Toc158110465)

[4.3 Other non-financial assets 30](#_Toc158110466)

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

($ million)

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
| Dec 2023 | Gross carrying amount | Accumulated depreciation | Carrying amount | Gross carrying amount | Accumulated depreciation | Carrying amount |
| Buildings | 92 499 | (6 691) | 85 808 | 64 682 | (5 223) | 59 459 |
| Land and national parks | 140 316 | .. | 140 316 | 95 283 | .. | 95 283 |
| Infrastructure systems | 115 332 | (5 389) | 109 943 | 31 280 | (653) | 30 627 |
| Plant, equipment and vehicles | 20 054 | (7 741) | 12 313 | 11 743 | (6 059) | 5 684 |
| Roads and road infrastructure | 51 556 | (562) | 50 994 | 48 097 | (555) | 47 542 |
| Earthworks | 12 170 | .. | 12 170 | 12 170 | .. | 12 170 |
| Cultural assets | 6 985 | (117) | 6 868 | 6 881 | (117) | 6 763 |
| **Total land, buildings, infrastructure, plant and equipment** | **438 913** | **(20 501)** | **418 412** | **270 136** | **(12 607)** | **257 529** |

| Jun 2023 |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Buildings | 90 192 | (5 453) | 84 739 | 61 904 | (3 870) | 58 034 |
| Land and national parks | 140 518 | .. | 140 518 | 95 317 | .. | 95 317 |
| Infrastructure systems | 108 930 | (5 007) | 103 922 | 26 251 | (631) | 25 620 |
| Plant, equipment and vehicles | 20 723 | (7 658) | 13 065 | 12 131 | (5 835) | 6 296 |
| Roads and road infrastructure | 47 689 | (9) | 47 680 | 45 294 | .. | 45 294 |
| Earthworks | 12 170 | .. | 12 170 | 12 170 | .. | 12 170 |
| Cultural assets | 6 964 | (110) | 6 853 | 6 859 | (110) | 6 749 |
| **Total land, buildings, infrastructure, plant and equipment** | **427 186** | **(18 238)** | **408 948** | **259 927** | **(10 447)** | **249 480** |

The following 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)

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
| Dec 2023 | Gross carrying amount | Accumulated depreciation | Carrying amount | Gross carrying amount | Accumulated depreciation | Carrying amount |
| Buildings | 11 497 | (2 457) | 9 040 | 10 882 | (2 176) | 8 706 |
| Infrastructure systems | 25 | (9) | 15 | 4 | (4) | .. |
| Plant, equipment and vehicles | 1 165 | (652) | 513 | 915 | (553) | 363 |
| **Total right‑of‑use assets: buildings, infrastructure,  plant and equipment** | **12 687** | **(3 119)** | **9 568** | **11 801** | **(2 733)** | **9 068** |

| Jun 2023 |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Buildings | 11 268 | (2 106) | 9 162 | 10 653 | (1 846) | 8 807 |
| Infrastructure systems | 21 | (8) | 13 | 3 | (3) | .. |
| Plant, equipment and vehicles | 1 199 | (661) | 537 | 944 | (564) | 380 |
| **Total right‑of‑use assets: buildings, infrastructure,  plant and equipment** | **12 487** | **(2 775)** | **9 712** | **11 600** | **(2 413)** | **9 187** |

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

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
| Dec 2023 | Gross carrying amount | Accumulated depreciation | Carrying amount | Gross carrying amount | Accumulated depreciation | Carrying amount |
| Buildings | 2 529 | (135) | 2 394 | 2 150 | (135) | 2 015 |
| Land and national parks | 3 353 | .. | 3 353 | 3 353 | .. | 3 353 |
| Infrastructure systems | 15 634 | (148) | 15 486 | 9 465 | .. | 9 465 |
| Plant, equipment and vehicles | 685 | (90) | 595 | 685 | (90) | 595 |
| Roads and road infrastructure | 20 604 | (116) | 20 488 | 17 290 | (116) | 17 174 |
| Earthworks | 1 056 | .. | 1 056 | 1 056 | .. | 1 056 |
| **Total service concession assets: land, buildings, infrastructure, plant and equipment** | **43 861** | **(489)** | **43 372** | **33 999** | **(341)** | **33 658** |

| Jun 2023 |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Buildings | 2 462 | (96) | 2 366 | 2 147 | (96) | 2 050 |
| Land and national parks | 3 353 | .. | 3 353 | 3 353 | .. | 3 353 |
| Infrastructure systems | 14 754 | (55) | 14 700 | 8 586 | .. | 8 586 |
| Plant, equipment and vehicles | 1 592 | (76) | 1 516 | 1 592 | (76) | 1 516 |
| Roads and road infrastructure | 18 596 | .. | 18 596 | 16 349 | .. | 16 349 |
| Earthworks | 1 056 | .. | 1 056 | 1 056 | .. | 1 056 |
| **Total service concession assets: land, buildings, infrastructure, plant and equipment** | **41 813** | **(226)** | **41 587** | **33 083** | **(172)** | **32 911** |

## Depreciation

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Buildings | 1 766 | 1 493 | 1 316 | 1 161 |
| Infrastructure systems | 868 | 862 | 21 | 19 |
| Plant, equipment and vehicles | 662 | 624 | 407 | 394 |
| Roads and road infrastructure | 556 | 471 | 555 | 469 |
| Cultural assets | 7 | 7 | 7 | 7 |
| Intangible produced assets | 155 | 181 | 102 | 127 |
| **Total depreciation** | **4 014** | **3 640** | **2 407** | **2 178** |

The following two tables are subsets of total depreciation expense.

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

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Buildings | 347 | 357 | 318 | 322 |
| Infrastructure systems | 2 | 1 | .. | .. |
| Plant, equipment and vehicles | 73 | 76 | 54 | 59 |
| **Total depreciation of right‑of‑use assets** | **421** | **434** | **372** | **382** |

Depreciation of service concession assets ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Buildings | 36 | 33 | 36 | 33 |
| Infrastructure systems | 49 | 43 | .. | .. |
| Plant, equipment and vehicles | 14 | 13 | 14 | 13 |
| Roads and road infrastructure | 116 | 103 | 116 | 103 |
| Intangible produced assets | 2 | .. | 2 | .. |
| **Total depreciation of service concession assets** | **217** | **191** | **168** | **148** |

## Other non-financial assets

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec  2023 | Jun  2023 | Dec  2023 | Jun  2023 |
| Intangible produced assets | 4 241 | 4 330 | 3 061 | 2 921 |
| Accumulated depreciation | (2 625) | (2 614) | (1 726) | (1 628) |
| Service concession assets – intangible produced | 3 370 | 3 370 | 3 370 | 3 370 |
| Accumulated depreciation | (6) | (4) | (6) | (4) |
| Intangible non‑produced assets | 1 012 | 994 | 79 | 79 |
| Accumulated amortisation | (424) | (414) | (62) | (59) |
| **Total intangibles** | **5 568** | **5 663** | **4 716** | **4 680** |
| Investment properties | 323 | 317 | 311 | 305 |
| Biological assets | 18 | 19 | 4 | 4 |
| Other assets | 1 560 | 1 153 | 1 436 | 909 |
| **Total other non‑financial assets** | **7 470** | **7 152** | **6 467** | **5 898** |

# Financing state operations

## Introduction

State operations are financed through a variety of means including a combination of surplus cash flows from operating activities, asset sales, advances and borrowings.

This section presents the financing of state and general government sector operations, including material commitments recorded by the State.

## Structure

[5.1 Borrowings 31](#_Toc154061889)

[5.2 Cash flow information and balances 32](#_Toc154061890)

[5.3 Advances paid and investments, loans and placements 33](#_Toc154061891)

[5.4 Interest expense 33](#_Toc154061892)

[5.5 Commitments 34](#_Toc154061893)

## Borrowings

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec  2023 | Jun  2023 | Dec  2023 | Jun  2023 |
| **Current borrowings** |  |  |  |  |
| Domestic borrowings | 23 009 | 22 867 | 19 336 | 18 473 |
| Foreign currency borrowings | 143 | 262 | .. | .. |
| Lease liabilities | 752 | 800 | 671 | 744 |
| Service concession arrangement liabilities | 1 781 | 2 627 | 587 | 2 413 |
| Derivative financial instruments | 517 | 652 | 1 | .. |
| **Total current borrowings** | **26 202** | **27 208** | **20 595** | **21 630** |
| **Non‑current borrowings** |  |  |  |  |
| Domestic borrowings | 142 234 | 123 221 | 124 823 | 109 117 |
| Foreign currency borrowings | 411 | 415 | .. | .. |
| Lease liabilities | 7 503 | 7 715 | 6 994 | 7 184 |
| Service concession arrangement liabilities | 5 317 | 5 595 | 4 710 | 4 144 |
| Derivative financial instruments | 809 | 799 | 241 | 214 |
| **Total non‑current borrowings** | **156 274** | **137 745** | **136 768** | **120 659** |
| **Total borrowings** | **182 477** | **164 953** | **157 362** | **142 289** |

## Cash flow information and balances

Reconciliation of cash and cash equivalents ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec  2023 | Dec  2022 | Dec  2023 | Dec  2022 |
| Cash | 4 273 | 4 913 | 3 970 | 4 855 |
| Deposits at call (a) | 14 614 | 22 088 | 8 943 | 16 613 |
| **Cash and cash equivalents** | **18 886** | **27 001** | **12 913** | **21 468** |
| Bank overdraft | .. | .. | .. | .. |
| **Balances as per cash flow statement** | **18 886** | **27 001** | **12 913** | **21 468** |

Note:

(a) The decrease in Deposits at call is primarily due to amounts allocated to the Victorian Future Fund being transferred to the Victorian Funds Management Corporation for investment following proclamation of the Victorian Future Fund Act 2023.

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

|  | State of Victoria | | General government sector | |
| --- | --- | --- | --- | --- |
|  | Dec  2023 | Dec  2022 | Dec  2023 | Dec  2022 |
| **Net result** | **(8 209)** | **(694)** | **(4 341)** | **(4 040)** |
| **Non‑cash movements** |  |  |  |  |
| Revenue related to economic service concession arrangements | (258) | (228) | (258) | (228) |
| Depreciation and amortisation | 4 029 | 3 659 | 2 410 | 2 180 |
| Revaluation of investments | (539) | 195 | (125) | 12 |
| Assets (received)/provided free of charge | (401) | (365) | (213) | (195) |
| Assets not previously/no longer recognised | .. | 15 | .. | 15 |
| Revaluation of assets | 145 | 136 | 138 | 125 |
| Discount/premium on other financial assets/borrowings | 3 | (158) | (2) | 1 |
| Foreign currency dealings | 2 | 1 | 1 | 1 |
| Unrealised (gains)/losses on borrowings | 2 778 | (2 239) | 6 | (10) |
| **Movements included in investing and financing activities** |  |  |  |  |
| Net gain/loss from sale of investments | 247 | (121) | 9 | (15) |
| Net gain/loss from sale of non‑financial assets | (11) | (83) | (34) | (51) |
| Realised gains/losses on borrowings | (333) | (284) | .. | 3 |
| **Movements in assets and liabilities** |  |  |  |  |
| Increase/(decrease) in allowance for impairment losses | (24) | (264) | (85) | (301) |
| Increase/(decrease) in payables and contract liabilities | 2 208 | 9 071 | (399) | 7 514 |
| Increase/(decrease) in employee benefits | 273 | (282) | 266 | (277) |
| Increase/(decrease) in superannuation | 498 | 304 | 489 | 295 |
| Increase/(decrease) in other provisions | 2 973 | 158 | (175) | (103) |
| (Increase)/decrease in receivables and contract assets | (531) | 157 | 1 449 | 776 |
| (Increase)/decrease in other non‑financial assets | (420) | (79) | (388) | (197) |
| **Net cash flows from operating activities** | **2 427** | **8 897** | **(1 249)** | **5 505** |

## Advances paid and investments, loans and placements

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec  2023 | Jun  2023 | Dec  2023 | Jun  2023 |
| **Current advances paid and investments, loans and placements** |  |  |  |  |
| Loans and advances paid | 448 | 693 | 709 | 946 |
| Equities and managed investment schemes | 1 211 | 3 641 | 769 | 641 |
| Australian dollar term deposits | 252 | 1 830 | 239 | 198 |
| Debt securities | 10 944 | 9 945 | 4 | 3 |
| Derivative financial instruments | 350 | 227 | 124 | 128 |
| **Total current advances paid and investments, loans and placements** | **13 205** | **16 336** | **1 845** | **1 915** |
| **Non‑current advances paid and investments, loans and placements** |  |  |  |  |
| Loans and advances paid | 230 | 237 | 5 252 | 4 362 |
| Equities and managed investment schemes | 57 146 | 42 253 | 12 415 | 2 853 |
| Australian dollar term deposits | 2 | 2 | 4 | 4 |
| Debt securities | 5 748 | 5 840 | 20 | 22 |
| Derivative financial instruments | 438 | 237 | 1 | 5 |
| **Total non‑current advances paid and investments, loans and placements** | **63 564** | **48 569** | **17 693** | **7 246** |
| **Total advances paid and investments, loans and placements** | **76 769** | **64 905** | **19 538** | **9 161** |
| **Represented by:** |  |  |  |  |
| Advances paid | 678 | 930 | 5 961 | 5 308 |
| Investments, loans and placements | 76 091 | 63 975 | 13 578 | 3 853 |

## Interest expense

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Interest on interest‑bearing liabilities | 2 545 | 1 821 | 2 236 | 1 393 |
| Interest on lease liabilities | 198 | 207 | 190 | 199 |
| Interest on service concessions | 203 | 210 | 199 | 206 |
| Discount interest on payables | 175 | 14 | 11 | 14 |
| **Total interest expense** | **3 121** | **2 253** | **2 635** | **1 813** |

## Commitments

Commitments include those operating, capital and other commitments contracted at balance date but not recognised as liabilities that arise from non‑cancellable, contractual or statutory sources and embody obligations to sacrifice future economic benefits.

Reference to the *2022-23 Financial Report* for the State of Victoria (Notes 5.3 and 5.8) should be made for details of commitments as at 30 June 2023.

As at 31 December 2023, the following additional material commitments were recorded for the State of Victoria. Unless otherwise stated, contract amounts are GST inclusive and presented as nominal values:

* The State entered into contracts worth $44 million with various parties approved by the Breakthrough Victoria board. The parties involved in these arrangements are commercially sensitive and therefore have not been disclosed at this time.
* Contracts worth $144 million were entered into with successful respondents from funding rounds progressed by the Social Housing Growth Fund. The funding rounds supported new social housing dwellings delivered by community housing agencies across Victoria, including dwellings for Aboriginal Victorians.
* In July 2023 the State entered into a contract with Insight Enterprises Pty Ltd for Microsoft licencing and licencing services. The contract value is $53 million, and the contract runs until December 2025.
* In July 2023, the State entered into a contract with AEGIS Correctional Partnership as part of the Prison Infill Expansion Program to further increase prisoner capacity at the Hopkins Correctional Centre. The total contract cost is $82 million and the works are estimated to be completed in 2025.
* In July 2023, a variation of $17 million was signed with Gateway Alliance for Melbourne Airport Rail (MAR) Early Works program. Due to the Commonwealth Government’s Infrastructure Investment Program Strategic Review, a further variation of $67 million was approved in November 2023 for Gateway Alliance to conduct demobilisation works pending the outcome of negotiations with Australia Pacific Airports (Melbourne). The works under this contract are expected to be completed by December 2024.
* In July 2023, a contract liability adjustment of $92 million was signed with Fulton Hogan Pty Ltd to deliver the Craigieburn Road Upgrade. The works under the contract are expected to be completed by December 2024.
* In July 2023, the State entered into a contract with Alstom Transport Australia Pty Ltd to procure an additional 23 new Vlocity 3-car train sets. The total contract cost is $591 million and is expected to be completed in December 2026.
* In July and September 2023, a variation of $315 million was made to the South Eastern Program Alliance with Jacobs Group (Australia) Pty Ltd, Laing O’Rourke Australia Construction Pty Ltd and Metro Trains Melbourne for the delivery of additional level crossing removal and network upgrade works. The works are estimated to be completed by December 2030.
* In July and October 2023, a variation of $287 million was made to the Western Program Alliance with the Arup Pty Ltd and Mott MacDonald Australia Pty Ltd Joint Venture, McConnell Dowell Constructors Australia Pty Ltd and Metro Trains Melbourne Pty Ltd for the delivery of additional level crossing removal works. The works are estimated to be completed by December 2030.
* Between July and December 2023, variations totalling $334 million were made to the contract with John Holland Group Pty Ltd to deliver the Forensic Mental Health Expansion Project. Works under the contract are estimated to be completed by June 2025.
* In August 2023, a variation of $68 million was made to the Southern Program Alliance with Acciona Coleman Rail Joint Venture, WSP Australia Pty Ltd and Metro Trains Melbourne for the delivery of additional level crossing removal works. The works are estimated to be completed by December 2030.
* In August 2023, the State entered into a 10-year contract with Axon Public Safety Australia Pty Ltd for the statewide roll out of Conducted Energy Device Systems. The value of the contract is $85 million and the contract will be completed in 2033.
* In August 2023, a variation of $137 million was signed with Building Communities (Vic) Ltd for the Ground Lease Model Project 1 (GLM1). This modification is for the Phase 2 redevelopment at the Flemington housing site to increase social and affordable housing. The completion of new homes is expected by late 2026.
* In August 2023, the State entered into a contract with John Holland Pty Ltd to deliver a package of sewage treatment upgrades at the Western Treatment Plant. The sewage treatment upgrades have a total contract cost of $491 million. The works under the contract are expected to be completed by May 2028.
* In October 2023, Homes Victoria entered into a ground lease model arrangement with Building Even Better Communities Limited (Project Co) to finance, design, construct and operate social, affordable and market rental housing, known as Ground Lease Model 2 (GLM2). The project reached financial close in November 2023. The total cost of the contract (including capital and operating costs) is $606 million (Net Present Value) over the 40‑year operating term. GLM2 involves redeveloping four public housing sites to deliver purpose-built housing and will be completed by November 2026.
* In October 2023, the State entered into a contract with Foodbank Victoria for the delivery of the School Breakfast Clubs Program, with a contract value of $66 million. The contract is for the delivery of the program from January 2024 through to June 2027.
* In October 2023, a variation of $70 million was made to the Metropolitan Roads Program Alliance with Fulton Hogan Construction Pty Ltd and Metro Trains Melbourne for the delivery of additional network upgrade works. The works are estimated to be completed by December 2030.
* In November 2023, the State entered into a contract with Whelans Group Investment Pty Ltd to deliver the Bogong High Plains landslip remediation. The total cost of the contract is $89 million and is expected to be completed in May 2024.
* In November 2023, SEC Victoria via its subsidiary, SEC Infrastructure, both wholly owned by the State, entered into contracts to invest $245 million in the 600-megawatt Melbourne Renewable Energy Hub (MREH) in partnership with Equis Development Pty Ltd. MREH is expected to be operational in 2025.
* In December 2023, the State entered into a contract with Decmil Southern Pty Ltd to deliver the Ison Road Rail Overpass Upgrade. The total cost of the contract is $86 million and is expected to be completed in December 2025.
* In December 2023, a variation of $111 million was signed with Unisys to deliver data centre services. The services under this contract are expected to be completed in December 2029.
* In December 2023, the State entered into a contract extension with Rotary Wing Air for Rotary Wing Services to provide critical helicopter emergency services and Airforce services. The contract value is $375 million and runs from January 2026 to December 2030.
* In December 2023, the State entered into a contract with Plenary Conventions Pty Ltd to deliver the Nyaal Banyul Geelong Convention and Event Centre precinct project. The total cost of the contract (including capital and operating costs) is $534 million (Net Present Value) over the 25‑year operating term. Construction is expected to be completed in 2026.
* In December 2023, the State entered into a contract with Acciona Construction Australia Pty Ltd, MACA Civil Pty Ltd and AECOM Pty Ltd to deliver the M80 Ring Road Upgrade. The total cost of the contract is $3.4 billion and is expected to be completed in December 2028.
* In December 2023, the State entered into a contract with Suburban Connect, a consortium comprising CPB Contractors Pty Ltd, Ghella Pty Ltd and Acciona Construction Australia Pty Ltd, to deliver the Suburban Rail Loop East tunnel South also known as Work Package C. The total cost of the contract is $3.971 billion. Works on Suburban Rail Loop East are expected to be completed in 2035.
* In December 2023, the State entered into a contract with Laing O’Rourke Australia Construction Pty Ltd, Symal Infrastructure Pty Ltd, WSP Australia Pty Ltd and Arcadis Australia Pacific Pty Ltd to deliver the Eastern Freeway Upgrades: Burke Road to Tram Road. The total cost of the contract is $4.6 billion and is expected to be completed in December 2028.
* In December 2023, the State entered into a contract with BioNTech Australia Pty Ltd with an initial term of 10 years, for the establishment of an Asia Pacific clinical scale mRNA manufacturing facility and research grade RNA manufacturing facility. The total cost of this arrangement is commercial in confidence and therefore cannot be disclosed.

There was no other material change in commitments for the State during the mid-year reporting period.

# Other assets and liabilities

## Introduction

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

## Structure

[6.1 Inventories 36](#_Toc154061924)

[6.2 Receivables and contract assets 36](#_Toc154061925)

[6.3 Payables and contract liabilities 37](#_Toc154061926)

[6.4 Superannuation 37](#_Toc154061927)

[6.5 Other provisions 38](#_Toc154061928)

## Inventories

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2023 | Jun 2023 | Dec 2023 | Jun 2023 |
| **At cost** |  |  |  |  |
| Raw materials | 9 | 9 | 8 | 8 |
| Work in progress | 232 | 204 | 8 | 7 |
| Finished goods | 71 | 66 | 5 | 4 |
| Consumable stores | 500 | 644 | 411 | 549 |
| Land and other assets held as inventory | 896 | 923 | 15 | 6 |
| **At net realisable value** |  |  |  |  |
| Consumable stores | 5 | 5 | .. | .. |
| **Total inventories** | **1 715** | **1 851** | **447** | **574** |

## Receivables and contract assets

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2023 | Jun 2023 | Dec 2023 | Jun 2023 |
| **Contractual** |  |  |  |  |
| Sales of goods and services | 1 947 | 1 396 | 995 | 734 |
| Accrued investment income | 137 | 209 | 51 | 130 |
| Other receivables | 3 946 | 2 433 | 1 791 | 1 653 |
| Allowance for impairment of contractual receivables | (378) | (332) | (187) | (202) |
| **Statutory** |  |  |  |  |
| Sales of goods and services | 15 | 4 | 1 | 1 |
| Taxes receivables | 4 075 | 5 447 | 4 075 | 5 840 |
| Fines and regulatory fees | 2 539 | 2 594 | 2 538 | 2 593 |
| GST input tax credits recoverable | 1 655 | 1 435 | 670 | 600 |
| Other receivables | 2 | 9 | .. | .. |
| Allowance for impairment of statutory receivables | (2 234) | (2 303) | (2 234) | (2 303) |
| **Other** |  |  |  |  |
| Actuarially determined | 955 | 970 | .. | .. |
| Contract assets | 26 | 112 | .. | 1 |
| **Total receivables and contract assets** | **12 685** | **11 973** | **7 701** | **9 046** |
| **Represented by:** |  |  |  |  |
| Current receivables and contract assets | 10 646 | 10 121 | 7 168 | 8 517 |
| Non‑current receivables and contract assets | 2 039 | 1 852 | 533 | 530 |

## Payables and contract liabilities

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2023 | Jun 2023 | Dec 2023 | Jun 2023 |
| **Contractual** |  |  |  |  |
| Accounts payable | 2 844 | 2 411 | 986 | 865 |
| Accrued expenses | 4 829 | 6 182 | 4 255 | 5 356 |
| Grant of a right to the operator liability | 20 079 | 19 799 | 19 984 | 19 725 |
| Unearned income | 14 398 | 11 755 | 2 025 | 1 960 |
| **Statutory** |  |  |  |  |
| Accrued taxes payable | 122 | 124 | 84 | 78 |
| Unearned income | .. | 63 | .. | 63 |
| **Other** |  |  |  |  |
| Contract liabilities | 655 | 598 | 393 | 352 |
| **Total payables and contract liabilities** | **42 926** | **40 932** | **27 726** | **28 398** |
| **Represented by:** |  |  |  |  |
| Current payables and contract liabilities | 14 435 | 12 615 | 7 687 | 8 544 |
| Non‑current payables and contract liabilities | 28 491 | 28 318 | 20 039 | 19 855 |

## Superannuation

($ million)

|  | State of Victoria | |
| --- | --- | --- |
|  | Dec 2023 | Jun 2023 |
| Current liability | 280 | 279 |
| Non‑current liability | 19 157 | 18 625 |
| **Total superannuation liability** | **19 437** | **18 904** |
| **Represented by:** |  |  |
| Emergency Services and State Super | 18 412 | 17 907 |
| Other funds | 1 025 | 997 |

## Other provisions

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2023 | Jun 2023 | Dec 2023 | Jun 2023 |
| **Provision for insurance claims** |  |  |  |  |
| WorkSafe Victoria | 4 406 | 3 805 | .. | .. |
| Transport Accident Commission | 1 590 | 1 602 | .. | .. |
| Victorian Managed Insurance Authority | 1 001 | 920 | .. | .. |
| Other agencies | 94 | 102 | 93 | 100 |
| **Current provision for insurance claims** | **7 090** | **6 428** | **93** | **100** |
| Other provisions | 2 072 | 2 285 | 1 745 | 1 963 |
| **Total current other provisions** | **9 162** | **8 713** | **1 838** | **2 063** |
| **Non‑current provision for insurance claims** |  |  |  |  |
| WorkSafe Victoria | 24 538 | 22 841 | .. | .. |
| Transport Accident Commission | 15 725 | 15 114 | .. | .. |
| Victorian Managed Insurance Authority | 2 680 | 2 540 | .. | .. |
| Other agencies | 123 | 123 | 122 | 122 |
| **Non‑current provision for insurance claims** | **43 065** | **40 618** | **122** | **122** |
| Other provisions | 873 | 798 | 814 | 765 |
| **Total non‑current other provisions** | **43 938** | **41 417** | **936** | **887** |
| **Total other provisions** | **53 100** | **50 129** | **2 774** | **2 950** |

# Risks and contingencies

## Introduction

The State is exposed to risks from both its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section presents information on financial instruments and contingent assets and liabilities.

## Financial instruments

Note 7.1 Financial instruments in the *2022-23 Financial Report* for the State of Victoria contains a comprehensive disclosure of the State’s financial risk management objectives and policies associated with financial instruments.

## Contingent assets and contingent liabilities

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Reference should be made to the *2022-23 Financial Report* for the State of Victoria (Note 7.2) for details of contingent assets as at 30 June 2023.

No material changes in contingent assets have been identified during this mid-year reporting period.

### Contingent liabilities

Contingent liabilities are either:

* possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
* present obligations that arise from past events but are not recognised because either:
  1. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations
  2. the amount of the obligations cannot be measured with sufficient reliability.

Reference should be made to the *2022-23 Financial Report* for the State of Victoria (Note 7.2) for details of contingent liabilities as at 30 June 2023.

The contingent liability for a claim, relating to patronage levels, from the contractor responsible for operating and maintaining Southern Cross Station was settled in February 2024.

There were no further material changes in contingent liabilities during this mid-year reporting period.

# Public account

## Introduction

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

## Structure

[8.1 Consolidated fund receipts and payments 40](#_Toc154061967)

[8.2 Trust fund statement cash flows 41](#_Toc154061968)

[8.3 Reconciliation of cash flows to balances held 41](#_Toc154061969)

[8.4 Details of securities held in the Public Account 42](#_Toc154061970)

## Consolidated fund receipts and payments

($ million)

| 2022‑23 |  | 2023‑24 | |
| --- | --- | --- | --- |
| actual to Dec |  | actual to Dec | revised budget |
| 15 335 | Taxation | 17 293 | 36 054 |
| 676 | Fines and regulatory fees | 493 | 1 128 |
| 12 886 | Grants received | 13 440 | 26 752 |
| 774 | Sales of goods and services | 512 | 1 360 |
| 460 | Interest received | 638 | 1 082 |
| 305 | Dividends, income tax equivalent and rate equivalent receipts | 673 | 2 064 |
| 8 099 | Other receipts | 603 | 638 |
| **38 534** | **Total operating activities** | **33 651** | **69 077** |
| 14 594 | Total inflows from investing and financing | 17 544 | 32 441 |
| **53 128** | **Total receipts** | **51 194** | **101 518** |
|  | **Payments to departments (a)** |  |  |
| 8 720 | Education | 8 765 | 17 683 |
| 1 938 | Energy, Environment and Climate Action | 1 463 | 3 580 |
| 4 516 | Families, Fairness and Housing | 4 551 | 9 036 |
| .. | Government Services | 252 | 523 |
| 8 901 | Health | 9 127 | 17 263 |
| 1 999 | Jobs, Skills, Industries and Regions | 1 573 | 3 787 |
| 5 398 | Justice and Community Safety | 5 327 | 9 601 |
| 628 | Premier and Cabinet | 222 | 447 |
| 8 901 | Transport and Planning | 12 917 | 20 204 |
| 3 891 | Treasury and Finance | 12 043 | 31 448 |
| 172 | Parliament | 180 | 356 |
| 456 | Courts | 487 | 1 126 |
| **45 519** | **Total payments** | **56 907** | **115 052** |
| **7 621** | **Net receipts/(payments)** | **(5 712)** | **(13 534)** |

Note:

(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.

## Trust fund statement cash flows

($ million)

| 2022‑23 |  | 2023‑24 | |
| --- | --- | --- | --- |
| actual to Dec |  | actual to Dec | revised budget |
|  | **Cash flows from operating activities** |  |  |
| 403 | Taxation | 372 | 665 |
| 120 | Regulatory fees and fines | 161 | 287 |
| 11 708 | Grants received | 11 508 | 20 145 |
| 423 | Sale of goods and services | 484 | 1 329 |
| 55 | Interest received | 117 | 214 |
| 23 | Dividends received | 127 | 233 |
| 4 980 | Net transfers from consolidated fund | 13 773 | 16 976 |
| 1 576 | Other receipts | 584 | 1 073 |
| **19 289** | **Total receipts** | **27 125** | **40 920** |
| (219) | Payments for employees | (207) | (284) |
| (18) | Superannuation | (22) | (25) |
| (58) | Interest paid | (68) | (117) |
| (12 866) | Grants and subsidies | (13 260) | (23 986) |
| (2 648) | Goods and services | (1 824) | (4 588) |
| **(15 809)** | **Total payments** | **(15 382)** | **(29 000)** |
| **3 481** | **Net cash flows from operating activities** | **11 743** | **11 921** |
|  | **Cash flows from investing activities** |  |  |
| (73) | Purchases of property, plant and equipment | (89) | (1 647) |
| 46 | Proceeds from sale of property, plant and equipment | 54 | 59 |
| 637 | Net proceeds from customer loans | (1 237) | 26 |
| (1 614) | Other investing activities | (12 198) | (11 670) |
| **(1 004)** | **Net cash flows from investing activities** | **(13 470)** | **(13 233)** |
|  | **Cash flows from financing activities** |  |  |
| (122) | Net proceeds/(repayments) from borrowings | 212 | (163) |
| **(122)** | **Net cash flows from financing activities** | **212** | **(163)** |
| **2 355** | **Net cash inflow/(outflow)** | **(1 515)** | **(1 475)** |

## Reconciliation of cash flows to balances held

($ million)

|  | Balances held at 30 Jun 2023 | Dec movement YTD | Balances held at 31 Dec 2023 |
| --- | --- | --- | --- |
| **Cash and deposits** |  |  |  |
| Cash and balances outside of the Public Account | .. | .. | .. |
| Deposits held with the Public Account – Specific trusts | 1 448 | 157 | 1 606 |
| Other balances held in the Public Account (a) | 11 450 | (7 290) | 4 160 |
| **Total cash and deposits** | **12 898** | **(7 133)** | **5 765** |
| **Investments** |  |  |  |
| Investments held with the Public Account – Specific trusts (a) | 1 649 | 8 941 | 10 591 |
| **Total investments** | **1 649** | **8 941** | **10 591** |
| **Total fund balances** | **14 547** | **1 809** | **16 356** |
| **Less funds held outside the public account** |  |  |  |
| Cash | .. | .. | .. |
| **Total fund balances held outside the Public Account** | **..** | **..** | **..** |
| **Total fund balances held in the Public Account (b)** | **14 547** | **1 809** | **16 356** |

Notes:

(a) Following the proclamation of the Victorian Future Fund Act 2023, amounts allocated to the Fund were transferred from the Consolidated Fund to the Trust Fund in 2023-24, consistent with the requirements of Section 8 (1)(a)(i) of the Act.

(b) See Note 8.4 for details of securities and investments, including amounts held in the Public Account on behalf of trust accounts.

## Details of securities held in the Public Account

($ million)

| 2022‑23 |  | 2023‑24 | |
| --- | --- | --- | --- |
| actual 31 Dec |  | opening 1 Jul | actual 31 Dec |
| 2 636 | Amounts invested on behalf of specific trust accounts (a) | 3 098 | 12 196 |
| 13 258 | General account balances (a) | 11 450 | 4 160 |
| **15 894** | **Total Public Account** | **14 547** | **16 356** |
|  | **Represented by:** |  |  |
| 14 607 | Stock, securities, cash and investments | 13 353 | 15 352 |
|  | Add cash advanced for: |  |  |
| .. | Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to Section 38 of the *Financial Management Act 1994* | .. | .. |
| 1 287 | Advances pursuant to sections 36 and 37 of the *Financial Management Act 1994* | 1 194 | 1 004 |
| **15 894** | **Total Public Account** | **14 547** | **16 356** |

Note:

1. Following the proclamation of the Victorian Future Fund Act 2023, amounts allocated to the Fund were transferred from the Consolidated Fund to the Trust Fund in 2023-24, consistent with the requirements of Section 8 (1)(a)(i) of the Act.

# Other disclosures

## Introduction

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

## Structure

[9.1 Disaggregated information 44](#_Toc154061995)

[9.2 Other gains/(losses) from other economic   
flows 51](#_Toc154061996)

[9.3 Controlled entities 52](#_Toc154061997)

[9.4 Glossary of technical terms 52](#_Toc154061998)

## Disaggregated information

Disaggregated operating statement for the six months ended 31 December ($ million)

|  | General  government sector | | Public non‑financial corporations | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| **Revenue and income from transactions** |  |  |  |  |
| Taxation | 15 632 | 14 380 | .. | .. |
| Interest income | 806 | 591 | 58 | 35 |
| Dividends, income tax equivalent and rate equivalent income | 344 | 233 | 5 | 3 |
| Sales of goods and services | 3 233 | 3 198 | 3 824 | 3 389 |
| Grants | 20 480 | 19 758 | 1 138 | 1 008 |
| Other revenue and income | 1 852 | 1 758 | 397 | 354 |
| **Total revenue and income from transactions** | **42 346** | **39 919** | **5 423** | **4 789** |
| **Expenses from transactions** |  |  |  |  |
| Employee expenses | 17 687 | 16 745 | 972 | 864 |
| Net superannuation interest expense | 389 | 363 | .. | .. |
| Other superannuation | 2 004 | 1 874 | 98 | 85 |
| Depreciation | 2 407 | 2 178 | 1 021 | 945 |
| Interest expense | 2 635 | 1 813 | 477 | 423 |
| Grant expense | 7 600 | 8 308 | 291 | 372 |
| Other operating expenses | 13 806 | 12 838 | 2 418 | 2 044 |
| Other property expenses | .. | .. | 146 | 118 |
| **Total expenses from transactions** | **46 529** | **44 119** | **5 424** | **4 851** |
| **Net result from transactions – Net operating balance** | **(4 182)** | **(4 200)** | **(1)** | **(62)** |
| **Other economic flows included in net result** |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 33 | 50 | (23) | 32 |
| Net gain/(loss) on financial assets or liabilities at fair value | 120 | 9 | 11 | 25 |
| Share of net profit/(loss) from associates/joint venture entities | (13) | 5 | .. | .. |
| Other gains/(losses) from other economic flows | (299) | 96 | (13) | 237 |
| **Total other economic flows included in net result** | **(158)** | **160** | **(24)** | **295** |
| **Net result** | **(4 341)** | **(4 040)** | **(25)** | **233** |
| **Other economic flows – Other comprehensive income** |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |
| Changes in non‑financial assets revaluation surplus (a) | 339 | 3 652 | 124 | 54 |
| Remeasurement of superannuation defined benefits plans | (43) | 1 422 | 8 | 9 |
| Other movements in equity | 75 | (352) | (195) | (96) |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | (5) | 134 | (8) | (10) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | (2 305) | 3 507 | .. | .. |
| **Total other economic flows – Other comprehensive income (a)** | **(1 939)** | **8 362** | **(71)** | **(42)** |
| **Comprehensive result – Total change in net worth (a)** | **(6 280)** | **4 322** | **(96)** | **190** |
|  |  |  |  |  |
| **FISCAL AGGREGRATES** |  |  |  |  |
| **Net operating balance** | **(4 182)** | **(4 200)** | **(1)** | **(62)** |
| **Net acquisition of non‑financial assets from transactions** |  |  |  |  |
| Purchases of non‑financial assets (including change in inventories) | 9 067 | 8 135 | 2 331 | 1 879 |
| Less: Sales of non‑financial assets | (114) | (201) | (81) | (101) |
| Less: Depreciation and amortisation | (2 407) | (2 178) | (1 021) | (945) |
| Plus/(less): Other movements in non‑financial assets | 1 465 | 1 160 | 467 | 649 |
| **Less: Net acquisition of non‑financial assets from transactions** | **8 010** | **6 915** | **1 695** | **1 482** |
| **Net lending/(borrowing)** | **(12 193)** | **(11 115)** | **(1 696)** | **(1 544)** |

Note:

(a) The December 2022 changes in the non-financial assets revaluation surplus balance, and the associated totals, have been restated to reflect the 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.

| Public financial  corporations | | Inter‑sector  eliminations | | State of  Victoria | |
| --- | --- | --- | --- | --- | --- |
| 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
|  |  |  |  |  |  |
| .. | .. | (259) | (236) | 15 373 | 14 144 |
| 2 481 | 1 635 | (2 353) | (1 577) | 992 | 683 |
| 1 573 | 1 530 | (230) | (199) | 1 692 | 1 567 |
| 3 890 | 3 007 | (1 010) | (797) | 9 936 | 8 797 |
| .. | 377 | (1 187) | (1 399) | 20 431 | 19 745 |
| 13 | 11 | .. | .. | 2 262 | 2 123 |
| **7 957** | **6 560** | **(5 039)** | **(4 208)** | **50 687** | **47 060** |
|  |  |  |  |  |  |
| 272 | 253 | (537) | (370) | 18 394 | 17 491 |
| .. | .. | .. | .. | 389 | 363 |
| 27 | 25 | .. | .. | 2 129 | 1 984 |
| 44 | 43 | 542 | 473 | 4 014 | 3 640 |
| 2 362 | 1 595 | (2 354) | (1 578) | 3 121 | 2 253 |
| 72 | 24 | (1 272) | (1 483) | 6 692 | 7 221 |
| 5 841 | 5 014 | (651) | (580) | 21 414 | 19 317 |
| 87 | 404 | (234) | (522) | .. | .. |
| **8 706** | **7 358** | **(4 505)** | **(4 059)** | **56 153** | **52 269** |
| **(749)** | **(798)** | **(533)** | **(149)** | **(5 466)** | **(5 209)** |
|  |  |  |  |  |  |
| .. | .. | .. | .. | 11 | 83 |
| (2 252) | 2 431 | .. | .. | (2 120) | 2 465 |
| .. | .. | .. | .. | (13) | 5 |
| (13) | 1 927 | (296) | (299) | (621) | 1 962 |
| **(2 265)** | **4 359** | **(296)** | **(299)** | **(2 744)** | **4 514** |
| **(3 014)** | **3 561** | **(830)** | **(448)** | **(8 209)** | **(694)** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| .. | .. | (26) | (65) | 437 | 3 641 |
| .. | .. | .. | .. | (35) | 1 431 |
| (1) | .. | .. | .. | (121) | (448) |
|  |  |  |  |  |  |
| .. | .. | .. | .. | (12) | 124 |
| .. | .. | 2 305 | (3 507) | .. | .. |
| **(1)** | **..** | **2 279** | **(3 572)** | **268** | **4 748** |
| **(3 015)** | **3 561** | **1 449** | **(4 020)** | **(7 941)** | **4 054** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **(749)** | **(798)** | **(533)** | **(149)** | **(5 466)** | **(5 209)** |
|  |  |  |  |  |  |
| 23 | 29 | (2) | (22) | 11 419 | 10 021 |
| .. | (1) | .. | .. | (196) | (303) |
| (44) | (43) | (542) | (473) | (4 014) | (3 640) |
| .. | .. | .. | (1) | 1 931 | 1 807 |
| **(22)** | **(15)** | **(544)** | **(496)** | **9 141** | **7 886** |
| **(728)** | **(783)** | **10** | **347** | **(14 606)** | **(13 095)** |

Disaggregated balance sheet as at 31 December (a) ($ million)

|  | General  government sector | | Public non‑financial corporations | |
| --- | --- | --- | --- | --- |
|  | Dec 2023 | Jun 2023 | Dec 2023 | Jun 2023 |
| **Assets** |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and deposits | 12 913 | 19 698 | 2 119 | 2 232 |
| Advances paid | 5 961 | 5 308 | 274 | 273 |
| Receivables and contract assets | 7 701 | 9 046 | 1 867 | 1 541 |
| Investments, loans and placements | 13 578 | 3 853 | 800 | 818 |
| Loans receivable from non‑financial public sector (a) | .. | .. | .. | .. |
| Investments accounted for using the equity method | 1 149 | 1 180 | 50 | .. |
| Investments in other sector entities | 94 147 | 96 042 | .. | .. |
| **Total financial assets** | **135 449** | **135 128** | **5 110** | **4 864** |
| **Non‑financial assets** |  |  |  |  |
| Inventories | 447 | 574 | 1 267 | 1 277 |
| Non‑financial assets held for sale | 278 | 110 | 30 | 29 |
| Land, buildings, infrastructure, plant and equipment | 257 529 | 249 480 | 119 324 | 117 535 |
| Other non‑financial assets | 6 467 | 5 898 | 3 152 | 3 105 |
| **Total non‑financial assets** | **264 722** | **256 062** | **123 773** | **121 946** |
| **Total assets** | **400 170** | **391 190** | **128 882** | **126 811** |
| **Liabilities** |  |  |  |  |
| Deposits held and advances received | 1 850 | 1 615 | 2 122 | 1 161 |
| Payables | 27 334 | 28 047 | 10 449 | 10 475 |
| Contract liabilities | 393 | 352 | 280 | 260 |
| Borrowings | 157 362 | 142 289 | 22 355 | 21 375 |
| Employee benefits | 10 517 | 10 250 | 578 | 573 |
| Superannuation | 19 437 | 18 904 | .. | .. |
| Other provisions | 2 774 | 2 950 | 11 992 | 12 087 |
| **Total liabilities** | **219 667** | **204 407** | **47 775** | **45 931** |
| **Net assets** | **180 504** | **186 783** | **81 108** | **80 880** |
| Accumulated surplus/(deficit) | 41 894 | 45 889 | (30 143) | (29 846) |
| Reserves | 138 609 | 140 894 | 111 250 | 110 725 |
| **Net worth** | **180 504** | **186 783** | **81 108** | **80 880** |
| **FISCAL AGGREGATES** |  |  |  |  |
| Net financial worth | (84 218) | (69 278) | (42 665) | (41 066) |
| Net financial liabilities | 178 365 | 165 321 | 42 665 | 41 066 |
| Net debt | 126 760 | 115 044 | 21 283 | 19 213 |

Note:

(a) Loans receivable from the non-financial public sector are reported at amortised cost.

| Public financial  corporations | | Inter‑sector  eliminations | | State of  Victoria | |
| --- | --- | --- | --- | --- | --- |
| Dec  2023 | Jun 2023 | Dec 2023 | Jun 2023 | Dec 2023 | Jun 2023 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 4 704 | 4 100 | (851) | (352) | 18 886 | 25 678 |
| 41 | 57 | (5 598) | (4 708) | 678 | 930 |
| 3 608 | 2 367 | (490) | (982) | 12 685 | 11 973 |
| 61 774 | 59 364 | (60) | (60) | 76 091 | 63 975 |
| 142 881 | 126 353 | (142 881) | (126 353) | .. | .. |
| 13 | 13 | .. | .. | 1 212 | 1 193 |
| .. | .. | (94 147) | (96 042) | .. | .. |
| **213 021** | **192 254** | **(244 027)** | **(228 497)** | **109 553** | **103 750** |
|  |  |  |  |  |  |
| .. | .. | .. | .. | 1 715 | 1 851 |
| .. | .. | .. | .. | 308 | 139 |
| 323 | 332 | 41 236 | 41 601 | 418 412 | 408 948 |
| 3 554 | 3 343 | (5 703) | (5 193) | 7 470 | 7 152 |
| **3 877** | **3 675** | **35 533** | **36 407** | **427 904** | **418 090** |
| **216 898** | **195 929** | **(208 494)** | **(192 090)** | **537 457** | **521 840** |
|  |  |  |  |  |  |
| 198 | 212 | (2 128) | (1 212) | 2 041 | 1 777 |
| 5 211 | 2 864 | (723) | (1 052) | 42 271 | 40 334 |
| .. | .. | (17) | (14) | 655 | 598 |
| 150 800 | 132 326 | (148 040) | (131 036) | 182 477 | 164 953 |
| 126 | 125 | .. | .. | 11 220 | 10 948 |
| .. | .. | .. | .. | 19 437 | 18 904 |
| 50 157 | 46 980 | (11 823) | (11 888) | 53 100 | 50 129 |
| **206 492** | **182 507** | **(162 732)** | **(145 202)** | **311 201** | **287 643** |
| **10 406** | **13 421** | **(45 762)** | **(46 888)** | **226 255** | **234 197** |
| 10 045 | 13 065 | 50 254 | 50 998 | 72 051 | 80 106 |
| 361 | 356 | (96 017) | (97 886) | 154 204 | 154 090 |
| **10 406** | **13 421** | **(45 762)** | **(46 888)** | **226 255** | **234 197** |
|  |  |  |  |  |  |
| 6 529 | 9 747 | (81 295) | (83 295) | (201 649) | (183 893) |
| (6 529) | (9 747) | (12 852) | (12 747) | 201 649 | 183 893 |
| (58 403) | (57 335) | (778) | (775) | 88 863 | 76 146 |

Disaggregated cash flow statement for the six months ended 31 December ($ million)

|  | General  government sector | | Public non‑financial corporations | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| **Cash flows from operating activities** |  |  |  |  |
| **Receipts** |  |  |  |  |
| Taxes received | 17 009 | 15 175 | .. | .. |
| Grants | 20 425 | 19 724 | 1 173 | 1 058 |
| Sales of goods and services (a) | 3 258 | 3 331 | 4 027 | 3 837 |
| Interest received | 793 | 554 | 79 | 29 |
| Dividends, income tax equivalent and rate equivalent receipts | 806 | 228 | 5 | 17 |
| Other receipts | 1 086 | 9 334 | 122 | 324 |
| **Total receipts** | **43 376** | **48 346** | **5 407** | **5 265** |
| **Payments** |  |  |  |  |
| Payments for employees | (17 412) | (16 944) | (964) | (868) |
| Superannuation | (1 904) | (1 942) | (89) | (77) |
| Interest paid | (2 440) | (1 604) | (488) | (412) |
| Grants and subsidies | (7 850) | (8 636) | (179) | (266) |
| Goods and services (a) | (14 436) | (13 276) | (3 028) | (2 492) |
| Other payments | (585) | (439) | (229) | (364) |
| **Total payments** | **(44 625)** | **(42 841)** | **(4 978)** | **(4 479)** |
| **Net cash flows from operating activities** | **(1 249)** | **5 505** | **429** | **786** |
| **Cash flows from investing activities** |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |
| Purchases of non‑financial assets | (9 097) | (8 280) | (2 336) | (1 865) |
| Sales of non‑financial assets | 114 | 201 | 81 | 101 |
| **Net cash flows from investments in non‑financial assets** | **(8 983)** | **(8 080)** | **(2 254)** | **(1 763)** |
| Net cash flows from investments in financial assets for policy purposes | (1 003) | (1 073) | (245) | (28) |
| **Sub‑total** | **(9 986)** | **(9 153)** | **(2 500)** | **(1 791)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (9 609) | (171) | 8 | (10) |
| **Net cash flows from investing activities** | **(19 594)** | **(9 324)** | **(2 491)** | **(1 801)** |
| **Cash flows from financing activities** |  |  |  |  |
| Advances received (net) | 142 | (116) | 927 | (9) |
| Net borrowings | 13 824 | 14 410 | 715 | 549 |
| Deposits received (net) | 93 | 8 | 34 | 68 |
| Other financing (net) | .. | .. | 274 | 556 |
| **Net cash flows from financing activities** | **14 059** | **14 302** | **1 950** | **1 165** |
| **Net increase/(decrease) in cash and cash equivalents** | **(6 785)** | **10 483** | **(112)** | **150** |
| Cash and cash equivalents at beginning of reporting period | 19 698 | 10 985 | 2 232 | 1 833 |
| **Cash and cash equivalents at end of the reporting period** | **12 913** | **21 468** | **2 119** | **1 983** |
|  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |
| Net cash flows from operating activities | (1 249) | 5 505 | 429 | 786 |
| Dividends paid | .. | .. | (86) | (52) |
| Net cash flows from investments in non‑financial assets | (8 983) | (8 080) | (2 254) | (1 763) |
| **Cash surplus/(deficit)** | **(10 232)** | **(2 574)** | **(1 911)** | **(1 029)** |

Note:

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

| Public financial  corporations | | Inter‑sector  eliminations | | State of  Victoria | |
| --- | --- | --- | --- | --- | --- |
| 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| .. | .. | (259) | (236) | 16 750 | 14 939 |
| 4 | 369 | (1 225) | (1 451) | 20 377 | 19 700 |
| 5 759 | 4 475 | (1 133) | (898) | 11 911 | 10 745 |
| 2 311 | 1 380 | (2 312) | (1 512) | 871 | 452 |
| 1 573 | 1 530 | (673) | (306) | 1 711 | 1 469 |
| 22 | 14 | (29) | (59) | 1 201 | 9 613 |
| **9 669** | **7 768** | **(5 631)** | **(4 461)** | **52 822** | **56 918** |
|  |  |  |  |  |  |
| (270) | (251) | 537 | 370 | (18 108) | (17 692) |
| (27) | (25) | .. | .. | (2 020) | (2 043) |
| (2 083) | (1 480) | 2 331 | 1 512 | (2 680) | (1 984) |
| (75) | (27) | 1 225 | 1 451 | (6 878) | (7 478) |
| (3 437) | (3 299) | 777 | 694 | (20 125) | (18 374) |
| (415) | (6) | 645 | 359 | (584) | (451) |
| **(6 306)** | **(5 088)** | **5 515** | **4 386** | **(50 395)** | **(48 022)** |
| **3 363** | **2 680** | **(116)** | **(75)** | **2 427** | **8 897** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| (23) | (29) | 2 | 22 | (11 454) | (10 152) |
| .. | 1 | .. | .. | 196 | 303 |
| **(22)** | **(29)** | **2** | **22** | **(11 258)** | **(9 849)** |
| 21 | 20 | 1 282 | 690 | 55 | (392) |
| **(1)** | **(9)** | **1 283** | **712** | **(11 203)** | **(10 241)** |
| (18 744) | (15 419) | 16 528 | 13 659 | (11 816) | (1 941) |
| **(18 745)** | **(15 428)** | **17 811** | **14 371** | **(23 019)** | **(12 182)** |
|  |  |  |  |  |  |
| (31) | (39) | (913) | 128 | 125 | (36) |
| 16 000 | 11 999 | (17 004) | (14 011) | 13 535 | 12 947 |
| 16 | 12 | (3) | 28 | 139 | 116 |
| .. | 224 | (274) | (780) | .. | .. |
| **15 985** | **12 196** | **(18 194)** | **(14 635)** | **13 800** | **13 028** |
| **604** | **(551)** | **(499)** | **(339)** | **(6 792)** | **9 743** |
| 4 100 | 4 919 | (352) | (478) | 25 678 | 17 258 |
| **4 704** | **4 368** | **(851)** | **(817)** | **18 886** | **27 001** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 3 363 | 2 680 | (116) | (75) | 2 427 | 8 897 |
| .. | (1) | 86 | 53 | .. | .. |
| (22) | (29) | 2 | 22 | (11 258) | (9 849) |
| **3 341** | **2 651** | **(29)** | **..** | **(8 831)** | **(953)** |

Disaggregated statement of changes in equity as at 31 December ($ million)

|  | Accumulated surplus/(deficit) | | Contributions by owners | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **General government sector** | |  |  |  |  |  |  |
| Balance at 1 July 2023 | | 45 889 | .. | 91 269 | 48 245 | 1 380 | 186 783 |
| Net result for the year | | (4 341) | .. | .. | .. | .. | (4 341) |
| Other comprehensive income for the year | | (28) | .. | 339 | (2 305) | 55 | (1 939) |
| Transfer to/(from) accumulated surplus | | 375 | .. | (375) | .. | .. | .. |
| Dividends paid | | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | | .. | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2023** | | **41 894** | **..** | **91 234** | **45 941** | **1 435** | **180 504** |
| **PNFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2023 | | (29 846) | 78 417 | 31 605 | .. | 702 | 80 880 |
| Net result for the year | | (25) | .. | .. | .. | .. | (25) |
| Other comprehensive income for the year | | (186) | .. | 124 | .. | (8) | (71) |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (86) | .. | .. | .. | .. | (86) |
| Transactions with owners in their capacity as owners | | .. | 409 | .. | .. | .. | 409 |
| **Total equity as at 31 December 2023** | | **(30 143)** | **78 827** | **31 729** | .. | **694** | **81 108** |
| **PFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2023 | | 13 065 | 290 | 10 | .. | 57 | 13 421 |
| Net result for the year | | (3 014) | .. | .. | .. | .. | (3 014) |
| Other comprehensive income for the year | | (6) | .. | .. | .. | 5 | (1) |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | | .. | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2023** | | **10 045** | **290** | **10** | .. | **62** | **10 406** |
| Eliminations | | 50 254 | (79 117) | 29 041 | (45 941) | .. | (45 762) |
| **Total State of Victoria** | | **72 051** | **..** | **152 013** | **..** | **2 191** | **226 255** |

Disaggregated statement of changes in equity as at 31 December *(continued)* ($ million)

|  | Accumulated surplus/(deficit) | | Contributions by owners | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **General government sector** | |  |  |  |  |  |  |
| Balance at 1 July 2022 | | 52 827 | .. | 79 719 | 44 815 | 1 170 | 178 531 |
| Net result for the year | | (4 040) | .. | .. | .. | .. | (4 040) |
| Other comprehensive income for the year (a) | | 1 076 | .. | 3 652 | 3 507 | 127 | 8 362 |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | | .. | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2022 (a)** | | **49 863** | **..** | **83 371** | **48 322** | **1 297** | **182 853** |
| **PNFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2022 | | (26 420) | 75 136 | 28 337 | .. | 667 | 77 721 |
| Net result for the year | | 233 | .. | .. | .. | .. | 233 |
| Other comprehensive income for the year | | (87) | .. | 54 | .. | (10) | (42) |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (52) | .. | .. | .. | .. | (52) |
| Transactions with owners in their capacity as owners | | .. | 631 | .. | .. | .. | 631 |
| **Total equity as at 31 December 2022** | | **(26 326)** | **75 768** | **28 392** | .. | **657** | **78 490** |
| **PFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2022 | | 9 796 | 65 | 10 | .. | 49 | 9 919 |
| Net result for the year | | 3 561 | .. | .. | .. | .. | 3 561 |
| Other comprehensive income for the year | | (5) | .. | .. | .. | 5 | .. |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (1) | .. | .. | .. | .. | (1) |
| Transactions with owners in their capacity as owners | | .. | 225 | .. | .. | .. | 225 |
| **Total equity as at 31 December 2022** | | **13 352** | **290** | **10** | .. | **54** | **13 705** |
| Eliminations | | 48 370 | (76 057) | 24 780 | (48 322) | .. | (51 229) |
| **Total State of Victoria (a)** | | **85 259** | **..** | **136 552** | **..** | **2 008** | **223 819** |

Note:

(a) The December 2022 changes in the non-financial assets revaluation surplus balance, and the associated totals, have been restated to reflect the 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 gains/(losses) from other economic flows

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2023 | 2022 | 2023 | 2022 |
| Net (increase)/decrease in allowances for credit losses | 47 | 281 | 49 | 284 |
| Amortisation of intangible non‑produced assets | (16) | (19) | (2) | (2) |
| Net swap interest revenue/(expense) | (23) | (17) | .. | .. |
| Bad debts written off | (255) | (247) | (248) | (243) |
| Other gains/(losses) | (376) | 1 963 | (97) | 57 |
| **Total other gains/(losses) from other economic flows** | **(621)** | **1 962** | **(299)** | **96** |

## Controlled entities

Note 9.8 in Chapter 4 of the *2022-23 Financial Report* for the State of Victoria contains a list of significant controlled entities, which have been consolidated for the purposes of the financial report.

The following are changes to entities from 1 July 2023 which have been consolidated for the purposes of the financial report:

|  |  |
| --- | --- |
| General government sector | |
| Department of Health  Northern Health (a)  Department of Justice and Community Safety  Triple Zero Victoria (b) | Department of Transport and Planning  Secretary, Project Development (c) |
| Public non-financial corporations | |
| Department of Energy, Environment, and Climate Action  State Electricity Commission of Victoria (d)  SEC Victoria Pty Ltd: (e)   * SEC Infrastructure Pty Ltd * SEC Energy Pty Ltd |  |

Notes:

(a) Effective from 1 November 2023, Northern Health and Kilmore District Health were amalgamated to be known as Northern Health under a voluntary amalgamation.

(b) In December 2023, the Emergency Services Telecommunications Authority (ESTA) was renamed Triple Zero Victoria and established as a new statutory authority, under the Triple Zero Victoria Act 2023.

(c) Effective from 1 August 2023, the Secretary, Project Development, was assigned from the Department of Jobs, Skills, Industry and Regions to the Department of Transport and Planning.

(d) The previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act), remains a separate legal entity. Subject to passing of legislation currently before Parliament, the entity will be abolished by amendment of the SEC Act.

(e) In October 2023, the SEC Victoria Pty Ltd and its subsidiaries SEC Infrastructure Pty Ltd and SEC Energy Pty Ltd were incorporated as companies under the Corporations Act 2001 and registered in Victoria. Subsequently in November 2023, they were each declared a State Owned Company (SOC) under the State Owned Enterprises Act 1992.

## Glossary of technical terms

The *2022-23 Financial Report* for the State of Victoria Note 9.9 contains a summary of the major technical terms used in this report.

Appendix A – General government sector quarterly financial report

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 |  |
| --- | --- | --- | --- | --- | --- |
|  | Dec | Mar | Jun | Sep | Dec |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 6 539 | 10 716 | 7 254 | 8 208 | 7 424 |
| Interest income | 331 | 371 | 345 | 401 | 405 |
| Dividends, income tax equivalent and rate equivalent income | 146 | 59 | 528 | 85 | 258 |
| Sales of goods and services | 1 503 | 1 411 | 1 654 | 1 569 | 1 664 |
| Grants | 10 494 | 10 712 | 9 668 | 9 516 | 10 964 |
| Other revenue and income | 1 007 | 723 | 1 361 | 852 | 1 000 |
| **Total revenue and income from transactions** | **20 019** | **23 990** | **20 811** | **20 631** | **21 716** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 8 383 | 7 916 | 8 968 | 8 712 | 8 975 |
| Net superannuation interest expense | 191 | 177 | 179 | 181 | 208 |
| Other superannuation | 835 | 913 | 972 | 1 036 | 968 |
| Depreciation | 1 093 | 1 160 | 1 266 | 1 187 | 1 220 |
| Interest expense | 991 | 995 | 1 166 | 1 212 | 1 423 |
| Grant expense | 4 287 | 5 081 | 5 665 | 3 824 | 3 776 |
| Other operating expenses | 7 024 | 6 471 | 8 519 | 6 963 | 6 843 |
| **Total expenses from transactions** | **22 804** | **22 714** | **26 734** | **23 116** | **23 413** |
| **Net result from transactions – Net operating balance** | **(2 785)** | **1 276** | **(5 924)** | **(2 485)** | **(1 697)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 18 | 75 | (35) | 12 | 21 |
| Net gain/(loss) on financial assets or liabilities at fair value | 16 | 60 | (98) | 12 | 109 |
| Share of net profit/(loss) from associates/joint venture entities | 2 | .. | (43) | .. | (13) |
| Other gains/(losses) from other economic flows | 101 | (107) | (1 012) | (39) | (260) |
| **Total other economic flows included in net result** | **137** | **28** | **(1 187)** | **(16)** | **(143)** |
| **Net result** | **(2 648)** | **1 304** | **(7 111)** | **(2 500)** | **(1 840)** |
| **Other economic flows – Other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | 148 | 258 | 9 800 | (47) | 387 |
| Remeasurement of superannuation defined benefits plans | 138 | (3 160) | 3 094 | 2 034 | (2 077) |
| Other movements in equity | 84 | 41 | (224) | 35 | 39 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 46 | .. | 5 | 6 | (11) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | 3 507 | .. | (76) | .. | (2 305) |
| **Total other economic flows – Other comprehensive income** | **3 923** | **(2 861)** | **12 598** | **2 028** | **(3 967)** |
| **Comprehensive result – Total change in net worth** | **1 275** | **(1 557)** | **5 487** | **(472)** | **(5 807)** |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **(2 785)** | **1 276** | **(5 924)** | **(2 485)** | **(1 697)** |
| Less: Net acquisition of non‑financial assets from transactions | 4 224 | 1 624 | 2 746 | 3 797 | 4 213 |
| **Net lending/(borrowing)** | **(7 009)** | **(347)** | **(8 670)** | **(6 282)** | **(5 911)** |

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

|  | 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- | --- |
|  | Dec | Mar | Jun | Sep | Dec |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 21 468 | 20 941 | 19 698 | 16 332 | 12 913 |
| Advances paid | 5 227 | 5 332 | 5 308 | 5 480 | 5 961 |
| Receivables and contract assets | 7 717 | 10 809 | 9 046 | 8 745 | 7 701 |
| Investments, loans and placements | 3 619 | 3 874 | 3 853 | 12 483 | 13 578 |
| Investments accounted for using the equity method | 1 223 | 1 223 | 1 180 | 1 181 | 1 149 |
| Investments in other sector entities | 93 525 | 94 739 | 96 042 | 96 136 | 94 147 |
| **Total financial assets** | **132 779** | **136 918** | **135 128** | **140 356** | **135 449** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 1 118 | 1 121 | 574 | 485 | 447 |
| Non‑financial assets held for sale | 82 | 85 | 110 | 100 | 278 |
| Land, buildings, infrastructure, plant and equipment | 233 161 | 236 254 | 249 480 | 253 364 | 257 529 |
| Other non‑financial assets | 6 778 | 6 250 | 5 898 | 6 826 | 6 467 |
| **Total non‑financial assets** | **241 140** | **243 709** | **256 062** | **260 775** | **264 722** |
| **Total assets** | **373 919** | **380 627** | **391 190** | **401 131** | **400 170** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 1 727 | 1 695 | 1 615 | 1 761 | 1 850 |
| Payables | 26 006 | 26 654 | 28 047 | 28 999 | 27 334 |
| Contract liabilities | 407 | 361 | 352 | 372 | 393 |
| Borrowings | 132 754 | 136 828 | 142 289 | 153 123 | 157 362 |
| Employee benefits | 9 582 | 9 827 | 10 250 | 10 563 | 10 517 |
| Superannuation | 18 629 | 21 804 | 18 904 | 17 181 | 19 437 |
| Other provisions | 1 962 | 2 161 | 2 950 | 2 821 | 2 774 |
| **Total liabilities** | **191 066** | **199 331** | **204 407** | **214 820** | **219 667** |
| **Net assets** | **182 853** | **181 296** | **186 783** | **186 311** | **180 504** |
| Accumulated surplus/(deficit) | 49 863 | 50 255 | 45 889 | 45 805 | 41 894 |
| Reserves | 132 990 | 131 042 | 140 894 | 140 506 | 138 609 |
| **Net worth** | **182 853** | **181 296** | **186 783** | **186 311** | **180 504** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | (58 287) | (62 413) | (69 278) | (74 464) | (84 218) |
| Net financial liabilities | 151 812 | 157 152 | 165 321 | 170 600 | 178 365 |
| Net debt | 104 167 | 108 376 | 115 044 | 120 589 | 126 760 |

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

|  | 2022‑23 |  |  | 2023‑24 |  |
| --- | --- | --- | --- | --- | --- |
|  | Dec | Mar | Jun | Sep | Dec |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 7 213 | 6 965 | 9 481 | 8 688 | 8 320 |
| Grants | 10 417 | 10 731 | 10 426 | 9 583 | 10 842 |
| Sales of goods and services (a) | 1 235 | 1 768 | 1 774 | 1 650 | 1 608 |
| Interest received | 319 | 365 | 309 | 404 | 389 |
| Dividends, income tax equivalent and rate equivalent receipts | 140 | 399 | 66 | 154 | 652 |
| Other receipts | 1 163 | 239 | 634 | 505 | 581 |
| **Total receipts** | **20 487** | **20 468** | **22 689** | **20 985** | **22 391** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (8 662) | (7 758) | (8 558) | (8 362) | (9 049) |
| Superannuation | (1 104) | (1 075) | (958) | (906) | (998) |
| Interest paid | (880) | (915) | (1 040) | (1 116) | (1 324) |
| Grants and subsidies | (4 445) | (5 077) | (4 691) | (3 997) | (3 853) |
| Goods and services (a) | (7 243) | (5 793) | (8 041) | (6 939) | (7 497) |
| Other payments | (200) | (241) | (265) | (253) | (332) |
| **Total payments** | **(22 534)** | **(20 859)** | **(23 554)** | **(21 572)** | **(23 053)** |
| **Net cash flows from operating activities** | **(2 047)** | **(391)** | **(865)** | **(587)** | **(662)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (4 781) | (3 155) | (4 837) | (4 250) | (4 847) |
| Sales of non‑financial assets | 128 | 40 | 84 | 52 | 62 |
| **Net cash flows from investments in non‑financial assets** | **(4 653)** | **(3 115)** | **(4 753)** | **(4 198)** | **(4 785)** |
| Net cash flows from investments in financial assets for policy purposes | (682) | (387) | (165) | (259) | (744) |
| **Sub‑total** | **(5 335)** | **(3 502)** | **(4 919)** | **(4 457)** | **(5 529)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (100) | (207) | (113) | (8 613) | (996) |
| **Net cash flows from investing activities** | **(5 435)** | **(3 709)** | **(5 032)** | **(13 069)** | **(6 525)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (5) | (39) | (88) | (10) | 152 |
| Net borrowings | 6 441 | 3 605 | 4 734 | 10 145 | 3 679 |
| Deposits received (net) | (29) | 6 | 8 | 156 | (63) |
| **Net cash flows from financing activities** | **6 407** | **3 573** | **4 654** | **10 291** | **3 768** |
| **Net increase/(decrease) in cash and cash equivalents** | **(1 076)** | **(527)** | **(1 243)** | **(3 366)** | **(3 419)** |
| Cash and cash equivalents at beginning of the reporting period | 22 544 | 21 468 | 20 941 | 19 698 | 16 332 |
| **Cash and cash equivalents at end of the reporting period** | **21 468** | **20 941** | **19 698** | **16 332** | **12 913** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | (2 047) | (391) | (865) | (587) | (662) |
| Net cash flows from investments in non‑financial assets | (4 653) | (3 115) | (4 753) | (4 198) | (4 785) |
| **Cash surplus/(deficit)** | **(6 700)** | **(3 506)** | **(5 618)** | **(4 785)** | **(5 447)** |

Note:

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

Appendix B – *Financial Management Act 1994* compliance index

The *Financial Management Act 1994* (FMA) requires the Minister to prepare a mid-year 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.

| Financial Management Act reference | Requirement | Comments/reference |
| --- | --- | --- |
| Section 25(1) | The Minister must prepare a mid-year report for each financial year. | Refer to Chapter 2. |
| Section 25(2) | The mid-year report: |  |
|  | (a) must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks | Manner is in accordance with Australian Accounting Standards and Ministerial Directions. Form is consolidated comprehensive operating statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and accompanying notes. Refer to Chapter 2. |
|  | (b) must present fairly the financial position of the State and the Victorian general government sector at midnight on 31 December in the financial year and: | Refer to Chapter 2, consolidated balance sheet. |
|  | (i) the transactions on the Public Account | Refer to Chapter 2, Note 8. |
|  | (ii) the transactions of the Victorian general government sector | Refer to Chapter 2, consolidated comprehensive operating statement, consolidated cash flow statement and related notes. |
|  | (iii) other financial transactions of the State in respect of the period of six months ending on that day. | Refer to Chapter 2, consolidated comprehensive operating statement, consolidated cash flow statement and related notes. |
| Section 26(1) | The Minister must prepare a quarterly financial report for each quarter of each financial year. | Refer to Appendix A. |
| Section 26(2) | A quarterly financial report comprises: |  |
|  | (a) a statement of financial performance of the Victorian general government sector for the quarter | Refer to Appendix A, consolidated comprehensive operating statement. |
|  | (b) a statement of the financial position of the Victorian general government sector at the end of the quarter | Refer to Appendix A, consolidated balance sheet. |
|  | (c) a statement of cash flows of the Victorian general government sector for the quarter | Refer to Appendix A, consolidated cash flow statement. |
|  | (d) a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based. | Refer to Chapter 2, Note 1. |
| 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 consolidated comprehensive operating statement, consolidated balance sheet, consolidated cash flow statement. Refer to Appendix A. |
| Section 26(2B) | The quarterly financial report for the quarter ending on 31 December 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 six months ending on that 31 December. | Refer to Chapter 2, consolidated comprehensive operating statement, consolidated balance sheet, and consolidated cash flow statement. |

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. Percentage variations 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

(x xxx.x) negative amount

x xxx.0 rounded amount

Please refer to the **Treasury and Finance glossary for budget and financial reports** at dtf.vic.gov.au for additional terms and references.

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