



**Victorian Budget**  
2023/24

# Doing What Matters

## Statement of Finances

(incorporating Quarterly Financial Report No. 3)  
**Budget Paper No. 5**

Presented by Tim Pallas MP  
Treasurer of the State of Victoria



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Budget Paper No. 3 – Service Delivery  
Budget Paper No. 4 – State Capital Program  
Budget Paper No. 5 – Statement of Finances  
(incorporating Quarterly Financial Report No. 3)

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# Statement of Finances

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## 2023-24



Presented by

**Tim Pallas MP**

Treasurer of the State of Victoria

for the information of Honourable Members

**Budget Paper No. 5**



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# CHAPTER 1 – ESTIMATED FINANCIAL STATEMENTS FOR THE GENERAL GOVERNMENT SECTOR

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The following Estimated Financial Statements and accompanying explanatory notes set out the forecast financial results for the Victorian general government sector for the period 2023-24 to 2026-27.

The Estimated Financial Statements have been prepared in accordance with the *Financial Management Act 1994*. This Act requires the Estimated Financial Statements to be prepared on a basis consistent with the financial policy objectives and strategies statement (see Budget Paper No. 2, Chapter 1 *Economic and Fiscal Overview*), and in a manner and form determined by the Treasurer, having regard to appropriate financial reporting frameworks.

The statements have been prepared having regard to applicable Australian Accounting Standards (AASs). As there is no specific Australian accounting standard or authoritative pronouncement that prescribes the preparation and presentation of prospective financial statements, the Estimated Financial Statements have been prepared based on the principles set out in the New Zealand Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements* (FRS-42).

The statements are presented in a manner consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This standard is also consistent with the Uniform Presentation Framework (UPF) as it relates to the general government sector. Chapter 2 *Supplementary uniform presentation framework tables* includes additional disclosures relating to the UPF.

Appropriate professional judgement has been applied in preparing the Estimated Financial Statements. However, the onset of the COVID-19 pandemic in early 2020 introduced significant economic and fiscal uncertainties. Although the economy has recovered well, risks to Victoria's economic outlook remain greater than normal. These risks include the outlook for inflation, and hence for interest rates, as well as prospects for global economic growth against a backdrop of elevated geopolitical volatility. Given the prospective nature of the Estimated Financial Statements, actual results are likely to differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected.

The Victorian Auditor-General has reviewed the Estimated Financial Statements and his review report follows.

## ESTIMATED FINANCIAL STATEMENTS STRUCTURE

The Estimated Financial Statements of the Victorian general government sector, prepared in accordance with sections 23H–23K of the *Financial Management Act 1994*, are presented as follows.

<b>Report Certifications</b>	Report of the Auditor-General	Page 3
	Certification by the Treasurer and the Department of Treasury and Finance	Page 6
<b>Estimated Financial Statements</b>	Consolidated comprehensive operating statement	Page 7
	Consolidated balance sheet	Page 8
	Consolidated cash flow statement	Page 9
	Consolidated statement of changes in equity	Page 10
<b>Notes to the Estimated Financial Statements</b>	<b>1.1 About this report</b>	Page 10
	<i>Basis of preparation including key judgements, estimates and assumptions</i>	
	<i>Compliance information</i>	
	<b>1.2 How funds are raised</b>	Page 17
	<i>Revenue and income recognised from taxes, grants, sales of goods and services and other sources</i>	
	<b>1.3 How funds are spent</b>	Page 23
	<i>Operating expenses of the general government sector and capital spending on infrastructure and other assets</i>	
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	<i>Land, buildings, infrastructure, plant and equipment, other non-financial assets</i>	
	<b>1.5 Financing general government sector operations</b>	Page 37
	<i>Borrowings, interest expense, and investments held</i>	
	<b>1.6 Other assets and liabilities</b>	Page 40
	<i>Other key asset and liability balances</i>	
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	<i>Additional disclosures that assist the understanding of the Estimated Financial Statements</i>	



# REPORT OF THE AUDITOR-GENERAL



## Independent Assurance Report

### To the Members of the Parliament of Victoria

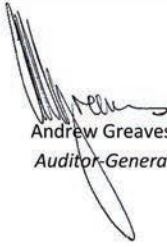
My responsibility to you under section 19 of the *Audit Act 1994* is to review the estimated financial statements for the Victorian General Government Sector and provide you with a report of my assurance conclusion.

<b>Scope</b>	<p>I have reviewed the Estimated Financial Statements for the Victorian General Government Sector which comprise the:</p> <ul style="list-style-type: none"><li>• estimated comprehensive operating statement for the year ending 30 June 2024 and estimated comprehensive operating statement for the three forward years ending 30 June 2025, 2026 and 2027</li><li>• estimated balance sheet as at 30 June 2024 and estimated balance sheet for the three forward years as at 30 June 2025, 2026 and 2027</li><li>• estimated cash flow statement for the year ending 30 June 2024 and estimated cash flow statement for the three forward years ending 30 June 2025, 2026 and 2027</li><li>• estimated statement of changes in equity for the year ending 30 June 2024 and estimated statement of changes in equity for the three forward years ending 30 June 2025, 2026 and 2027</li><li>• notes to the estimated financial statements including significant accounting policies, judgements, economic and other assumptions, and other explanatory information</li><li>• certification by the Treasurer and the Secretary of the Department of Treasury and Finance.</li></ul> <p>The stated basis of preparation used for the estimated financial statements is set out in Note 1.1 to the statements.</p> <p>The estimated financial statements are included in Chapter 1 of <i>Budget Paper 5: Statement of Finances</i> of the 2023–24 State Budget. My review does not include any of the remaining chapters of Budget Paper 5 nor does it include Budget Papers 1 through 4 of the 2023–24 State Budget.</p>
<b>Conclusion</b>	<p>Based on my review, which is not an audit, nothing has come to my attention which causes me to believe that the estimated financial statements:</p> <ul style="list-style-type: none"><li>• have not been prepared on a basis consistent with the accounting policies on which they are stated to be based, as set out in the notes to the estimated financial statements</li><li>• are not consistent with the targets specified in the current financial policy objectives and strategies statement for each key financial measure specified in that statement, as set out in Note 1.1 to the estimated financial statements</li><li>• have not been properly prepared on the basis of the assumptions contained in the accompanying statement prepared under section 23K of the <i>Financial Management Act 1994</i>, and as contained in the notes to the estimated financial statements</li><li>• do not use reasonable methodologies to determine those assumptions.</li></ul>

<b>Basis for conclusion</b>	<p>I have conducted my review in accordance with the Australian Standard on Assurance Engagements ASAE 3450 <i>Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information</i>. A review is a limited assurance engagement which is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain reasonable assurance that I would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a reasonable assurance conclusion.</p> <p>My review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. I have relied on representations from the Department of Treasury and Finance that all material information concerning the estimated financial statements has been disclosed to me and that the information provided to me for the purpose of my work is true, complete and accurate in all respects.</p> <p>The Treasurer has prepared the estimated financial statements that set out the projected financial performance of the Victorian General Government Sector for 2023–24 State Budget purposes. There is a considerable degree of subjective judgement involved in preparing these statements, including the assumptions, as they relate to future events and/or transactions that the Treasurer expects to occur and actions that the Treasurer expects to take. The estimated financial statements are also subject to uncertainties and contingencies, which are often outside the control of the Treasurer.</p> <p>Actual results may be different from the estimated financial statements since anticipated events and/or transactions may not occur as expected and the variation may be material. I am not responsible for ensuring the estimated financial results are achieved, and I express no opinion as to whether the estimated results will be achieved.</p> <p>The limited assurance conclusion expressed in this report has been formed on the above basis.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Victorian General Government Sector in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my review of the estimated financial statements in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>My responsibilities under the <i>Audit Act 1994</i> and ASAE 3450 are further described in <i>My Responsibilities for the Review of the Estimated Financial Statements</i> section of my report.</p>
<b>Emphasis of matter</b>	<p>I draw attention to Note 1.1 of the estimated financial statements which describes the higher degree of uncertainty in the estimates resulting from greater than normal risks to Victoria’s economic outlook from persistent inflation, elevated interest rates, global economic outlook and geopolitical volatility. My conclusion is not modified in respect of this matter.</p>

<b>Other information</b>	<p>The Treasurer of Victoria is responsible for other information included in the remaining chapters of Budget Paper 5 and Budget Papers 1 through 4 of the 2023–24 State Budget. My review of the estimated financial statements does not cover this other information and accordingly I do not express any form of assurance conclusion on it.</p> <p>As part of my review of the estimated financial statements, I have read the remaining chapters of Budget Paper 5 and Budget Papers 2 through 4 of the 2023–24 State Budget and, in doing so, considered whether the other information is materially inconsistent with the estimated financial statements or my knowledge obtained in the review or otherwise appears to be materially misstated. I have nothing to report in this regard.</p>
<b>The Treasurer’s responsibilities for the estimated financial statements</b>	<p>The Treasurer of Victoria is responsible for the preparation of the estimated financial statements in accordance with sections 23H-23K of the <i>Financial Management Act 1994</i>, and for such internal control as is determined necessary to enable the preparation of the estimated financial statements.</p>
<b>My responsibilities for the review of the estimated financial statements</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to state whether, on the basis of my review, anything has come to my attention that would cause me to believe:</p> <ul style="list-style-type: none"> <li>the estimated financial statements have not been prepared on a basis consistent with the accounting policies on which they are stated to be based, as set out in the notes to the estimated financial statements</li> <li>the estimated financial statements are not consistent with the targets specified in the current financial policy objectives and strategies statement for each key financial measure specified in that statement, as set out in Note 1.1 to the estimated financial statements</li> <li>the estimated financial statements have not been properly prepared on the basis of the assumptions contained in the accompanying statement prepared under section 23K of the <i>Financial Management Act 1994</i>, and as contained in the notes to the estimated financial statements</li> <li>the methodologies used to determine those assumptions are not reasonable.</li> </ul> <p>I do not accept any responsibility for any reliance on these estimated financial statements for any purpose other than that for which they were prepared.</p>

MELBOURNE  
19 May 2023



Andrew Greaves  
Auditor-General



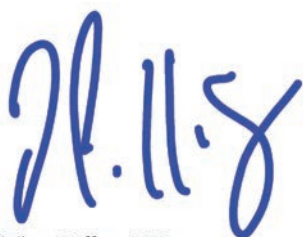
## CERTIFICATION BY THE TREASURER AND THE DEPARTMENT OF TREASURY AND FINANCE

The Estimated Financial Statements of the Victorian general government sector have been prepared on the basis of the economic and fiscal information available to the Department of Treasury and Finance.

In our opinion, the Estimated Financial Statements, which comprise the estimated general government sector comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity, together with the notes to the estimated financial statements for the year ending 30 June 2024 and the three forward years ending 30 June 2025, 2026 and 2027:

- a) have been prepared in accordance with sections 23H–23K of the *Financial Management Act 1994*, having regard to relevant Australian Accounting Standards and pronouncements, and in the absence of an Australian Accounting Standard for the preparation of prospective financial statements, New Zealand Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements*
- b) take into account government decisions and other circumstances that may have a material effect
- c) have been prepared using best professional judgement given the prospective nature of the Estimated Financial Statements.

At the time of signing, we are not aware of any circumstances that would render any particulars included in the Estimated Financial Statements to be misleading.



Tim Pallas MP  
**Treasurer**



David Martine  
**Secretary**

18 May 2023

# ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR COMPREHENSIVE OPERATING STATEMENT

For the financial year ending 30 June

(\$ million)

	Notes	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Revenue and income from transactions</b>					
Taxation	1.2.1	34 877	36 683	38 490	40 366
Interest income		1 629	1 159	1 147	1 147
Dividends, income tax equivalent and rate equivalent income	1.2.2	1 275	971	1 166	1 223
Sales of goods and services	1.2.3	6 111	6 441	6 419	6 497
Grants	1.2.4	41 751	43 227	45 888	46 765
Other revenue and income	1.2.5	3 617	3 304	3 382	3 902
<b>Total revenue and income from transactions</b>		<b>89 260</b>	<b>91 785</b>	<b>96 491</b>	<b>99 901</b>
<b>Expenses from transactions</b>					
Employee expenses		35 280	35 929	36 984	38 272
Net superannuation interest expense	1.3.2	718	722	726	735
Other superannuation	1.3.2	3 771	3 870	3 938	4 116
Depreciation	1.4.2	4 890	5 032	5 342	5 551
Interest expense	1.5.3	5 566	6 273	7 150	7 981
Grant expense	1.3.3	16 962	16 209	16 324	16 314
Other operating expenses	1.3.4	26 091	24 812	24 989	25 728
<b>Total expenses from transactions</b>	1.3.5	<b>93 277</b>	<b>92 846</b>	<b>95 452</b>	<b>98 697</b>
<b>Net result from transactions – Net operating balance</b>		<b>(4 017)</b>	<b>(1 060)</b>	<b>1 039</b>	<b>1 204</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets		13	2	9	7
Net gain/(loss) on financial assets or liabilities at fair value		60	95	172	190
Share of net profit/(loss) from associates/joint venture entities		30	32	36	4
Other gains/(losses) from other economic flows	1.7.1	(473)	(435)	(397)	(397)
<b>Total other economic flows included in net result</b>		<b>(369)</b>	<b>(306)</b>	<b>(181)</b>	<b>(197)</b>
<b>Net result</b>		<b>(4 387)</b>	<b>(1 366)</b>	<b>858</b>	<b>1 007</b>
<b>Other economic flows – Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in non-financial assets revaluation surplus		1 030	14 978	2 852	9 657
Remeasurement of superannuation defined benefit plans	1.3.2	852	830	808	785
Other movements in equity		13	18	..	11
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value		3	3	3	3
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	1.6.1	(6 330)	(6 233)	(12 896)	(3 377)
<b>Total other economic flows – Other comprehensive income</b>		<b>(4 431)</b>	<b>9 595</b>	<b>(9 233)</b>	<b>7 079</b>
<b>Comprehensive result – Total change in net worth</b>		<b>(8 818)</b>	<b>8 229</b>	<b>(8 375)</b>	<b>8 086</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>		<b>(4 017)</b>	<b>(1 060)</b>	<b>1 039</b>	<b>1 204</b>
Less: Net acquisition/(disposal) of non-financial assets from transactions	1.3.7	7 039	4 902	(4 429)	4 337
<b>Net lending/(borrowing)</b>		<b>(11 056)</b>	<b>(5 963)</b>	<b>5 468</b>	<b>(3 133)</b>

The accompanying notes form part of these Estimated Financial Statements.

## ESTIMATED FINANCIAL STATEMENTS

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR  
BALANCE SHEET

As at 30 June

(\$ million)

	Notes	2023 revised	2024 budget	2025 estimate	2026 estimate	2027 estimate
<b>Assets</b>						
<b>Financial assets</b>						
Cash and deposits		19 735	12 241	12 872	13 572	14 270
Advances paid	1.5.2	5 670	7 131	6 927	6 912	6 946
Receivables and contract assets		8 109	8 790	9 171	9 580	9 985
Investments, loans and placements	1.5.2	4 451	13 972	15 509	17 341	19 581
Investments accounted for using equity method		1 219	1 219	1 428	1 428	1 428
Investments in other sector entities	1.6.1	89 002	90 349	93 992	97 884	100 593
<b>Total financial assets</b>		<b>128 185</b>	<b>133 701</b>	<b>139 900</b>	<b>146 716</b>	<b>152 803</b>
<b>Non-financial assets</b>						
Inventories		781	364	252	256	259
Non-financial assets held for sale		169	147	114	108	94
Land, buildings, infrastructure, plant and equipment	1.4.1, 1.4.3	238 943	248 001	268 084	267 001	281 302
Other non-financial assets	1.4.4	7 372	7 246	7 036	6 768	6 490
<b>Total non-financial assets</b>		<b>247 264</b>	<b>255 758</b>	<b>275 486</b>	<b>274 132</b>	<b>288 145</b>
<b>Total assets</b>	1.4.5	<b>375 449</b>	<b>389 459</b>	<b>415 386</b>	<b>420 849</b>	<b>440 948</b>
<b>Liabilities</b>						
Deposits held and advances received		1 714	1 680	1 601	1 553	1 553
Payables	1.6.2	26 914	27 096	26 608	26 125	25 257
Contract liabilities	1.6.2	338	310	297	293	293
Borrowings	1.5.1	144 834	167 074	184 889	198 473	210 678
Employee benefits	1.3.1	10 099	10 432	10 773	11 119	11 467
Superannuation	1.6.3	21 778	21 882	21 924	22 206	22 367
Other provisions		2 071	2 099	2 181	2 340	2 509
<b>Total liabilities</b>		<b>207 747</b>	<b>230 575</b>	<b>248 272</b>	<b>262 110</b>	<b>274 124</b>
<b>Net assets</b>		<b>167 702</b>	<b>158 884</b>	<b>167 114</b>	<b>158 739</b>	<b>166 825</b>
Accumulated surplus/(deficit)		41 661	38 140	37 622	39 634	41 437
Reserves		126 041	120 745	129 492	119 105	125 388
<b>Net worth</b>		<b>167 702</b>	<b>158 884</b>	<b>167 114</b>	<b>158 739</b>	<b>166 825</b>
<b>FISCAL AGGREGATES <sup>(a)</sup></b>						
Net financial worth		(79 562)	(96 874)	(108 372)	(115 393)	(121 321)
Net financial liabilities		168 564	187 223	202 365	213 277	221 914
Net debt		116 693	135 411	151 181	162 202	171 433

The accompanying notes form part of these Estimated Financial Statements.

Note:

(a) The fiscal aggregates are defined in Note 9.9 of the 2021-22 Financial Report.

# ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT

For the financial year ending 30 June

(\$ million)

	Notes	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received		34 121	36 407	38 151	40 033
Grants		41 753	43 226	45 888	46 765
Sales of goods and services <sup>(a)</sup>		6 618	7 015	7 013	7 101
Interest received		1 557	1 062	1 032	1 036
Dividends, income tax equivalent and rate equivalent receipts		1 551	965	1 161	1 218
Other receipts		2 063	2 248	2 299	2 646
<b>Total receipts</b>		<b>87 664</b>	<b>90 923</b>	<b>95 544</b>	<b>98 800</b>
<b>Payments</b>					
Payments for employees		(34 959)	(35 601)	(36 650)	(37 937)
Superannuation		(3 532)	(3 720)	(3 573)	(3 905)
Interest paid		(5 246)	(6 033)	(7 063)	(7 956)
Grants and subsidies		(16 859)	(16 062)	(16 213)	(16 291)
Goods and services <sup>(a)</sup>		(25 318)	(24 288)	(24 507)	(25 176)
Other payments		(921)	(959)	(1 008)	(1 057)
<b>Total payments</b>		<b>(86 835)</b>	<b>(86 662)</b>	<b>(89 013)</b>	<b>(92 322)</b>
<b>Net cash flows from operating activities</b>		<b>829</b>	<b>4 261</b>	<b>6 530</b>	<b>6 478</b>
<b>Cash flows from investing activities</b>					
<b>Cash flows from investments in non-financial assets</b>					
Purchases of non-financial assets	1.3.6	(15 647)	(16 439)	(15 831)	(13 917)
Sales of non-financial assets		545	594	714	406
<b>Net cash flows from investments in non-financial assets</b>		<b>(15 102)</b>	<b>(15 845)</b>	<b>(15 117)</b>	<b>(13 511)</b>
Net cash flows from investments in financial assets for policy purposes		(3 648)	(3 153)	(2 184)	(2 363)
<b>Subtotal</b>		<b>(18 750)</b>	<b>(18 998)</b>	<b>(17 300)</b>	<b>(15 874)</b>
Net cash flows from investment in financial assets for liquidity management purposes		(9 516)	(1 538)	(1 697)	(2 012)
<b>Net cash flows from investing activities</b>		<b>(28 267)</b>	<b>(20 536)</b>	<b>(18 997)</b>	<b>(17 886)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)		(34)	(79)	(48)	..
Net borrowings		19 978	16 985	13 215	12 107
<b>Net cash flows from financing activities</b>		<b>19 944</b>	<b>16 906</b>	<b>13 167</b>	<b>12 107</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7 494)</b>	<b>631</b>	<b>700</b>	<b>698</b>
Cash and cash equivalents at beginning of reporting period		19 735	12 241	12 872	13 572
<b>Cash and cash equivalents at end of reporting period</b>		<b>12 241</b>	<b>12 872</b>	<b>13 572</b>	<b>14 270</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities		829	4 261	6 530	6 478
Net cash flows from investments in non-financial assets		(15 102)	(15 845)	(15 117)	(13 511)
<b>Cash surplus/(deficit)</b>		<b>(14 273)</b>	<b>(11 584)</b>	<b>(8 586)</b>	<b>(7 033)</b>

The accompanying notes form part of these Estimated Financial Statements.

Note:

(a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.

## ESTIMATED FINANCIAL STATEMENTS

### ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR STATEMENT OF CHANGES IN EQUITY

For the financial year ending 30 June

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-financial assets revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
<b>2023-24 budget</b>					
Balance at 1 July 2023	41 661	83 436	41 432	1 173	167 702
Net result for the year	(4 387)	..	..	..	(4 387)
Other comprehensive income for the year	865	1 030	(6 330)	3	(4 431)
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 30 June 2024</b>	<b>38 140</b>	<b>84 466</b>	<b>35 103</b>	<b>1 176</b>	<b>158 884</b>
<b>2024-25 estimate</b>					
Balance at 1 July 2024	38 140	84 466	35 103	1 176	158 884
Net result for the year	(1 366)	..	..	..	(1 366)
Other comprehensive income for the year	848	14 978	(6 233)	3	9 595
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 30 June 2025</b>	<b>37 622</b>	<b>99 444</b>	<b>28 870</b>	<b>1 179</b>	<b>167 114</b>
<b>2025-26 estimate</b>					
Balance at 1 July 2025	37 622	99 444	28 870	1 179	167 114
Net result for the year	858	..	..	..	858
Other comprehensive income for the year	808	2 852	(12 896)	3	(9 233)
Transfer to/(from) accumulated surplus	345	(345)	..	..	..
<b>Total equity as at 30 June 2026</b>	<b>39 634</b>	<b>101 950</b>	<b>15 973</b>	<b>1 182</b>	<b>158 739</b>
<b>2026-27 estimate</b>					
Balance at 1 July 2026	39 634	101 950	15 973	1 182	158 739
Net result for the year	1 007	..	..	..	1 007
Other comprehensive income for the year	796	9 657	(3 377)	3	7 079
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 30 June 2027</b>	<b>41 437</b>	<b>111 607</b>	<b>12 597</b>	<b>1 185</b>	<b>166 825</b>

*The accompanying notes form part of these Estimated Financial Statements.*



## 1.1 ABOUT THIS REPORT

### Basis of preparation

This note summarises the basis applied in preparing and presenting these Estimated Financial Statements, which include the estimates for the budget year and the three forward years.

The detailed accounting policies applied in preparing the Estimated Financial Statements for the 2023-24 budget year, and the three forward years, are consistent with those in the *2021-22 Financial Report* for the State of Victoria as presented to Parliament, which is in accordance with applicable Australian Accounting Standards including Interpretations, issued by the Australian Accounting Standards Board (AASB). These accounting policies are consistent with those expected to apply in the 2023-24 Financial Report. The audited 30 June 2022 asset and liability balances, as reported in the *2021-22 Financial Report*, form the basis on which asset and liability balances are projected over the next four years.

The accrual basis of accounting has been applied in preparing the Estimated Financial Statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The Estimated Financial Statements are presented in Australian dollars, which is the functional currency of the Victorian general government sector.

The Estimated Financial Statements have been prepared in accordance with the historical cost convention. Historical cost is based on the fair value of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- the 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 initial recognition, are measured at a revalued amount being their fair value at the reporting date less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value
- productive trees in commercial native forests, which are measured at their fair value less estimated costs to sell
- certain liabilities, most notably unfunded superannuation, which are subject to actuarial assessments
- 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.

For assets and liabilities measured at fair value in the estimated balance sheet, the principles under AASB 13 *Fair Value Measurement* have been applied.

As required by AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the estimated comprehensive operating statement distinguishes between transactions and other economic flows based on the principles in the Government Finance Statistics (GFS) Manual. Transactions are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement, and also flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and the taxpayer. Transactions may be cash or settled in kind (e.g. assets received/given free of charge or for nominal consideration).

Other economic flows are changes arising from market remeasurements. They include:

- gains and losses from asset disposals
- revaluations and impairments of non-financial physical and intangible assets
- remeasurement arising from defined benefit superannuation plans
- fair value changes of financial instruments and agricultural assets
- depletion of natural assets (non-produced) from their use or removal.

All amounts in the Estimated Financial Statements have been rounded to the nearest \$1 million unless otherwise stated. The Estimated Financial Statements may not add due to rounding.

## Key judgements, estimates and assumptions

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources, and the forecasting of certain revenue and expenses. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. However, the onset of the COVID-19 pandemic in early 2020 introduced significant economic and fiscal uncertainties.

Although the economy has recovered well, risks to Victoria's economic outlook remain greater than normal. These risks include the outlook for inflation, and hence for interest rates, as well as prospects for global economic growth against a backdrop of elevated geopolitical volatility. This means that these estimates are subject to a higher degree of uncertainty. For example, goods and services tax (GST) revenue, land transfer duty revenue and interest expense are significantly linked to changes in economic growth, inflation and/or interest rates.

Budget Paper No. 2, Chapter 2 *Economic context* provides further detail on the economic outlook and risks to the outlook and Appendix A *Sensitivity analysis* contains information on the impact of variations in the macroeconomic outlook on the Government's key fiscal aggregates.

Given the prospective nature of the Estimated Financial Statements, actual results are likely to differ from these estimates and in some cases these differences may be material. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected.

## Reporting entity

The Estimated Financial Statements are prepared for the general government sector, which includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost. 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. These services are primarily funded through transferring or redistributing revenue that is collected mainly through taxes and other compulsory levies.

The general government sector is not a separate entity but represents a sector within the State of Victoria reporting entity. Unless otherwise noted, accounting policies applied by the State apply equally to the general government sector.

## Basis for consolidation

The Estimated Financial Statements present the estimated consolidated results and financial position of all reporting entities in the general government sector that are controlled by the State, consistent with the principles of AASB 1049 and AASB 10 *Consolidated Financial Statements*.

Entities in the public non-financial corporations (PNFC) and public financial corporations (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 PNFC and PFC sector entities before consolidation eliminations.

Where the carrying amount of a PNFC or PFC entity's net assets before consolidation eliminations is less than zero, the carrying amount is not included in the general government sector. 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 and accounted for consistent with AASB 9 *Financial Instruments* and AASB 1049.

Where control of an entity is expected to be obtained during the reporting period, its results are included in the estimated comprehensive operating statement from the date on which control is obtained. Where control is expected to cease during a reporting period, the entity's results are included for that part of the period for which control would exist. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in the Estimated Financial Statements.

All material transactions and balances between entities within the general government sector are eliminated.

Except as stated in Note 1.7.4 of the Estimated Financial Statements, the significant entities consolidated within the sector comprise those general government sector entities listed in Note 9.8 of Chapter 4 of the *2021-22 Financial Report* for the State of Victoria.

## Compliance

These Estimated Financial Statements have been prepared in accordance with sections 23H-23K of the *Financial Management Act 1994*, having regard to AASs, which include Interpretations issued by the Australian Accounting Standards Board (AASB).

The Estimated Financial Statements are presented in a manner consistent with the principles of AASB 1049 and other relevant AASs. However, the prospective nature of these Estimated Financial Statements means that some AAS disclosures are neither relevant nor practical and have been omitted. Where applicable, those AAS paragraphs relevant to not-for-profit entities have been applied. Because AASs do not prescribe requirements for preparing and presenting prospective financial statements, the Estimated Financial Statements have been prepared having regard to the principles set out in New Zealand Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements*.

The GFS information included in this report is based on the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 Cat. No. 5514.0* (ABS GFS).

The information presented in the Estimated Financial Statements takes into account all policy decisions made by the Victorian Government and circumstances that may have a material effect on the Estimated Financial Statements as at 8 May 2023, along with the recognition of material financial updates for funding agreements able to be assessed for inclusion from the *2023-24 Commonwealth Budget* released on 9 May 2023.

The Commonwealth Government announced a review of its Infrastructure Investment Program. The review will be undertaken within 90 days and will include engagement with states, territories and industry stakeholders. The Commonwealth Government has advised that any changes to funding will be reported in a future budget publication following the review. As the outcome of this review is yet to be determined, no financial impacts resulting from this review have been incorporated within the Estimated Financial Statements.

Expected expenditure includes the impact of all relevant government decisions, including those relating to savings. A number of new savings decisions are included in this budget, and these broadly cover reductions in corporate and back-office functions, consultants, labour hire and contractor spending. Further information is included in Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives*.

## Key financial measures

The COVID-19 pandemic severely impacted the state's financial position with the Government prioritising the use of its balance sheet to support the Victorian community, Victorian households and the economy. While the economy has rebounded strongly, the ongoing impacts of the pandemic on the state's fiscal position are still present.

The Government's financial sustainability objectives for the *2023-24 Budget* are that:

- the net operating balance will return to a surplus by 2025-26
- an operating cash surplus will be achieved by 2022-23 and maintained over the budget and forward estimates period.

The Government's long-term financial management objectives and fiscal measures and targets for the *2023-24 Budget* are set out in Budget Paper No. 2, Chapter 1 *Economic and fiscal overview*.

## Economic assumptions

The Estimated Financial Statements have been prepared using the economic assumptions listed below:

### Economic assumptions

	2022-23 forecast	2023-24 forecast	2024-25 forecast	2025-26 projection	2026-27 projection
	(\$ billion)				
Nominal gross state product	567.0	599.2	631.7	665.3	700.7
	(percentage change) <sup>(a)</sup>				
Real gross state product	2.75	1.50	2.50	2.75	2.75
Employment	3.50	0.75	1.00	1.75	1.75
Unemployment rate <sup>(b)</sup>	3.75	4.25	4.50	4.75	4.75
Consumer price index <sup>(c)</sup>	7.00	4.25	2.75	2.50	2.50
Wage price index <sup>(d)</sup>	3.50	3.50	3.50	3.25	3.25
Population <sup>(e)</sup>	1.90	1.90	1.80	1.70	1.70

Notes:

(a) Percentage change in year-average terms compared with previous year, except for the unemployment rate (see Note (b)) and population (see Note (e)). Forecasts are rounded to the nearest 0.25 percentage points, except for population (see Note (e)). The key assumptions underlying the economic forecasts include: interest rates that broadly follow market economists' expectations; an Australian dollar trade-weighted index of 61.6; and oil prices that follow the path suggested by oil futures.

(b) Year average.

(c) Melbourne consumer price index.

(d) Wage price index, Victoria (based on total hourly rates of pay, excluding bonuses).

(e) Percentage change over the year to 30 June. Forecasts are rounded to the nearest 0.1 percentage point.

## Sensitivity analysis

Appendix A *Sensitivity analysis* contained in Budget Paper No. 2 explores the impact of variations in the macroeconomic outlook on key fiscal aggregates using two alternative approaches. The first approach quantifies the fiscal impacts of a scenario involving simultaneous variations in economic parameters that represent key risks to the economic outlook. Under this approach, a key risk outlined in Budget Paper No. 2, Chapter 2 *Economic context* is modelled on a slowdown in Victorian and Australian demand, partly due to uncertainty around the trajectory for interest rates and inflation, which weighs on the Victorian economy. The second approach considers the fiscal impacts of independent variations in major macroeconomic parameters, holding all parameters other than the indicator of interest constant.

## Economic risks that affect the Estimated Financial Statements

Risks to Victoria's economic outlook remain elevated and the forecasts are subject to uncertainty.

A key risk is the outlook for inflation, both domestically and globally. Inflation is high and there is uncertainty about how persistent it will be, with implications for the Reserve Bank of Australia's monetary policy as well as for other major central banks. The extent to which monetary policy needs to respond to high inflation has implications for economic activity and employment growth. For example, GST revenue, land transfer duty revenue and interest expense are significantly linked to changes in economic growth, inflation and/or interest rates. A related uncertainty is how much further wages growth will increase amid an ongoing tight labour market.

Another uncertainty is the outlook for the global economy. Global risks remain tilted to the downside, as high inflation and global monetary tightening weigh on prospects for economic growth. Further, conflict continues between Russia and Ukraine, which has the potential to further destabilise energy prices. Geopolitical tensions in multiple regions, including the Asia Pacific and Europe, also continue to contribute to uncertainty. Weaker global growth would slow demand for Victoria's goods and services exports.

Further detail on the economic outlook and risks to the outlook is included in Budget Paper No. 2, Chapter 2 *Economic context*.

## 1.2 HOW FUNDS ARE RAISED

### Introduction

This section presents the sources and amounts of revenue and income forecast for the general government sector.

Revenue and income recognition is determined by the State based on the substance of the 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

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### 1.2.1 Taxation

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE</b>				
Payroll tax	7 984	8 406	8 695	9 136
COVID Debt Levy – Payroll \$10m+ <sup>(a)</sup>	836	961	1 006	1 071
Mental Health and Wellbeing Levy	912	961	1 006	1 071
<b>Total taxes on employers' payroll and labour force</b>	<b>9 732</b>	<b>10 328</b>	<b>10 706</b>	<b>11 277</b>
<b>TAXES ON IMMOVABLE PROPERTY</b>				
Land tax	6 079	6 144	6 409	6 786
COVID Debt Levy – Landholdings <sup>(a)</sup>	1 149	1 173	1 197	1 222
Fire Services Property Levy	847	871	895	898
Congestion levy	122	125	129	132
Metropolitan improvement levy	208	214	221	221
Windfall gains tax	40	59	84	97
<b>Total taxes on property</b>	<b>8 445</b>	<b>8 586</b>	<b>8 935</b>	<b>9 357</b>
<b>TAXES ON THE PROVISION OF GOODS AND SERVICES</b>				
<b>Gambling taxes <sup>(b)</sup></b>				
Public lotteries	674	695	716	738
Electronic gaming machines	1 382	1 429	1 461	1 494
Casino	207	213	219	223
Racing and other sports betting	303	462	479	497
Other	18	19	20	20
<b>Financial and capital transactions</b>				
Land transfer duty	7 360	8 080	8 807	9 375
Metropolitan planning levy	22	22	23	23
Financial accommodation levy	172	179	184	188
Growth areas infrastructure contributions	328	336	344	330
<b>Levies on statutory corporations <sup>(c)</sup></b>	<b>173</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Taxes on insurance</b>	<b>2 011</b>	<b>2 073</b>	<b>2 132</b>	<b>2 189</b>
<b>Total taxes on the provision of goods and services</b>	<b>12 650</b>	<b>13 507</b>	<b>14 384</b>	<b>15 077</b>
<b>TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES</b>				
<b>Motor vehicle taxes</b>				
Vehicle registration fees	2 106	2 231	2 364	2 501
Duty on vehicle registrations and transfers	1 247	1 306	1 356	1 404
<b>Liquor licence fees</b>	<b>30</b>	<b>31</b>	<b>33</b>	<b>35</b>
<b>Other</b>	<b>668</b>	<b>693</b>	<b>710</b>	<b>715</b>
<b>Total taxes on the use of goods and performance of activities</b>	<b>4 050</b>	<b>4 261</b>	<b>4 464</b>	<b>4 655</b>
<b>Total taxation</b>	<b>34 877</b>	<b>36 683</b>	<b>38 490</b>	<b>40 366</b>

**Notes:**

- (a) Further information on the COVID Debt Levy, comprising the COVID Debt Levy – Payroll \$10m+ and the COVID Debt Levy – Landholdings, is included in Budget Paper No. 3, Chapter 1 Output, asset investment, savings and revenue initiatives.
- (b) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue forecasts of \$190 million in each year of the budget and forward estimates, and is 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.
- (c) The fifth tranche of the environmental contribution levy began on 1 July 2020 for a period of four years concluding on 30 June 2024.



The State's taxation revenue is forecast by:

- assessing economic and other factors influencing the tax base. For example, for payroll tax, it involves an assessment of the outlook for employment, hours worked, wages, and activity indicators such as export values and retail sales. The forecasts also incorporate the impact of policy changes on the payroll tax base
- analysing historical information and relationships using econometric and other statistical methods
- consulting with relevant market participants, industry associations and government authorities.

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

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Dividends from PFC sector	610	57	55	56
Dividends from PNFC sector	162	175	198	190
Dividends from non-public sector	236	488	633	701
<b>Dividends</b>	<b>1 008</b>	<b>720</b>	<b>887</b>	<b>947</b>
Income tax equivalent income from PFC sector	8	9	9	9
Income tax equivalent income from PNFC sector	254	236	266	263
<b>Income tax equivalent income</b>	<b>261</b>	<b>245</b>	<b>274</b>	<b>271</b>
Local government rate equivalent income	5	6	5	5
<b>Total dividends, income tax equivalent and rate equivalent income</b>	<b>1 275</b>	<b>971</b>	<b>1 166</b>	<b>1 223</b>

Dividends and income tax equivalent income are mainly from the PNFC and PFC sectors. This income is forecast based on the state's dividend policy and expected profitability as forecast by the PNFCs and PFCs at the time of the budget.

While most government departments and agencies are exempt from Commonwealth income tax, certain larger PNFC and PFC entities are required to pay income tax equivalents to the general government sector in accordance with the National Tax Equivalent Regime (NTER). The primary objective of the NTER is to promote competitive neutrality, through uniformly applying income tax laws, between NTER entities and their privately held counterparts.

## Dividends by entity <sup>(a)</sup>

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Public financial corporations</b>				
Victorian Managed Insurance Authority	..	..	..	..
WorkSafe Victoria	..	..	..	..
Transport Accident Commission	525	..	..	..
Treasury Corporation of Victoria	75	46	43	43
State Trustees Ltd	1	1	1	1
Victorian Funds Management Corporation	8	9	9	9
Other/not allocated <sup>(b)</sup>	1	2	3	3
<b>Dividends from PFC sector</b>	<b>610</b>	<b>57</b>	<b>55</b>	<b>56</b>
<b>Public non-financial corporations</b>				
Greater Western Water	53	57	62	38
Melbourne Water Corporation	13	18	26	35
South East Water Corporation	24	20	21	27
Yarra Valley Water Corporation	22	11	16	20
Development Victoria	33	36	23	19
Others/not allocated <sup>(b)</sup>	17	33	50	50
<b>Dividends from PNFC sector</b>	<b>162</b>	<b>175</b>	<b>198</b>	<b>190</b>

### Notes:

- (a) Amounts equivalent to dividends to be paid by the Transport Accident Commission are received and reported as contributions forming part of grant revenue, due to the requirements of AASB 1023 General Insurance Contracts. The amounts, subject to annual review, that are forecast to be paid are \$875 million in 2023-24, \$300 million in 2024-25, \$600 million in 2025-26 and \$700 million in 2026-27 for the Transport Accident Commission. Based on current projections, the Transport Accident Commission is expected to remain financially sustainable, with an Insurance Funding Ratio (IFR) above the midpoint of the preferred range, across the forward estimates.
- (b) A range of savings and efficiency initiatives will be implemented by the PNFC and PFC sectors. Revised dividends payable by individual agencies will be determined following consultation with the relevant agencies.

## 1.2.3 Sales of goods and services

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Amounts recognised as revenue from contracts with customers (AASB 15)</b>				
Sale of goods	92	94	93	91
Provision of services <sup>(a)</sup>	4 883	5 123	5 148	5 194
<b>Amounts recognised as income of not-for-profit entities (AASB 1058)</b>				
Motor vehicle regulatory fees	306	367	375	395
Other regulatory fees	736	762	707	720
<b>Amounts recognised as lease income (AASB 16)</b>				
Rental	93	95	96	96
<b>Total sales of goods and services</b>	<b>6 111</b>	<b>6 441</b>	<b>6 419</b>	<b>6 497</b>

### Note:

- (a) Further disclosure on the provision of services is available on the Department of Treasury and Finance's website. This further disclosure is not subject to review by the Victorian Auditor-General's Office.

Revenue from the sale of goods and the supply of services is forecast by taking into account known factors, such as indexation as provided for under the *Monetary Units Act 2004*.

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

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
General purpose grants	19 836	21 777	23 082	23 345
Specific purpose grants for on-passing	5 559	5 788	6 007	6 275
Grants for specific purposes	15 211	15 078	16 039	16 222
<b>Total</b>	<b>40 607</b>	<b>42 643</b>	<b>45 128</b>	<b>45 843</b>
Other contributions and grants	1 144	584	761	923
<b>Total grants</b>	<b>41 751</b>	<b>43 227</b>	<b>45 888</b>	<b>46 765</b>

Note:

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

Grants mainly comprise contributions from the Commonwealth to meet general or specific service delivery obligations, primarily for aiding in the financing of the operations of the recipient, for capital purposes and/or for on-passing to other recipients. Grant revenue also includes grants from other jurisdictions.

The forecast receipt of funding from the Commonwealth is determined on the latest available information at the time of preparing the Estimated Financial Statements, where the impacts of these, including from the *Commonwealth Budget 2023-24*, have been able to be fully assessed. Refer to the compliance section in Note 1.1 for further details.

Forecast goods and services tax (GST) – or general purpose grants – are based on Victoria's assessment of the national GST pool. For 2023-24, Victoria's share of GST is informed by the assessed relativity for Victoria in 2023-24 as recommended by the Commonwealth Grants Commission in its 2023 Update, and Victoria's projections of other state and territory populations. Refer to Chapter 4 *State revenue* of this budget paper for further details on Victoria's GST relativity and the associated impacts on GST revenue forecast.

Beyond 2023-24, Victoria's estimated share of the GST pool is based on the projected fiscal capacity of each state and territory, which is estimated using the latest available information – including state and territory economic and fiscal updates – and Victoria's projections of each state and territory's population. Victoria's GST forecast also includes estimates of horizontal fiscal equalisation (HFE) transition payments from the Commonwealth Government, associated with the transition to the new system of HFE.

### 1.2.5 Other revenue and income

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Amounts recognised as revenue from contracts with customers (AASB 15)</b>				
Royalties	142	144	144	144
Other revenue – Health	254	261	261	261
Other miscellaneous revenue	693	735	743	757
<b>Amounts recognised as income of not-for-profit entities (AASB 1058)</b>				
Fair value of assets received free of charge or for nominal consideration <sup>(a)</sup>	432	59	2	2
Fines	942	947	917	945
Donations and gifts <sup>(b)</sup>	216	222	222	222
Other income – Education	396	406	417	427
Other miscellaneous income <sup>(c)</sup>	..	..	..	308
<b>Amounts recognised as lease income (AASB 16)</b>				
Other non-property rental	27	27	27	27
<b>Revenue items accounted for under AASB 1059</b>				
Revenue related to economic service concession arrangements	515	502	648	809
<b>Total other revenue and income</b>	<b>3 617</b>	<b>3 304</b>	<b>3 382</b>	<b>3 902</b>

Notes:

(a) The funding profile of the Fair Value of assets received free of charge or for nominal consideration in 2023-24 and 2024-25 includes Cross Yarra Partnership Consortium's contribution to the additional costs borne by the operator as part of the Metro Tunnel settlement.

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

(c) Other miscellaneous income reflects the estimated amounts for reimbursement of expenditure.

Other revenue and income is received from a variety of miscellaneous sources and is forecast based on historical trends and expectations. Fines are collected from road safety cameras, toll road evasions, on-the-spot infringements, court and other (non-traffic) statutory infringements. Other education income mainly comprises locally raised funds held by schools from fundraising events and voluntary contributions made by parents. Other health revenue mainly comprises research funding from non-government organisations and non-salary cost recovery from external organisations in the health sector. Revenue related to economic service concession arrangements reflects the progressive unwinding of the grant of a right to the operator liability (Note 1.6.2) by applying AASB 1059 *Service Concession Arrangements: Grantors*.

# 1.3 HOW FUNDS ARE SPENT

## Introduction

This section presents the major components of expenditure incurred by the general government sector towards the delivery of services and on capital or infrastructure projects during the year.

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

Employee expenses and employee benefits are forecast on the basis of staffing profiles and current salaries, conditions and on-costs. For the forecast period, employee expenses and employee benefits mainly include the expected financial impact of budget decisions and approved wage outcomes in line with the Government’s Wages Policy, which has recently been adjusted to better reflect the current economic context, allowing a 3 per cent per annum increase to wages (up from 1.5 per cent), plus a limited cash payment. The new Wages Policy applies to public sector enterprise agreements finalised after the policy’s introduction. Forecast employee expenses also reflect the estimated impact of budget decisions which affect employee expense levels. Greater than 95 per cent of employee expenses over the budget and forward estimates in the operating statement are salaries and wages. Employee expenses are recognised in the period in which the employee provides the services.

**Employee benefits (balance sheet)**

(\$ million)

	2023 revised	2024 budget	2025 estimate	2026 estimate	2027 estimate
<b>Current</b>					
Accrued salaries and wages	787	803	818	833	848
Other employee benefits	141	141	141	141	141
Annual leave	2 582	2 617	2 652	2 688	2 723
Long service leave	5 386	5 531	5 677	5 824	5 970
<b>Total current employee benefits and on-costs</b>	<b>8 897</b>	<b>9 092</b>	<b>9 289</b>	<b>9 486</b>	<b>9 683</b>
<b>Non-current</b>					
Long service leave	1 202	1 340	1 484	1 633	1 784
<b>Total non-current employee benefits and on-costs</b>	<b>1 202</b>	<b>1 340</b>	<b>1 484</b>	<b>1 633</b>	<b>1 784</b>
<b>Total employee benefits</b>	<b>10 099</b>	<b>10 432</b>	<b>10 773</b>	<b>11 119</b>	<b>11 467</b>

**1.3.2 Superannuation expenses****Superannuation expense recognised in the comprehensive operating statement (\$ million)**

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Defined benefit plans</b>				
Net superannuation interest expense	718	722	726	735
Current service cost	1 131	1 217	1 322	1 419
Remeasurements:				
Expected return on superannuation assets excluding interest income	(852)	(830)	(808)	(785)
<b>Total expense recognised in respect of defined benefit plans</b>	<b>997</b>	<b>1 109</b>	<b>1 240</b>	<b>1 369</b>
<b>Defined contribution plans</b>				
Employer contributions to defined contribution plans	2 573	2 585	2 549	2 630
Other (including pensions)	67	67	67	67
<b>Total expense recognised in respect of defined contribution plans</b>	<b>2 640</b>	<b>2 652</b>	<b>2 616</b>	<b>2 697</b>
<b>Total superannuation (gain)/expense recognised in operating statement</b>	<b>3 637</b>	<b>3 762</b>	<b>3 856</b>	<b>4 066</b>
<b>Represented by:</b>				
Net superannuation interest expense	718	722	726	735
Other superannuation	3 771	3 870	3 938	4 116
<b>Superannuation expense from transactions</b>	<b>4 489</b>	<b>4 591</b>	<b>4 663</b>	<b>4 851</b>
<b>Remeasurements recognised in other comprehensive income</b>	<b>(852)</b>	<b>(830)</b>	<b>(808)</b>	<b>(785)</b>
<b>Total superannuation expense recognised in operating statement</b>	<b>3 637</b>	<b>3 762</b>	<b>3 856</b>	<b>4 066</b>

Forecast defined contribution superannuation expenses are based on assumptions regarding future salaries and contribution rates.

Forecast defined benefit superannuation expenses, and superannuation liabilities at future balance dates, are estimated by the actuaries of the various defined benefit superannuation plans. These estimates rely on a number of demographic and financial assumptions. The table below sets out the key financial assumptions that are used to estimate the superannuation expense and liability for each defined benefit superannuation plan.

The discount rate is based on a long-term Commonwealth Government bond yield which is assumed to remain constant. The inflation rates, for both salary and pension increases, assumed by the actuary are based on fund experience along with long-term economic and market indicators. An expected return on plan assets is assumed when projecting assets, and the return this provides in excess of the discount rate is included in Other economic flows – other comprehensive income.

Actual experience is likely to differ from assumptions and cause variations, which may be material, in the reported superannuation liability in the financial statements.

<b>Superannuation assumptions</b>	<b>(per cent)</b>
<b><i>Underlying assumptions for all listed schemes <sup>(a)</sup></i></b>	
Discount rate <sup>(b)</sup>	3.6
Wages growth <sup>(c)</sup>	2.9
Inflation rate <sup>(c)(d)</sup>	2.5
<b><i>Expected return on assets <sup>(e)</sup></i></b>	
Emergency Services and State Super	7.0
Health Super Fund Defined Benefit Scheme	3.5
Constitutionally protected schemes <sup>(f)</sup>	n.a

**Notes:**

- (a) All rates are nominal annual rates and are applicable to all the listed schemes.
- (b) The discount rate is based on a long-term fixed interest Commonwealth bond rate. The rate stated above is an annual effective rate, gross of tax.
- (c) The wages growth and inflation rates, for both salary and pension increases, assumed by the actuary are based on the experience of the fund along with long-term economic and market indicators.
- (d) The superannuation assumptions are determined in accordance with AASB 119 Employee Benefits.
- (e) The expected return on assets stated is gross of tax. Estimated tax payments are explicitly allowed for in the calculation process.
- (f) Pensions payable from constitutionally protected schemes are paid from the Consolidated Fund. These schemes hold no assets, so there is no expected return on assets.

### ***Change in financial assumptions for wages growth***

For previous Estimated Financial Statements, and historical actual financial reports, the inflation assumptions adopted for superannuation valuation purposes, under AASB 119, were based on the relationship between the yields on nominal and index linked Commonwealth Government bonds. In particular, the rate at which pensions were assumed to increase, which is linked to price inflation, was determined as the difference in the yields on nominal and inflation linked Commonwealth Government bonds, with terms similar to that of the liability, and included an allowance for an inflation risk premium. Based on the historical relationship between price and wage inflation, salaries were assumed to increase by 1.5 per cent per annum more than the rate of pension increase.

This approach has been changed effective from the *2023-24 Budget*, to that outlined above, to simplify the assumption setting process and better align it with the approach adopted for most other government and corporate schemes. This has resulted in the annual wages growth assumption adopted for the *2023-24 Budget* reducing from 3.9 per cent, under the previous approach, to 2.9 per cent, while the annual pension increase assumption increased from 2.4 per cent to 2.5 per cent for the financial year ending 30 June 2024 onwards. Based on analysis as at 31 December 2022, the change in approach adopted to determine inflation assumptions was estimated to reduce the defined benefit obligation at 30 June 2023 by \$600 million and reduce the superannuation expense from transactions by \$69 million in 2023-24, \$79 million in 2024-25, \$92 million in 2025-26 and \$109 million in 2026-27.

Both the prior and current approaches to setting inflation assumptions are acceptable under AASB 119 and are consistent with actuarial guidance.

### 1.3.3 Grant expense (\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Current grant expense</b>				
Commonwealth Government	3 075	3 264	3 460	3 583
Local government (including grants for on-passing)	1 212	1 289	1 350	1 029
Private sector and not-for-profit for on-passing	4 829	5 028	5 157	5 454
Other private sector and not-for-profit	4 988	4 660	4 398	4 352
Grants within the Victorian government	2 030	1 582	1 583	1 549
Grants to other state governments	84	83	81	81
<b>Total current grant expense</b>	<b>16 218</b>	<b>15 907</b>	<b>16 028</b>	<b>16 048</b>
<b>Capital grant expense</b>				
Local government (including grants for on-passing)	234	124	120	115
Private sector and not-for-profit on-passing	497	135	123	123
Other private sector and not-for-profit	4	4	4	4
Grants within the Victorian government	9	5	..	..
Other grants	..	34	49	23
<b>Total capital grant expense</b>	<b>744</b>	<b>303</b>	<b>296</b>	<b>266</b>
<b>Total grant expense</b>	<b>16 962</b>	<b>16 209</b>	<b>16 324</b>	<b>16 314</b>

Grants expenses include grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to the Commonwealth Government, local government, non-government schools and community groups, and grants and transfer payments to PNFCs and PFCs. These amounts are forecast on the basis of known activity and adjusted by the appropriate economic parameters. Where payments are tied to third party revenue, such as Commonwealth grants for on-passing, forecasts are based on estimated receipts.



### 1.3.4 Other operating expenses

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Purchase of supplies and consumables <sup>(a)</sup>	7 442	7 344	7 633	8 437
Cost of goods sold	27	27	28	28
Finance expenses and fees	45	27	27	27
Purchase of services <sup>(a)</sup>	15 730	14 756	14 609	14 470
Insurance claims expense	338	335	335	339
Maintenance	1 232	1 216	1 220	1 239
Short-term and low-value lease expense	115	108	110	112
Other	1 163	998	1 027	1 076
<b>Total other operating expenses</b>	<b>26 091</b>	<b>24 812</b>	<b>24 989</b>	<b>25 728</b>

Note:

(a) The following two tables break down the purchase of supplies and consumables and the purchase of services.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations, and mainly include the purchase of supplies and consumables and the purchase of services. Supplies and services expenses are forecast on the basis of experience and known activity changes, including consideration of government policy such as efficiency measures, changes in the method of service delivery and appropriate economic parameters.

An allowance is made for emerging demand that may arise over the forward estimates.

#### Purchase of supplies and consumables

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Medicinal pharmacy and medical supplies	2 275	2 135	2 057	2 095
Office supplies and consumables	187	182	182	184
Specialised operational supplies and consumables	136	117	109	103
Other purchase of supplies and consumables	4 844	4 911	5 284	6 055
<b>Total purchase of supplies and consumables</b>	<b>7 442</b>	<b>7 344</b>	<b>7 633</b>	<b>8 437</b>

#### Purchase of services

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Service contracts	10 069	9 312	9 270	9 070
Accommodation/occupancy	938	929	926	947
Medical and client care services	494	489	487	495
Staff related expenses (non-labour related)	402	354	335	335
Other purchase of services	3 827	3 673	3 592	3 623
<b>Total purchase of services</b>	<b>15 730</b>	<b>14 756</b>	<b>14 609</b>	<b>14 470</b>

### 1.3.5 Total expenses by classification of the functions of government and by portfolio department

#### Expenses from transactions by classification of the functions of government (\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
General public services	8 930	9 608	10 407	11 357
Public order and safety	11 150	10 745	10 679	10 650
Economic affairs <sup>(a)</sup>	2 975	2 109	1 769	1 598
Environmental protection	952	863	832	818
Housing and community amenities <sup>(b)</sup>	2 649	2 162	2 024	1 971
Health	29 141	28 579	29 200	29 889
Recreation, culture and religion	996	814	1 745	561
Education	22 389	22 941	23 968	25 452
Social protection	7 909	7 646	7 631	7 784
Transport	7 484	7 204	7 466	7 740
Not allocated by function <sup>(c)</sup>	(1 299)	174	(268)	878
<b>Total expenses from transactions</b>	<b>93 277</b>	<b>92 846</b>	<b>95 452</b>	<b>98 697</b>

Notes:

- (a) The decrease in the economic affairs classification over the forward estimates is driven by the funding profile of fixed-term initiatives.
- (b) The decrease in the housing and community amenities classification over the forward estimates is driven by the funding profile of fixed-term initiatives.
- (c) Mainly comprises the provision for future demand growth, departmental underspending and eliminated purchases of supplies and consumables between government entities.

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

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Education	20 400	20 315	20 791	20 932
Energy, Environment and Climate Action	3 411	2 541	2 413	2 363
Families, Fairness and Housing	7 794	7 598	7 677	7 834
Government Services	2 167	2 093	2 055	1 915
Health	28 071	27 070	27 007	27 324
Jobs, Skills, Industry and Regions	4 107	3 297	2 945	2 878
Justice and Community Safety	9 234	8 860	8 583	8 673
Premier and Cabinet	427	439	337	319
Transport and Planning	8 015	7 159	7 466	7 691
Treasury and Finance	12 518	13 394	14 280	15 485
Parliament	366	362	368	373
Courts	891	863	878	892
Regulatory bodies and other part funded agencies <sup>(b)</sup>	3 135	3 012	2 849	2 840
Output contingencies not allocated to departments <sup>(c)</sup>	4 951	6 967	9 074	10 541
<b>Total expenses by department</b>	<b>105 486</b>	<b>103 968</b>	<b>106 723</b>	<b>110 061</b>
<i>Less eliminations and adjustments <sup>(d)</sup></i>	<i>(12 209)</i>	<i>(11 122)</i>	<i>(11 271)</i>	<i>(11 364)</i>
<b>Total expenses from transactions</b>	<b>93 277</b>	<b>92 846</b>	<b>95 452</b>	<b>98 697</b>

Notes:

- (a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023. See Note 1.7.4 for further details.
- (b) Other general government sector agencies not allocated to departmental portfolios.
- (c) The following table provides a breakdown of the general government output contingencies not allocated to departments.
- (d) Mainly payroll tax (including the COVID Debt Levy – Payroll \$10m+), the mental health and wellbeing levy, departmental underspend estimates and inter departmental transfers.

**General government output contingencies not allocated to departments <sup>(a)</sup> (\$ million)**

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Decisions made but not yet allocated <sup>(b)</sup>	4 851	6 467	8 574	9 441
Funding not allocated to specific purposes <sup>(c)</sup>	100	500	500	1 100
<b>Total general government output contingencies</b>	<b>4 951</b>	<b>6 967</b>	<b>9 074</b>	<b>10 541</b>

Notes:

(a) The general government output contingencies have primarily been allocated proportionally across the relevant expense lines in the operating statement.

(b) Reflects existing government policy decisions for which funding has yet to be allocated to departments, as well as provisions not yet allocated to meet additional price and demand growth for health, disability, and education.

(c) An unallocated provision available to contribute to future government policy decisions and commitments.

### 1.3.6 Purchases of non-financial assets by classification of the functions of government and by portfolio department

**Purchases of non-financial assets by classification of the functions of government (\$ million)**

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
General public services	135	112	104	107
Public order and safety	1 165	716	326	268
Economic affairs	222	177	90	48
Environmental protection	177	93	65	56
Housing and community amenities	86	117	107	13
Health	2 585	1 667	1 641	1 493
Recreation, culture and religion	97	180	257	221
Education	2 899	1 960	1 801	1 853
Social protection	116	75	72	71
Transport	12 342	10 226	8 853	7 098
Not allocated by function <sup>(a)</sup>	(4 178)	1 115	2 514	2 688
<b>Total purchases of non-financial assets</b>	<b>15 647</b>	<b>16 439</b>	<b>15 831</b>	<b>13 917</b>

Note:

(a) Estimated amount available to be allocated to departments and projects in future budgets, including major capital investment. It also includes estimated underspends, which may be subject to carryover.

**Purchases of non-financial assets by portfolio department <sup>(a)</sup>**
**(\$ million)**

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Education	2 642	1 430	742	321
Energy, Environment and Climate Action	324	239	203	131
Families, Fairness and Housing	85	49	45	45
Government Services	115	92	91	92
Health	2 001	1 093	876	254
Jobs, Skills, Industry and Regions	219	176	141	141
Justice and Community Safety	578	281	138	106
Premier and Cabinet	3	4	5	5
Transport and Planning	6 635	4 519	2 447	877
Treasury and Finance	15	14	6	6
Parliament	11	5	4	5
Courts	292	193	20	22
Regulatory bodies and other part funded agencies <sup>(b)</sup>	196	144	148	147
Asset contingencies not allocated to departments <sup>(c)</sup>	6 661	6 952	9 118	10 295
Adjustments <sup>(d)</sup>	(4 130)	1 249	1 848	1 471
<b>Total purchases of non-financial assets</b>	<b>15 647</b>	<b>16 439</b>	<b>15 831</b>	<b>13 917</b>

**Notes:**

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023.

See Note 1.7.4 for further details.

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

(c) The following table provides a breakdown of the general government sector asset contingencies not allocated to departments.

(d) Mainly comprises an estimated departmental underspend, which may be subject to carryover, and estimated underspends by other regulatory bodies and other part-funded agencies.

**General government asset contingencies not allocated to departments**
**(\$ million)**

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Decisions made but not yet allocated <sup>(a)(b)</sup>	8 785	10 578	11 516	12 061
Funding not allocated to specific purposes <sup>(c)</sup>	..	300	700	1 200
<b>Total general government asset contingencies</b>	<b>8 785</b>	<b>10 878</b>	<b>12 216</b>	<b>13 261</b>

**Notes:**

(a) A provision to account for asset policy decisions for which the funding has yet to be allocated to departments.

(b) Asset contingencies include equity contributions to other sectors for capital projects which are included as part of net cash flows from investments in financial assets for policy purposes, rather than purchases of non-financial assets, on the cash flow statement.

(c) An unallocated provision available for future government decisions.

### 1.3.7 Net acquisition/(disposal) of non-financial assets from transactions

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Purchases of non-financial assets (including change in inventories)	15 230	16 327	15 835	13 921
Less: Sales of non-financial assets	(545)	(594)	(714)	(406)
Less: Depreciation and amortisation	(4 890)	(5 032)	(5 342)	(5 551)
Less: Other movements in non-financial assets <sup>(a)(b)</sup>	(2 757)	(5 799)	(14 207)	(3 627)
<b>Total net acquisition/(disposal) of non-financial assets from transactions</b>	<b>7 039</b>	<b>4 902</b>	<b>(4 429)</b>	<b>4 337</b>

Notes:

- (a) Other movements in non-financial assets includes transferring fixed assets to other sectors of government, recognising the right-of-use assets under lease arrangements, and recognising service concession arrangements, including from public private partnerships.
- (b) The public private partnerships across the budget and forward estimates relate to the High Capacity Metro Trains, the Metro Tunnel, the new Footscray Hospital, the Frankston Hospital Redevelopment, and the West Gate Tunnel.

# 1.4 MAJOR ASSETS AND INVESTMENTS

## Introduction

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

## Structure

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### 1.4.1 Total land, buildings, infrastructure, plant and equipment <sup>(a)</sup> (\$ million)

	2023	2024	2025	2026	2027
	revised	budget	estimate	estimate	estimate
Buildings	54 878	57 952	61 380	65 848	74 211
Land and national parks	93 682	94 337	102 282	102 705	106 250
Infrastructure systems	26 039	30 209	28 989	19 478	21 864
Plant, equipment and vehicles	6 264	5 350	5 064	4 864	3 261
Roads and road infrastructure	41 388	43 665	53 088	56 766	58 465
Earthworks	10 035	9 950	10 057	10 053	10 048
Cultural assets	6 657	6 538	7 222	7 287	7 204
<b>Total land, buildings, infrastructure, plant and equipment</b>	<b>238 943</b>	<b>248 001</b>	<b>268 084</b>	<b>267 001</b>	<b>281 302</b>

*Note:*  
(a) The balances for each class of assets includes those related to service concession arrangement assets and right-of-use assets.

Where an asset has been identified as surplus to the needs of the State and is not in use, the asset is valued at disposal value. New investments in assets are valued at the forecast purchase price and, where appropriate, recognised progressively over the estimated construction period.

Assets also include the recognition of right-of-use assets at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for prepaid or accrued lease payments immediately before that date less any lease incentive received.

The next four years include the estimated impact of revaluations of non-financial physical assets. They have been estimated based on forecasts of future revaluation indices, provided by the Valuer-General, by major asset classes.

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

**Total right-of-use (leased) assets: buildings, infrastructure, plant and equipment (\$ million)**

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
Buildings	8 279	7 828	7 247	6 757	6 173
Infrastructure systems	1	2	2	2	3
Plant, equipment and vehicles	405	308	222	136	51
<b>Total right-of-use assets: buildings, infrastructure, plant and equipment</b>	<b>8 685</b>	<b>8 138</b>	<b>7 471</b>	<b>6 896</b>	<b>6 227</b>

Victorian Rail Track (VicTrack), a PNFC sector entity, is the custodial owner of the State's transport-related land, infrastructure, rolling stock and associated assets, which the State, through the Department of Transport and Planning (DTP) within the general government sector, is highly dependent on to further its objectives of providing Victorians with a transport system. DTP leases metropolitan, regional and interstate train, tram and rail infrastructure assets from VicTrack at nominal cost (significantly below market value) in order to provide public transport services in Victoria.

The State elected to initially measure the right-of-use asset arising from leases that are significantly below market terms and conditions at cost consistent with the temporary relief given to not-for-profit public sector entities by AASB 16 *Leases*. Therefore, the right-of-use-asset and the corresponding liability are recognised at nominal values in the general government sector. This temporary relief has been applied across the budget and forward estimates.

With these assets recognised at nominal value in both the general government and PNFC sectors, their fair value is reinstated as a consolidation adjustment in the non-financial public sector (NFPS). Refer to Chapter 2 *Supplementary uniform presentation framework* for the details of the PNFC sector and the NFPS.

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

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
Buildings	1 918	1 877	1 823	1 868	1 819
Land	3 353	3 353	3 653	3 653	3 653
Infrastructure systems	8 521	10 153	10 460	1 656	1 656
Plant, equipment and vehicles	1 441	106	151	180	207
Roads and road infrastructure	15 380	16 770	18 325	18 577	18 160
Earthworks	916	916	990	990	990
<b>Total service concession assets: land, buildings, infrastructure, plant and equipment</b>	<b>31 529</b>	<b>33 175</b>	<b>35 401</b>	<b>26 924</b>	<b>26 485</b>

Service concession assets (SCA) are initially recognised at current replacement cost (CRC), calculated in accordance with the cost approach to fair value measurement. The CRC reflects the amount that would be required to currently replace the asset's service capacity.

The CRC for the SCA includes the costs that are directly attributable to the design and construction of the SCA by the operator and includes:

- the purchase price (including costs that the operator seeks to recover from the State)
- costs directly attributable to bringing the asset to its location or condition
- borrowing costs of the operator during the construction phase.

#### 1.4.2 Depreciation

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Buildings <sup>(a)</sup>	2 693	2 809	2 969	3 014
Infrastructure systems	54	60	56	56
Plant, equipment and vehicles <sup>(a)</sup>	868	871	870	866
Roads and road networks <sup>(a)</sup>	957	957	1 112	1 281
Cultural assets	12	12	12	12
Intangible produced assets <sup>(b)</sup>	306	322	323	321
<b>Total depreciation</b>	<b>4 890</b>	<b>5 032</b>	<b>5 342</b>	<b>5 551</b>

Notes:

(a) Includes estimated depreciation on amounts not yet allocated to projects in 2023-24 to 2026-27.

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

The following two tables are subsets of total depreciation expense.

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

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Buildings	752	801	789	788
Plant, equipment and vehicles	125	124	124	124
<b>Total depreciation of right-of-use assets</b>	<b>876</b>	<b>926</b>	<b>913</b>	<b>912</b>

#### Depreciation of service concession assets

(\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Buildings	47	47	47	47
Plant, equipment and vehicles	28	28	28	28
Roads and road infrastructure	178	177	303	416
Intangible produced assets	1	1	1	1
<b>Total depreciation of service concession assets</b>	<b>255</b>	<b>254</b>	<b>379</b>	<b>493</b>



Depreciation is forecast on the basis of known asset profiles, asset sales programs and approved new investment. The expense assumes there will be no change in depreciation rates over the forecast period, but includes the estimated impact of the projected future revaluation of assets. The depreciation rates used for the different classes of assets are as reported in Note 4.1.2 in Chapter 4 of the *2021-22 Financial Report*. However, any future changes in useful lives, carrying value, residual value or methodology would result in a change in future depreciation expense.

#### 1.4.3 Reconciliation of movements in land, buildings, infrastructure, plant and equipment <sup>(a)</sup>

(\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
Carrying amount at the start of the year	225 771	238 943	248 001	268 084	267 001
Additions of self-owned assets <sup>(b)</sup>	15 449	16 095	16 422	15 895	13 889
Additions of right-of-use assets	381	240	144	217	101
Additions of service concession arrangement assets	3 871	2 331	561	243	19
Disposals at written down value	(255)	(419)	(526)	(675)	(382)
Revaluations	511	1 030	14 977	2 851	9 656
Asset transfers <sup>(c)</sup>	(2 272)	(5 636)	(6 785)	(14 595)	(3 753)
Depreciation expense	(4 513)	(4 584)	(4 710)	(5 020)	(5 230)
<b>Carrying amount at the end of the year</b>	<b>238 943</b>	<b>248 001</b>	<b>268 084</b>	<b>267 001</b>	<b>281 302</b>

Notes:

(a) The reconciliation of movements comprises land and buildings, infrastructure systems, plant, equipment, vehicles, roads, roads infrastructure, cultural assets, right-of-use (leased) assets, and service concession assets, and excludes intangible assets, investment properties and other non-financial assets.

(b) Represents additions of assets recognised under AASB 116 Property, Plant and Equipment.

(c) Represents the transfer of assets to the public non-financial corporations sector.

#### 1.4.4 Other non-financial assets

(\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
Intangible produced assets	3 289	3 470	3 571	3 604	3 613
Accumulated depreciation	(1 918)	(2 204)	(2 511)	(2 808)	(3 090)
Service concession assets – Intangible produced	4 612	4 612	4 612	4 612	4 612
Accumulated depreciation	(1)	(3)	(4)	(6)	(7)
Intangible non-produced assets	80	82	83	84	85
Accumulated amortisation	(60)	(67)	(71)	(76)	(81)
<b>Total intangibles</b>	<b>6 002</b>	<b>5 891</b>	<b>5 680</b>	<b>5 410</b>	<b>5 132</b>
Investment properties	302	302	302	302	302
Biological assets	7	8	10	11	13
Other assets	1 061	1 044	1 044	1 044	1 043
<b>Total other non-financial assets</b>	<b>7 372</b>	<b>7 246</b>	<b>7 036</b>	<b>6 768</b>	<b>6 490</b>

Intangible produced assets and service concession intangible produced assets may include computer software, databases, or development costs. Non-produced intangibles are intangible assets needed for production that have not themselves been produced, such as patents. These amounts are estimated based on their audited balances as at 30 June 2022, which are adjusted for estimated acquisitions, disposals and amortisation. After initial recognition, service concession intangible assets are measured by applying the revaluation model for the intangible assets using current replacement cost.

Other assets include prepayments, which are payments in advance of the receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

#### 1.4.5 Total assets by classification of the functions of government (\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
General public services <sup>(a)</sup>	3 144	3 001	2 868	2 687	2 531
Public order and safety	15 244	15 570	15 712	16 431	15 877
Economic affairs	1 727	1 777	2 681	2 865	3 566
Environmental protection	16 790	16 899	16 925	16 923	16 912
Housing and community amenities <sup>(a)</sup>	3 575	3 554	5 565	6 539	6 495
Health	23 156	25 171	25 860	26 044	28 299
Recreation, culture and religion	8 703	8 729	8 837	9 023	9 172
Education	41 129	43 152	44 291	45 256	52 222
Social protection	2 475	2 655	2 654	2 650	2 937
Transport	133 324	141 654	155 751	149 216	151 349
Not allocated by function <sup>(b)</sup>	126 183	127 296	134 240	143 217	151 588
<b>Total assets</b>	<b>375 449</b>	<b>389 459</b>	<b>415 386</b>	<b>420 849</b>	<b>440 948</b>

Notes:

(a) Certain balances have been reclassified between general public services and housing and community amenities classifications to more correctly reflect the nature of the transactions.

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

## 1.5 FINANCING GENERAL GOVERNMENT SECTOR OPERATIONS

### Introduction

General government sector operations are financed through a variety of means, including surplus cash flows from operating activities, asset recycling, advances and borrowings.

This section provides information on the balances related to the financing of the general government sector's operations.

### Structure

1.5.1. Borrowings .....	37
1.5.2. Advances paid and investments, loans and placements .....	38
1.5.3. Interest expense .....	39

#### 1.5.1 Borrowings

(\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
<b>Current borrowings</b>					
Domestic borrowings	14 054	8 976	8 917	8 879	8 851
Lease liabilities	645	570	482	395	299
Service concession arrangement liabilities	2 319	461	216	191	1 363
Derivative financial instruments	56	69	82	95	108
<b>Total current borrowings</b>	<b>17 073</b>	<b>10 076</b>	<b>9 697</b>	<b>9 560</b>	<b>10 621</b>
<b>Non-current borrowings</b>					
Domestic borrowings	115 966	144 784	163 438	177 701	190 745
Lease liabilities	7 307	6 948	6 446	6 004	5 451
Service concession arrangement liabilities	4 126	4 909	4 982	4 925	3 603
Derivative financial instruments	361	357	326	283	258
<b>Total non-current borrowings</b>	<b>127 761</b>	<b>156 998</b>	<b>175 191</b>	<b>188 913</b>	<b>200 057</b>
<b>Total borrowings</b>	<b>144 834</b>	<b>167 074</b>	<b>184 889</b>	<b>198 473</b>	<b>210 678</b>

Borrowings include interest-bearing liabilities mainly raised from domestic borrowings, lease liabilities, service concession arrangement financial liabilities and other interest-bearing arrangements.

Service concession related liabilities are recognised progressively over the forward estimates to reflect the construction profile of the service concession arrangement assets to which they relate and also the payments expected to be made during that time. For lease liabilities, the amounts recorded reflect management's best estimate of the timing of new leases and the renewal of existing lease arrangements over the next four years.

Estimates for new borrowings are based on the requirement to refinance maturing debt and finance expenditure.

### 1.5.2 Advances paid and investments, loans and placements (\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
<b>Current advances paid and investments, loans and placements</b>					
Loans and advances paid	917	695	461	419	426
Equities and managed investment schemes	743	781	797	814	830
Australian dollar term deposits	114	129	148	151	153
Debt securities	3	3	3	3	3
Derivative financial instruments	373	311	208	163	192
<b>Total current advances paid and investments, loans and placements</b>	<b>2 150</b>	<b>1 919</b>	<b>1 618</b>	<b>1 550</b>	<b>1 605</b>
<b>Non-current advances paid and investments, loans and placements</b>					
Loans and advances paid	4 753	6 436	6 467	6 493	6 520
Equities and managed investment schemes	3 159	12 688	14 293	16 151	18 343
Australian dollar term deposits	36	37	37	37	37
Debt securities	22	22	22	22	22
Derivative financial instruments	1	1	1	1	1
<b>Total non-current advances paid and investments, loans and placements</b>	<b>7 971</b>	<b>19 184</b>	<b>20 819</b>	<b>22 703</b>	<b>24 922</b>
<b>Total advances paid and investments, loans and placements</b>	<b>10 121</b>	<b>21 103</b>	<b>22 437</b>	<b>24 253</b>	<b>26 527</b>
<b>Represented by:</b>					
Advances paid	5 670	7 131	6 927	6 912	6 946
Investments, loans and placements	4 451	13 972	15 509	17 341	19 581

The financial instruments above have been classified into financial instrument categories, depending on the purpose for which the investments were made or acquired. They are forecast based on expected transaction flows associated with these instruments.

Advances paid include long-term and short-term loan receivables, non-marketable debentures and long and short-term promissory agreements (bonds and bills), mainly issued to the PNFC and PFC sectors, for policy rather than liquidity management purposes.

### 1.5.3 Interest expense

(\$ million)

	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
Interest on interest-bearing liabilities and deposits	4 768	5 509	6 373	7 254
Interest on lease liabilities	386	378	365	351
Interest on service concession liabilities	382	358	386	351
Discount interest on payables	30	27	26	25
<b>Total interest expense</b>	<b>5 566</b>	<b>6 273</b>	<b>7 150</b>	<b>7 981</b>

Interest expense estimates are based on the forecast of outstanding general government sector debt borrowings and other interest bearing financial liabilities. General government sector debt mainly comprises borrowings from the Treasury Corporation of Victoria (TCV), lease and service concession liabilities. TCV interest expense estimates are based on implied TCV forward interest rates at 31 March 2023.

## 1.6 OTHER ASSETS AND LIABILITIES

### Introduction

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

### Structure

- 1.6.1. Investments in other sector entities .40
- 1.6.2. Payables and contract liabilities ..... 40
- 1.6.3. Superannuation..... 41

#### 1.6.1 Investments in other sector entities (\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
Balance of investment in PNFC and PFC sectors at beginning of period	89 162	89 002	90 349	93 992	97 884
Net contributions to other sectors by owner	3 223	7 677	9 877	16 788	6 086
Revaluation gain/(loss) for period	(3 383)	(6 330)	(6 233)	(12 896)	(3 377)
<b>Investment in other sector entities at end of period</b>	<b>89 002</b>	<b>90 349</b>	<b>93 992</b>	<b>97 884</b>	<b>100 593</b>

Investments in other sector entities are estimated based on their audited net assets as at 30 June 2022, adjusted by management estimates of subsequent operating results, capital investments, distributions and returns of capital.

#### 1.6.2 Payables and contract liabilities (\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
<b>Contractual</b>					
Accounts payable	838	859	869	866	858
Accrued expenses	4 812	4 789	4 501	4 502	4 503
Grant of a right to the operator liability	19 702	19 961	19 824	19 410	18 620
Unearned income	1 486	1 412	1 338	1 270	1 199
<b>Statutory</b>					
Accrued taxes payable	76	75	76	76	77
<b>Other</b>					
Contract liabilities	338	310	297	293	293
<b>Total payables and contract liabilities</b>	<b>27 251</b>	<b>27 407</b>	<b>26 905</b>	<b>26 418</b>	<b>25 550</b>
<b>Represented by:</b>					
Current payables and contract liabilities	7 180	7 098	6 906	7 001	6 995
Non-current payables and contract liabilities	20 072	20 308	19 999	19 416	18 555

Payables consist of accounts payable, contract liabilities, accrued taxes such as GST and fringe benefits tax, and unearned income including deferred income from service concession arrangements and licences.

Estimates of accounts payable are based on known movements in contractual arrangements, other outstanding payables and historical experience.

Unearned income and grant of a right to the operator liabilities will reduce each year as revenue is progressively brought to account over the remaining period of the concession term or licence. The estimated changes in other components are based on historical experience.

### 1.6.3 Superannuation

#### Reconciliation of the superannuation liabilities (\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Emergency Services and State Super</b>				
Defined benefit obligation	42 723	42 434	42 248	42 162
Tax liability <sup>(a)</sup>	2 121	2 136	2 170	2 170
Plan assets	(23 897)	(23 611)	(23 209)	(22 999)
<b>Net liability/(asset)</b>	<b>20 947</b>	<b>20 958</b>	<b>21 209</b>	<b>21 333</b>
<b>Other funds <sup>(b)</sup></b>				
Defined benefit obligation	1 765	1 762	1 761	1 766
Plan assets	(829)	(796)	(764)	(732)
<b>Net liability/(asset)</b>	<b>935</b>	<b>965</b>	<b>997</b>	<b>1 034</b>
<b>Total superannuation</b>				
Defined benefit obligation	44 487	44 195	44 009	43 929
Tax liability <sup>(a)</sup>	2 121	2 136	2 170	2 170
Plan assets	(24 726)	(24 408)	(23 973)	(23 731)
<b>Superannuation liability</b>	<b>21 882</b>	<b>21 924</b>	<b>22 206</b>	<b>22 367</b>
<b>Represented by:</b>				
Current liability	442	317	550	1 885
Non-current liability	21 441	21 607	21 657	20 482
<b>Total superannuation liability</b>	<b>21 882</b>	<b>21 924</b>	<b>22 206</b>	<b>22 367</b>

Notes:

(a) Tax liability is the present value of tax payments on contributions that are expected to be required to fund accrued benefits.

(b) Other funds include constitutionally protected schemes and the State's share of liabilities of the defined benefit scheme of the former Health Super Fund.

#### Reconciliation of the present value of the defined benefit obligation (\$ million)

	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Opening balance of defined benefit obligation <sup>(a)</sup></b>	<b>46 919</b>	<b>46 608</b>	<b>46 332</b>	<b>46 179</b>
Current service cost	1 131	1 217	1 322	1 419
Interest expense	1 560	1 550	1 542	1 538
Contributions by plan participants	224	226	230	235
Benefits paid (including tax paid)	(3 226)	(3 270)	(3 246)	(3 274)
<b>Closing balance of defined benefit obligation</b>	<b>46 608</b>	<b>46 332</b>	<b>46 179</b>	<b>46 098</b>

Note:

(a) The opening balance of defined benefit obligation has been valued based on assumptions set out in Note 1.3.2.

**Reconciliation of the fair value of superannuation plan assets** **(\$ million)**

	<i>2023-24 budget</i>	<i>2024-25 estimate</i>	<i>2025-26 estimate</i>	<i>2026-27 estimate</i>
<b>Opening balance of plan assets</b>	<b>25 141</b>	<b>24 726</b>	<b>24 408</b>	<b>23 973</b>
Interest income	842	828	817	803
Return on plan assets not included in interest income	852	830	808	785
Employer contributions	893	1 067	958	1 208
Contributions by plan participants	224	226	230	235
Benefits paid (including tax paid)	(3 226)	(3 270)	(3 246)	(3 274)
<b>Closing balance of plan assets</b>	<b>24 726</b>	<b>24 408</b>	<b>23 973</b>	<b>23 731</b>

See Note 1.3.2 Superannuation expenses for further information on superannuation assumptions.



# 1.7 OTHER DISCLOSURES

## Introduction to this section

This section includes several additional disclosures that assist with understanding the Estimated Financial Statements.

## Structure

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- 1.7.2 Reconciliation between Government Finance Statistics and Australian Accounting Standards.... 44
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- 1.7.4 Controlled entities.....48

1.7.1 Other gains/(losses) from other economic flows (\$ million)

	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
Net (increase)/decrease in allowances for credit losses	(112)	(94)	(90)	12
Amortisation of intangible non-produced assets	(7)	(7)	(7)	(7)
Bad debts written off	(335)	(322)	(288)	(390)
Other gains/(losses)	(20)	(13)	(13)	(13)
<b>Total other gains/(losses) from other economic flows</b>	<b>(473)</b>	<b>(435)</b>	<b>(397)</b>	<b>(397)</b>

Other economic flows are expected changes in the volume or value of an asset or liability arising from market remeasurements, rather than from transactions. They include gains and losses from revaluing biological assets, fair value changes of financial instruments, and depletion of natural assets (non-produced) from their use or removal.

### 1.7.2 Reconciliation between Government Finance Statistics and Australian Accounting Standards

The estimated financial statements have been prepared having regard to the relevant Australian Accounting Standards (AAS). This note outlines the key convergence differences between the AAS and Government Finance Statistics (GFS) reporting frameworks, to explain the relationship between the balances and aggregates presented in this financial report and the related balances and aggregates presented under the GFS reporting framework.

GFS information enables policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of governments based on consistent economic reporting rules and definitions.

AASB 1049 provides optional relief from the disclosure of reconciliations of key fiscal aggregates measured in accordance with the GFS where they differ from the key fiscal aggregates provided pursuant to this Accounting Standard.

The State has adopted the optional relief, which requires an explanation of how each of the key fiscal aggregates required per AASB 1049 is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS.

The key fiscal aggregates below, as defined by AASB 1049, have convergence differences with the GFS:

- **Cash surplus/deficit** represents the net cash flows from operating activities plus net cash flows from investments in non-financial assets (less 'dividends paid' only for the PNFC and PFC sectors)
- **Comprehensive result – Total change in net worth** is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners
- **Net lending/borrowing** is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. A positive result reflects a net lending position and a negative result reflects a net borrowing position
- **Net result from transactions – Net operating balance** is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies
- **Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

The convergence differences between AASB 1049 and the GFS and their expected impacts applying GFS methodology are outlined in the following table.

<i>Convergence difference</i>	<i>AASB 1049 Treatment</i>	<i>ABS GFS Treatment</i>	<i>Fiscal aggregate impact</i>
<b>AASB 16 Leases</b>			
	Operating leases are recognised on the balance sheet under AASB 16 <i>Leases</i> unless the lease is shorter than 12 months or where the underlying assets are worth less than \$10 000.	Operating leases are not recognised on the balance sheet.	<ul style="list-style-type: none"> <li>• Cash surplus/deficit</li> <li>• Comprehensive result – Total change in net worth</li> <li>• Net lending/borrowing</li> <li>• Net result from transactions – Net operating balance</li> <li>• Net worth</li> </ul>
<b>AASB 1059 Service concession arrangements</b>			
	Economic service concession arrangements, such as toll roads, are recognised on the State's balance sheet under AASB 1059 <i>Service Concession Arrangements: Grantors</i> .	Economic service concession arrangements, such as toll roads, are not recognised on the balance sheet.	<ul style="list-style-type: none"> <li>• Cash surplus/ deficit</li> <li>• Comprehensive result – Total change in net worth</li> <li>• Net lending/borrowing</li> <li>• Net result from transactions – Net operating balance</li> <li>• Net worth</li> </ul>
<b>AASB 15 Revenue from Contracts with Customers AASB 1058 Income of Not-for-Profit Entities</b>			
	Deferral of revenue recognition, such as where performance obligations have not been satisfied, or for capital grants from the Commonwealth Government, is a requirement under AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .	Deferral of revenue recognition, such as where performance obligations have not been satisfied, or for capital grants from the Commonwealth Government, is not recognised. This timing difference is expected to impact all the key fiscal aggregates. While it is expected that there will not be a net change to the fiscal aggregates over time, there will be convergence differences in any given year.	<ul style="list-style-type: none"> <li>• Cash surplus/deficit</li> <li>• Comprehensive result – Total change in net worth</li> <li>• Net lending/borrowing</li> <li>• Net result from transactions – Net operating balance</li> <li>• Net worth</li> </ul>

<i>Convergence difference</i>	<i>AASB 1049 Treatment</i>	<i>ABS GFS Treatment</i>	<i>Fiscal aggregate impact</i>
<b>Port of Melbourne lease transaction</b>			
Port Licence Fee	The 15-year prepaid Port Licence Fee from the medium-term lease of the Port of Melbourne is recognised upfront upon receipt.	The 15-year prepaid Port Licence Fee from the medium-term lease of the Port of Melbourne is recognised as revenue over the 15-year period.	<ul style="list-style-type: none"> <li>• Comprehensive result – Total change in net worth</li> <li>• Net lending/borrowing</li> <li>• Net result from transactions – Net operating balance</li> <li>• Net worth</li> </ul>
Port of Melbourne lease transaction	The Port of Melbourne lease transaction is treated as an operating lease with the leased assets remaining with the PNFC sector.	The Port of Melbourne lease transaction is recognised as a sale of equity from the general government sector.	<ul style="list-style-type: none"> <li>• Cash surplus/deficit</li> <li>• Comprehensive result – Total change in net worth</li> <li>• Net lending/borrowing</li> <li>• Net result from transactions – Net operating balance</li> <li>• Net worth</li> </ul>
<b>PNFC/PFC dividends</b>			
	Dividends are classified as after-profit distributions to owners.	Under GFS, dividends paid/payable are recognised as an expense from transactions on the operating statement.	<ul style="list-style-type: none"> <li>• Comprehensive result – Total change in net worth</li> <li>• Net lending/borrowing</li> <li>• Net result from transactions – Net operating balance</li> <li>• Net worth</li> </ul>
<b>Doubtful receivables</b>			
	Provisions for expected credit loss are included on the balance sheet as a reduction to assets.	The act of creating provisions is not considered an economic event and is therefore not included on the balance sheet.	<ul style="list-style-type: none"> <li>• Comprehensive result – Total change in net worth</li> <li>• Net worth</li> </ul>
<b>Investment in other sector entities</b>			
	The net worth of investments in other sector entities for the general government sector includes doubtful receivables, future tax benefits and deferred tax liabilities of the PNFC and PFC sectors.	The determination of net worth is exclusive of this.	<ul style="list-style-type: none"> <li>• Comprehensive result – Total change in net worth</li> <li>• Net worth</li> </ul>

### 1.7.3 Prospective accounting and reporting changes

New and revised accounting standards have been issued that are not effective for the 2023-24 reporting period. These accounting standards have not been applied to the Estimated Financial Statements. 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 that an entity needs to consider whether an asset’s highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or if it is highly probable that it will be used for an alternative purpose
    - clarifies that an asset’s use is ‘financially feasible’ if market participants would be willing to invest in the asset’s service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services
    - specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data
    - provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a 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 Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

#### 1.7.4 Controlled entities

Note 9.8 Controlled entities in Chapter 4 of the *2021-22 Financial Report* for the State of Victoria lists significant controlled entities, which were consolidated in that financial report.

The following are changes to entities since 1 July 2022, which have also been incorporated in this financial report.

<b>General government sector <sup>(a)</sup></b>	
<b>Department of Energy, Environment and Climate Action <sup>(b)</sup></b>	<b>Department of Justice and Community Safety</b>
Mine Land Rehabilitation Authority	Victorian Racing Integrity Board
Rural Assistance Commissioner	Victorian Racing Commissioner
Veterinary Practitioners Registration Board of Victoria	Victorian Racing Tribunal
<b>Department of Government Services</b>	<b>Department of Transport and Planning <sup>(d)</sup></b>
Cenitex	Architects Registration Board of Victoria
Public Records Office Victoria	Cladding Safety Victoria
Residential Tenancies Bond Authority	Heritage Council of Victoria
<b>Department of Jobs, Skills, Industry and Regions</b>	Safe Transport Victoria (STV) <sup>(e)</sup>
Adult Community and Further Education Board	Surveyors Registration Board of Victoria
Adult Multicultural Education Services	Victorian Building Authority
TAFEs including:	Victorian Planning Authority
<ul style="list-style-type: none"> <li>• Bendigo Kangan Institute</li> <li>• Box Hill Institute</li> <li>• Chisholm Institute</li> <li>• Federation Training</li> <li>• Gordon Institute of TAFE</li> <li>• Goulburn Ovens Institute of TAFE</li> <li>• Holmesglen Institute</li> <li>• Melbourne Polytechnic</li> <li>• South West Institute of TAFE</li> <li>• Sunraysia Institute of TAFE</li> <li>• William Angliss Institute of TAFE</li> <li>• Wodonga Institute of TAFE</li> </ul>	VicRoads Modernisation including: <sup>(f)</sup>
Victorian Fisheries Authority	<ul style="list-style-type: none"> <li>• CP Services Victoria Pty Ltd</li> <li>• R&amp;L Services Victoria Pty Ltd</li> <li>• Victorian R&amp;L Services Trust</li> <li>• Victorian CP Services Trust</li> </ul>
Victoria 2026 Pty Ltd <sup>(c)</sup>	

## Public non-financial corporations

### Department of Energy, Environment and Climate Action <sup>(b)</sup>

Alpine Resorts Victoria <sup>(g)</sup>  
Agriculture Victoria Services Pty Ltd  
Dairy Food Safety Victoria  
Melbourne Market Authority  
Murray Valley Wine Grape Industry Development Committee  
PrimeSafe  
State Electricity Commission of Victoria  
VicForests  
Victorian Strawberry Industry Development Committee

### Department of Justice and Community Safety

Greyhound Racing Victoria  
Harness Racing Victoria

### Department of Treasury and Finance

Workplace Injury Commission <sup>(h)</sup>

## Public financial corporations

### Department of Jobs, Skills, Industry and Regions

Breakthrough Victoria Pty Ltd

### Department of Treasury and Finance

Transport Accident Commission  
Victorian WorkCover Authority

#### Notes:

- (a) On 5 December 2022, the Premier announced machinery of government (MoG) changes effective 1 January 2023. This resulted in the creation of a new department, the Department of Government Services, with several other departments renamed. The MoG changes also resulted in the transfer of various functions between departments and the transfer of portfolio responsibility for a number of stand-alone entities between departments.
- (b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and amalgamated to form a business unit within the Department of Energy, Environment, and Climate Action (DEECA), Recycling Victoria.
- (c) On 7 September 2022, the Victorian Commonwealth Games Organising Committee was established as Victoria 2026 Pty Ltd to organise, host and manage the 2026 Commonwealth Games.
- (d) Effective from August 2022, VicHoldCo was dissolved.
- (e) On 1 July 2022, Commercial Passenger Vehicles Victoria and Transport Safety Victoria came together as a new entity, Safe Transport Victoria (STV), to create a new regulator to manage safety, compliance, accreditation and registration for commercial passenger vehicles, buses and the marine sector.
- (f) On 15 August 2022, the majority interest in the corporate trustees was transferred to the joint venture partner as part of the financial close of the VicRoads Modernisation process, with the State retaining an interest in the joint venture.
- (g) The Alpine Resorts Legislation Amendment Act 2022 commenced on 1 October 2022. It abolished Victoria's four existing Alpine Resort Management Boards (ARMBs), and the Alpine Resorts Coordinating Council (ARCC) and established a single entity, Alpine Resorts Victoria, to manage the Falls Creek, Mt Hotham, Mt Buller, Mt Stirling, Lake Mountain and Mt Baw Baw alpine resorts.
- (h) On 1 September 2022, the Accident Compensation Conciliation Service (ACCS) changed its name to the Workplace Injury Commission.





## CHAPTER 2 – SUPPLEMENTARY UNIFORM PRESENTATION FRAMEWORK TABLES

**Table 2.1: Public non-financial corporations sector comprehensive operating statement for the financial year ended 30 June <sup>(a)</sup>** (\$ million)

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
<b>Revenue and income from transactions</b>					
Interest income	112	125	93	91	91
Dividend income	32	32	33	33	33
Sales of goods and services	7 245	7 361	7 795	7 940	8 115
Grants	2 458	2 013	1 558	1 545	1 509
Other revenue and income	743	715	717	740	766
<b>Total revenue and income from transactions</b>	<b>10 589</b>	<b>10 246</b>	<b>10 195</b>	<b>10 349</b>	<b>10 516</b>
<b>Expenses from transactions</b>					
Employee expenses	1 736	1 701	1 637	1 594	1 628
Net superannuation interest expense	4	4	4	4	4
Other superannuation	159	164	171	178	184
Depreciation	1 934	2 006	2 079	2 138	2 260
Interest expense	868	984	1 084	1 157	1 228
Grant expense	657	460	382	326	327
Other operating expenses	5 181	4 970	4 522	4 545	4 517
Other property expenses	222	252	251	259	255
<b>Total expenses from transactions</b>	<b>10 761</b>	<b>10 541</b>	<b>10 132</b>	<b>10 202</b>	<b>10 402</b>
<b>Net result from transactions – Net operating balance</b>	<b>(172)</b>	<b>(295)</b>	<b>62</b>	<b>147</b>	<b>114</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	31	49	43	288	38
Net gain/(loss) on financial assets or liabilities at fair value	12	..	..	..	..
Other gains/(losses) from other economic flows	(1 237)	(5 629)	(6 421)	(14 356)	(3 449)
<b>Total other economic flows included in net result</b>	<b>(1 194)</b>	<b>(5 580)</b>	<b>(6 378)</b>	<b>(14 068)</b>	<b>(3 411)</b>
<b>Net result</b>	<b>(1 366)</b>	<b>(5 875)</b>	<b>(6 315)</b>	<b>(13 921)</b>	<b>(3 297)</b>
<b>Other economic flows – Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in non-financial assets revaluation surplus	108	11	5	1 091	7
Remeasurement of superannuation defined benefit plans	9	..	..	..	..
Other movements in equity	(89)	..	..	..	2
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value	(9)	(5)	(5)	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>19</b>	<b>6</b>	<b>..</b>	<b>1 091</b>	<b>9</b>
<b>Comprehensive result – Total change in net worth</b>	<b>(1 347)</b>	<b>(5 869)</b>	<b>(6 315)</b>	<b>(12 830)</b>	<b>(3 288)</b>

**Table 2.1: Public non-financial corporations sector comprehensive operating statement for the financial year ended 30 June (continued) (\$ million)**

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>(172)</b>	<b>(295)</b>	<b>62</b>	<b>147</b>	<b>114</b>
Less: Net acquisition of non-financial assets from transactions	7 136	11 950	12 104	18 609	8 254
<b>Net lending/(borrowing)</b>	<b>(7 308)</b>	<b>(12 245)</b>	<b>(12 042)</b>	<b>(18 462)</b>	<b>(8 140)</b>

*Note:*

(a) A range of savings and efficiency initiatives will be implemented by the Public Non-Financial Corporations (PNFC) sector. The impacts of these initiatives are reflected in the estimates for the budget year and the three forward years.

**Table 2.2: Public non-financial corporations sector balance sheet as at 30 June (\$ million)**

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	1 244	802	745	791	901
Advances paid	389	323	232	230	227
Receivables and contract assets	1 310	1 443	1 462	1 467	1 452
Investments, loans and placements	709	705	704	729	754
<b>Total financial assets</b>	<b>3 653</b>	<b>3 272</b>	<b>3 144</b>	<b>3 217</b>	<b>3 335</b>
<b>Non-financial assets</b>					
Inventories	1 374	1 460	1 531	1 226	1 025
Non-financial assets held for sale	28	27	27	27	27
Land, buildings, infrastructure, plant and equipment	115 649	121 566	126 922	132 982	137 802
Other non-financial assets	2 754	2 983	3 209	3 459	3 701
<b>Total non-financial assets</b>	<b>119 805</b>	<b>126 036</b>	<b>131 689</b>	<b>137 694</b>	<b>142 556</b>
<b>Total assets</b>	<b>123 458</b>	<b>129 308</b>	<b>134 833</b>	<b>140 910</b>	<b>145 891</b>
<b>Liabilities</b>					
Deposits held and advances received	1 439	3 216	3 226	3 316	3 412
Payables	9 807	9 520	9 378	9 225	9 218
Contract liabilities	307	265	266	268	269
Borrowings	22 174	24 809	27 103	29 133	31 684
Employee benefits	568	581	590	606	622
Other provisions	9 637	9 499	9 370	9 687	9 570
<b>Total liabilities</b>	<b>43 932</b>	<b>47 891</b>	<b>49 932</b>	<b>52 235</b>	<b>54 776</b>
<b>Net assets</b>	<b>79 526</b>	<b>81 417</b>	<b>84 901</b>	<b>88 676</b>	<b>91 115</b>
Accumulated surplus/(deficit)	(27 988)	(34 045)	(40 567)	(54 689)	(58 175)
Reserves	107 514	115 463	125 468	143 364	149 290
<b>Net worth</b>	<b>79 526</b>	<b>81 417</b>	<b>84 901</b>	<b>88 676</b>	<b>91 115</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	(40 279)	(44 619)	(46 788)	(49 018)	(51 441)
Net financial liabilities	40 279	44 619	46 788	49 018	51 441
Net debt	21 271	26 196	28 647	30 699	33 214

**Table 2.3: Public non-financial corporations sector cash flow statement  
for the financial year ended 30 June**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Grants	2 472	2 012	1 557	1 545	1 509
Sales of goods and services <sup>(a)</sup>	7 990	7 808	8 335	8 505	8 704
Interest received	118	125	93	91	91
Dividend receipts	35	32	33	33	33
Other receipts	457	273	310	336	365
<b>Total receipts</b>	<b>11 072</b>	<b>10 250</b>	<b>10 328</b>	<b>10 511</b>	<b>10 703</b>
<b>Payments</b>					
Payments for employees	(1 711)	(1 689)	(1 629)	(1 578)	(1 612)
Superannuation	(154)	(168)	(175)	(183)	(188)
Interest paid	(841)	(960)	(1 071)	(1 147)	(1 213)
Grants and subsidies	(437)	(236)	(156)	(99)	(99)
Goods and services <sup>(a)</sup>	(5 860)	(5 688)	(5 229)	(5 267)	(5 188)
Other payments	(389)	(479)	(465)	(496)	(494)
<b>Total payments</b>	<b>(9 393)</b>	<b>(9 220)</b>	<b>(8 725)</b>	<b>(8 770)</b>	<b>(8 795)</b>
<b>Net cash flows from operating activities</b>	<b>1 679</b>	<b>1 030</b>	<b>1 602</b>	<b>1 741</b>	<b>1 908</b>
<b>Cash flows from investing activities</b>					
<b>Cash flows from investments in non-financial assets</b>					
Purchases of non-financial assets	(5 582)	(8 121)	(6 985)	(5 630)	(5 704)
Sales of non-financial assets	227	243	201	434	178
<b>Net cash flows from investments in non-financial assets</b>	<b>(5 355)</b>	<b>(7 879)</b>	<b>(6 783)</b>	<b>(5 196)</b>	<b>(5 526)</b>
Net cash flows from investments in financial assets for policy purposes	63	53	90	3	5
<b>Subtotal</b>	<b>(5 292)</b>	<b>(7 826)</b>	<b>(6 693)</b>	<b>(5 193)</b>	<b>(5 522)</b>
Net cash flows from investment in financial assets for liquidity management purposes	69	9	(9)	(25)	(26)
<b>Net cash flows from investing activities</b>	<b>(5 223)</b>	<b>(7 817)</b>	<b>(6 702)</b>	<b>(5 218)</b>	<b>(5 548)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	270	1 710	12	94	95
Net borrowings	1 789	2 413	1 887	1 298	1 562
Deposits received (net)	(15)	(12)	(2)	(4)	1
Other financing (net)	881	2 124	3 013	2 010	1 975
<b>Net cash flows from financing activities</b>	<b>2 924</b>	<b>6 234</b>	<b>4 909</b>	<b>3 398</b>	<b>3 633</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(620)</b>	<b>(553)</b>	<b>(190)</b>	<b>(79)</b>	<b>(7)</b>
Cash and cash equivalents at beginning of reporting period	1 833	1 213	660	470	391
<b>Cash and cash equivalents at end of reporting period <sup>(b)</sup></b>	<b>1 213</b>	<b>660</b>	<b>470</b>	<b>391</b>	<b>384</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	1 679	1 030	1 602	1 741	1 908
Dividends paid	(104)	(162)	(175)	(198)	(190)
Net cash flows from investments in non-financial assets	(5 355)	(7 879)	(6 783)	(5 196)	(5 526)
<b>Cash surplus/(deficit)</b>	<b>(3 780)</b>	<b>(7 011)</b>	<b>(5 356)</b>	<b>(3 653)</b>	<b>(3 809)</b>

Notes:

(a) Inclusive of goods and services tax.

(b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement balances.

**Table 2.4: Public non-financial corporations sector statement of changes in equity for the financial year ended 30 June <sup>(a)</sup>** (\$ million)

	Accumulated surplus/(deficit)	Contributions by owners	Non-financial assets revaluation surplus	Other reserves	Total
<b>2022-23 revised</b>					
Balance at 1 July 2022 <sup>(b)</sup>	(26 420)	75 136	28 337	667	77 721
Net result for the year	(1 366)	..	..	..	(1 366)
Other comprehensive income for the year	(98)	..	108	8	19
Dividends paid	(104)	..	..	..	(104)
Transactions with owners in their capacity as owners	..	3 257	..	..	3 257
<b>Total equity as at 30 June 2023</b>	<b>(27 988)</b>	<b>78 393</b>	<b>28 446</b>	<b>675</b>	<b>79 526</b>
<b>2023-24 budget</b>					
Balance at 1 July 2023	(27 988)	78 393	28 446	675	79 526
Net result for the year	(5 875)	..	..	..	(5 875)
Other comprehensive income for the year	(20)	..	11	15	6
Dividends paid	(162)	..	..	..	(162)
Transactions with owners in their capacity as owners	..	7 922	..	..	7 922
<b>Total equity as at 30 June 2024</b>	<b>(34 045)</b>	<b>86 315</b>	<b>28 456</b>	<b>691</b>	<b>81 417</b>
<b>2024-25 estimate</b>					
Balance at 1 July 2024	(34 045)	86 315	28 456	691	81 417
Net result for the year	(6 315)	..	..	..	(6 315)
Other comprehensive income for the year	(31)	..	5	27	..
Dividends paid	(175)	..	..	..	(175)
Transactions with owners in their capacity as owners	..	9 974	..	..	9 974
<b>Total equity as at 30 June 2025</b>	<b>(40 567)</b>	<b>96 289</b>	<b>28 461</b>	<b>718</b>	<b>84 901</b>
<b>2025-26 estimate</b>					
Balance at 1 July 2025	(40 567)	96 289	28 461	718	84 901
Net result for the year	(13 921)	..	..	..	(13 921)
Other comprehensive income for the year	(3)	..	1 091	3	1 091
Dividends paid	(198)	..	..	..	(198)
Transactions with owners in their capacity as owners	..	16 803	..	..	16 803
<b>Total equity as at 30 June 2026</b>	<b>(54 689)</b>	<b>113 092</b>	<b>29 552</b>	<b>720</b>	<b>88 676</b>
<b>2026-27 estimate</b>					
Balance at 1 July 2026	(54 689)	113 092	29 552	720	88 676
Net result for the year	(3 297)	..	..	..	(3 297)
Other comprehensive income for the year	1	..	7	1	9
Dividends paid	(190)	..	..	..	(190)
Transactions with owners in their capacity as owners	..	5 919	..	..	5 919
<b>Total equity as at 30 June 2027</b>	<b>(58 175)</b>	<b>119 011</b>	<b>29 558</b>	<b>721</b>	<b>91 115</b>

**Notes:**

- (a) A range of savings and efficiency initiatives will be implemented by the PNFC sector. The impacts of these initiatives are reflected in the estimates for the budget year and the three forward years.
- (b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Energy, Environment and Climate Action (DEECA) to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

**Table 2.5: Net acquisition of non-financial assets –  
Public non-financial corporations sector**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Purchases of non-financial assets (including change in inventories)	5 585	8 117	6 986	5 631	5 705
Less: Sales of non-financial assets	(227)	(243)	(201)	(434)	(178)
Less: Depreciation and amortisation	(1 934)	(2 006)	(2 079)	(2 138)	(2 260)
Plus: Other movements in non-financial assets <sup>(a)(b)</sup>	3 712	6 082	7 399	15 550	4 986
<b>Total net acquisition of non-financial assets from transactions</b>	<b>7 136</b>	<b>11 950</b>	<b>12 104</b>	<b>18 609</b>	<b>8 254</b>

Notes:

- (a) The other movements in non-financial assets primarily include fixed asset transfers from the general government sector to the public non-financial corporations sector and recognising service concession arrangements arising from public private partnerships.
- (b) The public private partnerships across the budget and forward estimates relates to the North East Link – Primary Package (Tunnels) and the Homes Victoria Ground Lease Model Project 1 and 2.

**Table 2.6: Non-financial public sector comprehensive operating statement  
for the financial year ended 30 June**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Revenue and income from transactions</b>					
Taxation	31 043	34 407	36 374	38 174	40 044
Interest income	945	1 169	669	660	656
Dividends, income tax equivalent and rate equivalent income	469	886	587	730	799
Sales of goods and services	13 049	13 165	13 924	14 038	14 266
Grants	39 790	41 724	43 172	45 819	46 695
Other revenue and income	4 151	4 277	3 966	4 066	4 613
<b>Total revenue and income from transactions</b>	<b>89 447</b>	<b>95 627</b>	<b>98 691</b>	<b>103 487</b>	<b>107 072</b>
<b>Expenses from transactions</b>					
Employee expenses	35 500	36 896	37 478	38 487	39 808
Net superannuation interest expense	724	722	726	730	739
Other superannuation	3 618	3 935	4 041	4 116	4 300
Depreciation	7 666	7 866	8 214	8 684	9 010
Interest expense	4 428	5 979	6 790	7 744	8 650
Grant expense	16 951	15 153	14 748	14 803	14 828
Other operating expenses	32 091	30 542	28 977	29 165	29 845
<b>Total expenses from transactions</b>	<b>100 977</b>	<b>101 093</b>	<b>100 973</b>	<b>103 730</b>	<b>107 180</b>
<b>Net result from transactions – Net operating balance</b>	<b>(11 530)</b>	<b>(5 466)</b>	<b>(2 282)</b>	<b>(243)</b>	<b>(109)</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	65	62	45	297	45
Net gain/(loss) on financial assets or liabilities at fair value	83	60	95	172	190
Share of net profit/(loss) from associates/joint venture entities	26	30	32	36	4
Other gains/(losses) from other economic flows	(430)	(545)	(506)	(470)	(469)
<b>Total other economic flows included in net result</b>	<b>(256)</b>	<b>(393)</b>	<b>(334)</b>	<b>35</b>	<b>(231)</b>
<b>Net result</b>	<b>(11 786)</b>	<b>(5 859)</b>	<b>(2 616)</b>	<b>(208)</b>	<b>(340)</b>
<b>Other economic flows – Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in non-financial assets revaluation surplus	4 688	1 041	14 983	4 390	9 664
Remeasurement of superannuation defined benefit plans	(1 521)	852	830	808	785
Other movements in equity	(85)	8	13	(5)	8
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value	(6)	(2)	(2)	3	3
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	(2 187)	(694)	11	16	18
<b>Total other economic flows – Other comprehensive income</b>	<b>889</b>	<b>1 206</b>	<b>15 835</b>	<b>5 212</b>	<b>10 477</b>
<b>Comprehensive result – Total change in net worth</b>	<b>(10 897)</b>	<b>(4 654)</b>	<b>13 219</b>	<b>5 004</b>	<b>10 137</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>(11 530)</b>	<b>(5 466)</b>	<b>(2 282)</b>	<b>(243)</b>	<b>(109)</b>
Less: Net acquisition of non-financial assets from transactions	17 560	18 004	15 888	12 961	11 376
<b>Net lending/(borrowing)</b>	<b>(29 090)</b>	<b>(23 470)</b>	<b>(18 170)</b>	<b>(13 204)</b>	<b>(11 485)</b>

**Table 2.7: Non-financial public sector balance sheet as at 30 June**

(\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	20 979	13 043	13 617	14 363	15 171
Advances paid	1 132	835	677	633	641
Receivables and contract assets	9 026	9 831	10 228	10 636	11 021
Investments, loans and placements	5 161	14 677	16 213	18 070	20 336
Investments accounted for using equity method	1 219	1 219	1 428	1 428	1 428
Investments in other sector entities	9 479	8 935	9 095	9 212	9 481
<b>Total financial assets</b>	<b>46 995</b>	<b>48 540</b>	<b>51 258</b>	<b>54 342</b>	<b>58 078</b>
<b>Non-financial assets</b>					
Inventories	2 155	1 824	1 783	1 481	1 285
Non-financial assets held for sale	197	174	142	135	122
Land, buildings, infrastructure, plant and equipment	391 886	411 779	442 784	461 159	482 766
Other non-financial assets	8 501	8 388	8 172	7 906	7 630
<b>Total non-financial assets</b>	<b>402 740</b>	<b>422 165</b>	<b>452 880</b>	<b>470 682</b>	<b>491 802</b>
<b>Total assets</b>	<b>449 735</b>	<b>470 705</b>	<b>504 137</b>	<b>525 024</b>	<b>549 881</b>
<b>Liabilities</b>					
Deposits held and advances received	1 597	1 601	1 607	1 554	1 555
Payables	36 340	36 226	35 560	34 905	34 021
Contract liabilities	640	571	558	556	557
Borrowings	163 028	188 346	208 760	224 560	239 481
Employee benefits	10 667	11 013	11 363	11 725	12 089
Superannuation	21 778	21 882	21 924	22 206	22 367
Other provisions	2 200	2 235	2 316	2 463	2 619
<b>Total liabilities</b>	<b>236 251</b>	<b>261 874</b>	<b>282 088</b>	<b>297 970</b>	<b>312 690</b>
<b>Net assets</b>	<b>213 484</b>	<b>208 831</b>	<b>222 050</b>	<b>227 054</b>	<b>237 191</b>
Accumulated surplus/(deficit)	65 385	60 365	58 561	59 499	59 951
Reserves	148 099	148 465	163 489	167 555	177 240
<b>Net worth</b>	<b>213 484</b>	<b>208 831</b>	<b>222 050</b>	<b>227 054</b>	<b>237 191</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	(189 255)	(213 334)	(230 830)	(243 628)	(254 611)
Net financial liabilities	198 735	222 269	239 924	252 840	264 092
Net debt	137 353	161 393	179 859	193 048	204 887



**Table 2.8: Non-financial public sector cash flow statement  
for the financial year ended 30 June**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received	31 721	33 651	36 099	37 836	39 711
Grants	39 823	41 726	43 171	45 819	46 694
Sales of goods and services <sup>(a)</sup>	14 473	14 149	15 049	15 201	15 461
Interest received	910	1 113	587	560	561
Dividends, income tax equivalent and rate equivalent receipts	525	1 167	586	729	798
Other receipts	10 580	2 333	2 555	2 632	3 009
<b>Total receipts</b>	<b>98 033</b>	<b>94 138</b>	<b>98 046</b>	<b>102 777</b>	<b>106 233</b>
<b>Payments</b>					
Payments for employees	(35 241)	(36 563)	(37 142)	(38 138)	(39 457)
Superannuation	(3 840)	(3 700)	(3 895)	(3 756)	(4 093)
Interest paid	(4 093)	(5 635)	(6 536)	(7 647)	(8 610)
Grants and subsidies	(16 943)	(15 055)	(14 605)	(14 697)	(14 811)
Goods and services <sup>(a)</sup>	(32 111)	(30 609)	(29 264)	(29 502)	(30 061)
Other payments	(1 386)	(928)	(965)	(1 014)	(1 063)
<b>Total payments</b>	<b>(93 615)</b>	<b>(92 490)</b>	<b>(92 407)</b>	<b>(94 754)</b>	<b>(98 096)</b>
<b>Net cash flows from operating activities</b>	<b>4 418</b>	<b>1 648</b>	<b>5 639</b>	<b>8 024</b>	<b>8 138</b>
<b>Cash flows from investing activities</b>					
<b>Cash flows from investments in non-financial assets</b>					
Purchases of non-financial assets	(22 073)	(23 698)	(23 353)	(21 391)	(19 551)
Sales of non-financial assets	635	787	795	1 149	584
<b>Net cash flows from investments in non-financial assets</b>	<b>(21 438)</b>	<b>(22 911)</b>	<b>(22 558)</b>	<b>(20 242)</b>	<b>(18 967)</b>
Net cash flows from investments in financial assets for policy purposes	(773)	164	(155)	(27)	(248)
<b>Subtotal</b>	<b>(22 211)</b>	<b>(22 747)</b>	<b>(22 712)</b>	<b>(20 269)</b>	<b>(19 216)</b>
Net cash flows from investment in financial assets for liquidity management purposes	(993)	(9 508)	(1 547)	(1 722)	(2 039)
<b>Net cash flows from investing activities</b>	<b>(23 204)</b>	<b>(32 255)</b>	<b>(24 259)</b>	<b>(21 991)</b>	<b>(21 254)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	11	(64)	8	(48)	..
Net borrowings	26 922	22 637	19 055	14 640	13 807
Deposits received (net)	(16)	(12)	(2)	(4)	1
<b>Net cash flows from financing activities</b>	<b>26 917</b>	<b>22 561</b>	<b>19 061</b>	<b>14 588</b>	<b>13 808</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8 130</b>	<b>(8 047)</b>	<b>440</b>	<b>621</b>	<b>692</b>
Cash and cash equivalents at beginning of reporting period	12 817	20 948	12 901	13 341	13 962
<b>Cash and cash equivalents at end of reporting period <sup>(b)</sup></b>	<b>20 948</b>	<b>12 901</b>	<b>13 341</b>	<b>13 962</b>	<b>14 654</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	4 418	1 648	5 639	8 024	8 138
Net cash flows from investments in non-financial assets	(21 438)	(22 911)	(22 558)	(20 242)	(18 967)
<b>Cash surplus/(deficit)</b>	<b>(17 020)</b>	<b>(21 263)</b>	<b>(16 919)</b>	<b>(12 218)</b>	<b>(10 829)</b>

Notes:

(a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.

(b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement balances.

**Table 2.9: Non-financial public sector statement of changes in equity  
for the financial year ended 30 June**

(\$ million)

	Accumulated surplus/(deficit)	Non-financial assets revaluation surplus	Investment in other sector entities revaluation surplus	Other reserves	Total
<b>2022-23 revised</b>					
Balance at 1 July 2022	77 899	132 901	11 744	1 837	224 381
Net result for the year	(11 786)	..	..	..	(11 786)
Other comprehensive income for the year	(1 623)	4 688	(2 187)	11	889
Transfer to/(from) accumulated surplus	895	(895)	..	..	..
<b>Total equity as at 30 June 2023</b>	<b>65 385</b>	<b>136 695</b>	<b>9 557</b>	<b>1 848</b>	<b>213 484</b>
<b>2023-24 budget</b>					
Balance at 1 July 2023	65 385	136 695	9 557	1 848	213 484
Net result for the year	(5 859)	..	..	..	(5 859)
Other comprehensive income for the year	840	1 041	(694)	18	1 206
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 30 June 2024</b>	<b>60 365</b>	<b>137 736</b>	<b>8 863</b>	<b>1 866</b>	<b>208 831</b>
<b>2024-25 estimate</b>					
Balance at 1 July 2024	60 365	137 736	8 863	1 866	208 831
Net result for the year	(2 616)	..	..	..	(2 616)
Other comprehensive income for the year	811	14 983	11	30	15 835
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 30 June 2025</b>	<b>58 561</b>	<b>152 719</b>	<b>8 874</b>	<b>1 896</b>	<b>222 050</b>
<b>2025-26 estimate</b>					
Balance at 1 July 2025	58 561	152 719	8 874	1 896	222 050
Net result for the year	(208)	..	..	..	(208)
Other comprehensive income for the year	800	4 390	16	6	5 212
Transfer to/(from) accumulated surplus	345	(345)	..	..	..
<b>Total equity as at 30 June 2026</b>	<b>59 499</b>	<b>156 763</b>	<b>8 890</b>	<b>1 902</b>	<b>227 054</b>
<b>2026-27 estimate</b>					
Balance at 1 July 2026	59 499	156 763	8 890	1 902	227 054
Net result for the year	(340)	..	..	..	(340)
Other comprehensive income for the year	792	9 664	18	4	10 477
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 30 June 2027</b>	<b>59 951</b>	<b>166 427</b>	<b>8 908</b>	<b>1 905</b>	<b>237 191</b>

**Table 2.10: Net acquisition of non-financial assets – Non-financial public sector (\$ million)**

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Purchases of non-financial assets (including change in inventories)	21 596	23 277	23 242	21 396	19 556
Less: Sales of non-financial assets	(635)	(787)	(795)	(1 149)	(584)
Less: Depreciation and amortisation	(7 666)	(7 866)	(8 214)	(8 684)	(9 010)
Plus: Other movements in non-financial assets <sup>(a)(b)</sup>	4 265	3 380	1 655	1 398	1 414
<b>Total net acquisition of non-financial assets from transactions</b>	<b>17 560</b>	<b>18 004</b>	<b>15 888</b>	<b>12 961</b>	<b>11 376</b>

*Notes:*

- (a) *The other movements in non-financial assets includes recognising right-of-use assets under lease arrangements, and recognising service concession arrangements arising from public private partnerships.*
- (b) *The public private partnerships across the budget and forward estimates relate to the High Capacity Metro Trains, the Metro Tunnel, the new Footscray Hospital, the Frankston Hospital Redevelopment, the North East Link – Primary Package (Tunnels), the Homes Victoria Ground Lease Model Project 1 and 2, and the West Gate Tunnel.*

**Table 2.11: Public financial corporations sector comprehensive operating statement for the financial year ended 30 June <sup>(a)</sup>** (\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Revenue and income from transactions</b>					
Interest income	3 695	5 094	6 132	7 125	8 119
Dividend income	1 722	1 879	2 005	2 514	2 696
Sales of goods and services <sup>(b)</sup>	6 120	7 793	8 133	8 493	8 871
Grants	377	25	27	29	31
Other revenue and income	20	22	24	25	28
<b>Total revenue and income from transactions</b>	<b>11 936</b>	<b>14 813</b>	<b>16 322</b>	<b>18 186</b>	<b>19 746</b>
<b>Expenses from transactions</b>					
Employee expenses	529	545	554	561	574
Other superannuation	50	52	54	55	57
Depreciation	83	85	85	86	86
Interest expense	3 379	4 810	5 872	6 844	7 829
Grant expense	129	1 150	583	734	816
Other operating expenses	10 473	11 315	11 948	12 730	13 484
Other property expenses	314	8	9	40	36
<b>Total expenses from transactions</b>	<b>14 957</b>	<b>17 965</b>	<b>19 105</b>	<b>21 050</b>	<b>22 881</b>
<b>Net result from transactions – Net operating balance <sup>(c)</sup></b>	<b>(3 022)</b>	<b>(3 152)</b>	<b>(2 783)</b>	<b>(2 864)</b>	<b>(3 135)</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on financial assets or liabilities at fair value	(2 660)	282	354	774	830
Other gains/(losses) from other economic flows	2 814	1 526	1 612	1 511	1 597
<b>Total other economic flows included in net result</b>	<b>154</b>	<b>1 808</b>	<b>1 966</b>	<b>2 285</b>	<b>2 427</b>
<b>Net result</b>	<b>(2 868)</b>	<b>(1 344)</b>	<b>(817)</b>	<b>(579)</b>	<b>(709)</b>
<b>Other economic flows – Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Other movements in equity	1	..	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>1</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result – Total change in net worth</b>	<b>(2 867)</b>	<b>(1 344)</b>	<b>(817)</b>	<b>(579)</b>	<b>(709)</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>(3 022)</b>	<b>(3 152)</b>	<b>(2 783)</b>	<b>(2 864)</b>	<b>(3 135)</b>
Less: Net acquisition of non-financial assets from transactions	(17)	(47)	(46)	(45)	(44)
<b>Net lending/(borrowing)</b>	<b>(3 005)</b>	<b>(3 104)</b>	<b>(2 737)</b>	<b>(2 819)</b>	<b>(3 091)</b>

*Notes:*

(a) A range of savings and efficiency initiatives will be implemented by the Public Financial Corporations (PFC) sector. The impacts of these initiatives are reflected in the estimates for the budget year and the three forward years.

(b) WorkSafe premiums are reflected in the sales of goods and services line in the budget and forward estimates period.

(c) Capital gains on the investment portfolios of the state's insurance agencies (WorkSafe Victoria, Transport Accident Commission and Victorian Managed Insurance Authority) are classified as other economic flows. As these capital gains are available to fund claims expenses, the net result more meaningfully reflects the underlying operations and performance of the public financial corporations sector than the net result from transactions.

**Table 2.12: Public financial corporations sector balance sheet as at 30 June (\$ million)**

	2023 revised	2024 budget	2025 estimate	2026 estimate	2027 estimate
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	3 737	3 477	3 661	4 056	5 365
Advances paid	31	16	11	8	7
Receivables	1 933	1 852	1 859	1 889	1 911
Investments, loans and placements	54 845	59 632	64 100	67 911	70 031
Loans receivable from non-financial public sector <sup>(a)</sup>	131 602	161 985	182 050	198 190	213 105
<b>Total financial assets</b>	<b>192 147</b>	<b>226 962</b>	<b>251 681</b>	<b>272 054</b>	<b>290 419</b>
<b>Non-financial assets</b>					
Land, buildings, infrastructure, plant and equipment	337	304	273	242	212
Other non-financial assets	3 726	3 917	4 131	4 139	4 159
<b>Total non-financial assets</b>	<b>4 062</b>	<b>4 221</b>	<b>4 404</b>	<b>4 381</b>	<b>4 370</b>
<b>Total assets</b>	<b>196 210</b>	<b>231 183</b>	<b>256 085</b>	<b>276 435</b>	<b>294 789</b>
<b>Liabilities</b>					
Deposits held and advances received	230	230	248	251	260
Payables	2 632	2 198	2 190	2 201	2 212
Borrowings <sup>(b)</sup>	139 664	173 636	195 831	213 074	228 086
Employee benefits	120	123	126	128	131
Other provisions	46 294	49 531	52 950	56 574	60 406
<b>Total liabilities</b>	<b>188 940</b>	<b>225 718</b>	<b>251 345</b>	<b>272 228</b>	<b>291 095</b>
<b>Net assets <sup>(c)</sup></b>	<b>7 270</b>	<b>5 466</b>	<b>4 740</b>	<b>4 207</b>	<b>3 694</b>
Accumulated surplus/(deficit)	6 921	4 966	4 090	3 454	2 689
Reserves	349	500	650	753	1 006
<b>Net worth <sup>(c)</sup></b>	<b>7 270</b>	<b>5 466</b>	<b>4 740</b>	<b>4 207</b>	<b>3 694</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	3 208	1 244	336	(174)	(676)
Net financial liabilities	(3 208)	(1 244)	(336)	174	676
Net debt	(50 321)	(51 245)	(53 742)	(56 839)	(60 162)

*Notes:**(a) Loans receivable from the non-financial public sector are at amortised cost.**(b) Borrowings with the private sector are at market value.**(c) Treasury Corporation of Victoria's external loan liabilities are at mark-to-market value, while the corresponding assets, that is lending to the non-financial public sector, are at historical value.*

**Table 2.13: Public financial corporations sector cash flow statement  
for the financial year ended 30 June**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Grants	347	24	26	28	30
Sales of goods and services <sup>(a)</sup>	6 770	8 548	8 917	9 317	9 732
Interest received	3 383	4 782	5 820	6 813	7 807
Dividend receipts	1 722	1 879	2 005	2 514	2 696
Other receipts	52	123	55	34	49
<b>Total receipts</b>	<b>12 275</b>	<b>15 356</b>	<b>16 823</b>	<b>18 706</b>	<b>20 315</b>
<b>Payments</b>					
Payments for employees	(527)	(542)	(551)	(559)	(571)
Superannuation	(50)	(52)	(54)	(55)	(57)
Interest paid	(3 401)	(4 828)	(5 885)	(6 853)	(7 843)
Grants and subsidies	(99)	(1 150)	(582)	(734)	(815)
Goods and services <sup>(a)</sup>	(7 010)	(7 639)	(7 935)	(8 463)	(8 966)
Other payments	(341)	(289)	(8)	(8)	(8)
<b>Total payments</b>	<b>(11 428)</b>	<b>(14 500)</b>	<b>(15 015)</b>	<b>(16 672)</b>	<b>(18 260)</b>
<b>Net cash flows from operating activities</b>	<b>847</b>	<b>857</b>	<b>1 808</b>	<b>2 034</b>	<b>2 055</b>
<b>Cash flows from investing activities</b>					
<b>Cash flows from investments in non-financial assets</b>					
Purchases of non-financial assets	(68)	(39)	(40)	(42)	(43)
Sales of non-financial assets	1	1	1	1	1
<b>Net cash flows from investments in non-financial assets</b>	<b>(67)</b>	<b>(38)</b>	<b>(39)</b>	<b>(41)</b>	<b>(42)</b>
Net cash flows from investments in financial assets for policy purposes	15	13	4	2	..
<b>Subtotal</b>	<b>(51)</b>	<b>(24)</b>	<b>(35)</b>	<b>(40)</b>	<b>(42)</b>
Net cash flows from investment in financial assets for liquidity management purposes	(32 778)	(34 719)	(24 009)	(19 005)	(16 033)
<b>Net cash flows from investing activities</b>	<b>(32 830)</b>	<b>(34 744)</b>	<b>(24 044)</b>	<b>(19 045)</b>	<b>(16 075)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	(28)	(29)	(11)	(6)	(2)
Net borrowings	30 586	34 088	22 311	17 357	15 124
Deposits received (net)	25	29	29	8	12
Other financing (net)	217	(460)	91	46	196
<b>Net cash flows from financing activities</b>	<b>30 801</b>	<b>33 628</b>	<b>22 420</b>	<b>17 406</b>	<b>15 329</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1 182)</b>	<b>(259)</b>	<b>184</b>	<b>395</b>	<b>1 309</b>
Cash and cash equivalents at beginning of reporting period	4 919	3 737	3 477	3 661	4 056
<b>Cash and cash equivalents at end of reporting period</b>	<b>3 737</b>	<b>3 477</b>	<b>3 661</b>	<b>4 056</b>	<b>5 365</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	847	857	1 808	2 034	2 055
Dividends paid	(8)	(610)	(57)	(55)	(56)
Net cash flows from investments in non-financial assets	(67)	(38)	(39)	(41)	(42)
<b>Cash surplus/(deficit)</b>	<b>772</b>	<b>209</b>	<b>1 711</b>	<b>1 938</b>	<b>1 957</b>

Note:

(a) Inclusive of goods and services tax.

**Table 2.14: Public financial corporations sector statement of changes in equity**  
for the financial year ended 30 June <sup>(a)</sup> (\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owners</i>	<i>Non-financial assets revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
<b>2022-23 revised</b>					
Balance at 1 July 2022	9 796	65	10	49	9 919
Net result for the year	(2 868)	..	..	..	(2 868)
Other comprehensive income for the year	..	..	..	1	1
Dividends paid	(8)	..	..	..	(8)
Transactions with owners in their capacity as owners	..	225	..	..	225
<b>Total equity as at 30 June 2023</b>	<b>6 921</b>	<b>290</b>	<b>10</b>	<b>50</b>	<b>7 270</b>
<b>2023-24 budget</b>					
Balance at 1 July 2023	6 921	290	10	50	7 270
Net result for the year	(1 344)	..	..	..	(1 344)
Other comprehensive income for the year	(1)	..	..	1	..
Dividends paid	(610)	..	..	..	(610)
Transactions with owners in their capacity as owners	..	149	..	..	149
<b>Total equity as at 30 June 2024</b>	<b>4 966</b>	<b>439</b>	<b>10</b>	<b>51</b>	<b>5 466</b>
<b>2024-25 estimate</b>					
Balance at 1 July 2024	4 966	439	10	51	5 466
Net result for the year	(817)	..	..	..	(817)
Other comprehensive income for the year	(1)	..	..	1	..
Dividends paid	(57)	..	..	..	(57)
Transactions with owners in their capacity as owners	..	149	..	..	149
<b>Total equity as at 30 June 2025</b>	<b>4 090</b>	<b>588</b>	<b>10</b>	<b>53</b>	<b>4 740</b>
<b>2025-26 estimate</b>					
Balance at 1 July 2025	4 090	588	10	53	4 740
Net result for the year	(579)	..	..	..	(579)
Other comprehensive income for the year	(1)	..	..	1	..
Dividends paid	(55)	..	..	..	(55)
Transactions with owners in their capacity as owners	..	101	..	..	101
<b>Total equity as at 30 June 2026</b>	<b>3 454</b>	<b>689</b>	<b>10</b>	<b>54</b>	<b>4 207</b>
<b>2026-27 estimate</b>					
Balance at 1 July 2026	3 454	689	10	54	4 207
Net result for the year	(709)	..	..	..	(709)
Other comprehensive income for the year	(1)	..	..	1	..
Dividends paid	(56)	..	..	..	(56)
Transactions with owners in their capacity as owners	..	251	..	..	251
<b>Total equity as at 30 June 2027</b>	<b>2 689</b>	<b>941</b>	<b>10</b>	<b>55</b>	<b>3 694</b>

Note:

(a) A range of savings and efficiency initiatives will be implemented by the PFC sector. The impacts of these initiatives are reflected in the estimates for the budget year and the three forward years.

**Table 2.15: Net acquisition of non-financial assets –  
Public financial corporations sector**

(\$ million)

	<i>2022-23 revised</i>	<i>2023-24 budget</i>	<i>2024-25 estimate</i>	<i>2025-26 estimate</i>	<i>2026-27 estimate</i>
Purchases of non-financial assets less sales of non-financial assets (including change in inventories)	67	38	39	41	42
Less: Depreciation and amortisation	(83)	(85)	(85)	(86)	(86)
<b>Total net acquisition of non-financial assets from transactions</b>	<b>(17)</b>	<b>(47)</b>	<b>(46)</b>	<b>(45)</b>	<b>(44)</b>



**Table 2.16: State of Victoria operating statement for the financial year ended 30 June**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Revenue and income from transactions</b>					
Taxation	31 019	34 383	36 350	38 149	40 018
Interest income	1 507	1 753	1 273	1 313	1 339
Dividend income	1 894	2 147	2 526	3 180	3 431
Sales of goods and services	17 773	19 198	20 230	20 627	21 151
Grants	39 676	40 663	42 682	45 153	45 868
Other revenue and income	4 171	4 299	3 990	4 091	4 641
<b>Total revenue and income from transactions</b>	<b>96 040</b>	<b>102 443</b>	<b>107 052</b>	<b>112 514</b>	<b>116 448</b>
<b>Expenses from transactions</b>					
Employee expenses	35 486	36 623	37 199	38 197	39 512
Net superannuation interest expense	724	722	726	730	739
Other superannuation	3 667	3 987	4 094	4 171	4 356
Depreciation	7 749	7 950	8 299	8 769	9 096
Interest expense	4 681	6 287	7 142	8 124	9 050
Grant expense	16 607	15 237	14 833	14 862	14 805
Other operating expenses	41 667	40 872	39 887	40 797	42 168
<b>Total expenses from transactions</b>	<b>110 582</b>	<b>111 678</b>	<b>112 181</b>	<b>115 650</b>	<b>119 727</b>
<b>Net result from transactions – Net operating balance</b>	<b>(14 542)</b>	<b>(9 234)</b>	<b>(5 129)</b>	<b>(3 136)</b>	<b>(3 279)</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	65	62	45	297	45
Net gain/(loss) on financial assets or liabilities at fair value	(2 577)	342	449	946	1 019
Share of net profit/(loss) from associates/joint venture entities	26	30	32	36	4
Other gains/(losses) from other economic flows	1 994	737	846	957	1 037
<b>Total other economic flows included in net result</b>	<b>(491)</b>	<b>1 171</b>	<b>1 372</b>	<b>2 236</b>	<b>2 105</b>
<b>Net result</b>	<b>(15 033)</b>	<b>(8 064)</b>	<b>(3 757)</b>	<b>(900)</b>	<b>(1 174)</b>
<b>Other economic flows – Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in non-financial assets revaluation surplus	4 688	1 041	14 983	4 390	9 664
Remeasurement of superannuation defined benefit plans	(1 521)	852	830	808	785
Other movements in equity	(84)	8	13	(5)	8
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value	(6)	(2)	(2)	3	3
<b>Total other economic flows – Other comprehensive income</b>	<b>3 077</b>	<b>1 899</b>	<b>15 824</b>	<b>5 196</b>	<b>10 459</b>
<b>Comprehensive result – Total change in net worth</b>	<b>(11 956)</b>	<b>(6 165)</b>	<b>12 067</b>	<b>4 296</b>	<b>9 285</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>(14 542)</b>	<b>(9 234)</b>	<b>(5 129)</b>	<b>(3 136)</b>	<b>(3 279)</b>
Less: Net acquisition of non-financial assets from transactions	17 543	17 957	15 842	12 917	11 332
<b>Net lending/(borrowing)</b>	<b>(32 085)</b>	<b>(27 191)</b>	<b>(20 970)</b>	<b>(16 053)</b>	<b>(14 611)</b>

Table 2.17: State of Victoria balance sheet as at 30 June

(\$ million)

	2023 <i>revised</i>	2024 <i>budget</i>	2025 <i>estimate</i>	2026 <i>estimate</i>	2027 <i>estimate</i>
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	24 639	16 428	17 176	18 311	20 418
Advances paid	1 132	835	677	633	641
Receivables and contract assets	10 357	11 374	11 774	12 208	12 611
Investments, loans and placements	59 912	74 205	80 196	85 861	90 246
Investments accounted for using equity method	1 219	1 219	1 428	1 428	1 428
<b>Total financial assets</b>	<b>97 258</b>	<b>104 061</b>	<b>111 250</b>	<b>118 441</b>	<b>125 345</b>
<b>Non-financial assets</b>					
Inventories	2 155	1 824	1 783	1 481	1 285
Non-financial assets held for sale	197	174	142	135	122
Land, buildings, infrastructure, plant and equipment	392 221	412 082	443 055	461 399	482 978
Other non-financial assets	8 734	8 568	8 305	7 996	7 675
<b>Total non-financial assets</b>	<b>403 307</b>	<b>422 647</b>	<b>453 284</b>	<b>471 012</b>	<b>492 059</b>
<b>Total assets</b>	<b>500 565</b>	<b>526 708</b>	<b>564 534</b>	<b>589 453</b>	<b>617 404</b>
<b>Liabilities</b>					
Deposits held and advances received	1 705	1 694	1 695	1 639	1 639
Payables	38 370	38 114	37 435	36 788	35 911
Contract liabilities	640	571	558	556	557
Borrowings	170 981	199 901	222 456	239 367	254 392
Employee benefits	10 787	11 136	11 489	11 853	12 221
Superannuation	21 778	21 882	21 924	22 206	22 367
Other provisions	48 495	51 766	55 267	59 037	63 026
<b>Total liabilities</b>	<b>292 756</b>	<b>325 064</b>	<b>350 823</b>	<b>371 447</b>	<b>390 112</b>
<b>Net assets</b>	<b>207 809</b>	<b>201 644</b>	<b>213 711</b>	<b>218 006</b>	<b>227 292</b>
Accumulated surplus/(deficit)	69 206	61 981	59 034	59 278	58 894
Reserves	138 602	139 663	154 677	158 729	168 398
<b>Net worth</b>	<b>207 809</b>	<b>201 644</b>	<b>213 711</b>	<b>218 006</b>	<b>227 292</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	(195 498)	(221 003)	(239 573)	(253 005)	(264 767)
Net financial liabilities	195 498	221 003	239 573	253 005	264 767
Net debt	87 004	110 126	126 101	136 201	144 725

**Table 2.18: State of Victoria cash flow statement for the financial year ended 30 June**

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received	31 698	33 627	36 074	37 811	39 686
Grants	39 709	40 665	42 681	45 153	45 868
Sales of goods and services <sup>(a)</sup>	19 864	20 925	22 141	22 616	23 208
Interest received	1 160	1 386	880	902	932
Dividend receipts	1 898	2 147	2 526	3 180	3 431
Other receipts	10 633	2 456	2 610	2 666	3 058
<b>Total receipts</b>	<b>104 961</b>	<b>101 206</b>	<b>106 913</b>	<b>112 328</b>	<b>116 182</b>
<b>Payments</b>					
Payments for employees	(35 225)	(36 287)	(36 860)	(37 846)	(39 158)
Superannuation	(3 890)	(3 752)	(3 949)	(3 811)	(4 150)
Interest paid	(4 369)	(5 962)	(6 902)	(8 036)	(9 025)
Grants and subsidies	(16 600)	(15 139)	(14 691)	(14 756)	(14 788)
Goods and services <sup>(a)</sup>	(38 242)	(37 251)	(36 163)	(36 870)	(37 869)
Other payments	(1 386)	(928)	(965)	(1 014)	(1 063)
<b>Total payments</b>	<b>(99 711)</b>	<b>(99 318)</b>	<b>(99 530)</b>	<b>(102 333)</b>	<b>(106 052)</b>
<b>Net cash flows from operating activities</b>	<b>5 249</b>	<b>1 888</b>	<b>7 383</b>	<b>9 995</b>	<b>10 130</b>
<b>Cash flows from investing activities</b>					
<b>Cash flows from investments in non-financial assets</b>					
Purchases of non-financial assets	(22 140)	(23 737)	(23 392)	(21 433)	(19 594)
Sales of non-financial assets	636	788	796	1 150	585
<b>Net cash flows from investments in non-financial assets</b>	<b>(21 504)</b>	<b>(22 949)</b>	<b>(22 596)</b>	<b>(20 283)</b>	<b>(19 009)</b>
Net cash flows from investments in financial assets for policy purposes	(547)	312	(7)	74	2
<b>Subtotal</b>	<b>(22 051)</b>	<b>(22 637)</b>	<b>(22 604)</b>	<b>(20 210)</b>	<b>(19 007)</b>
Net cash flows from investment in financial assets for liquidity management purposes	(4 907)	(13 830)	(5 472)	(4 585)	(3 155)
<b>Net cash flows from investing activities</b>	<b>(26 959)</b>	<b>(36 467)</b>	<b>(28 076)</b>	<b>(24 795)</b>	<b>(22 163)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	(3)	(78)	3	(51)	(1)
Net borrowings	29 078	26 349	21 307	15 864	14 024
Deposits received (net)	(16)	(12)	(2)	(4)	1
<b>Net cash flows from financing activities</b>	<b>29 059</b>	<b>26 258</b>	<b>21 307</b>	<b>15 809</b>	<b>14 024</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7 349</b>	<b>(8 321)</b>	<b>614</b>	<b>1 009</b>	<b>1 991</b>
Cash and cash equivalents at beginning of reporting period	17 258	24 608	16 287	16 900	17 910
<b>Cash and cash equivalents at end of reporting period <sup>(b)</sup></b>	<b>24 608</b>	<b>16 287</b>	<b>16 900</b>	<b>17 910</b>	<b>19 901</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	5 249	1 888	7 383	9 995	10 130
Net cash flows from investments in non-financial assets	(21 504)	(22 949)	(22 596)	(20 283)	(19 009)
<b>Cash surplus/(deficit)</b>	<b>(16 255)</b>	<b>(21 061)</b>	<b>(15 214)</b>	<b>(10 288)</b>	<b>(8 879)</b>

Notes:

(a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.

(b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement balances.

**Table 2.19: State of Victoria statement of changes in equity for the financial year ended 30 June**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-financial assets revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
<b>2022-23 revised</b>				
Balance at 1 July 2022	84 968	132 911	1 886	219 765
Net result for the year	(15 033)	..	..	(15 033)
Other comprehensive income for the year	(1 623)	4 688	12	3 077
Transfer to/(from) accumulated surplus	895	(895)	..	..
<b>Total equity as at 30 June 2023</b>	<b>69 206</b>	<b>136 704</b>	<b>1 898</b>	<b>207 809</b>
<b>2023-24 budget</b>				
Balance at 1 July 2023	69 206	136 704	1 898	207 809
Net result for the year	(8 064)	..	..	(8 064)
Other comprehensive income for the year	838	1 041	20	1 899
Transfer to/(from) accumulated surplus	..	..	..	..
<b>Total equity as at 30 June 2024</b>	<b>61 981</b>	<b>137 745</b>	<b>1 918</b>	<b>201 644</b>
<b>2024-25 estimate</b>				
Balance at 1 July 2024	61 981	137 745	1 918	201 644
Net result for the year	(3 757)	..	..	(3 757)
Other comprehensive income for the year	810	14 983	31	15 824
Transfer to/(from) accumulated surplus	..	..	..	..
<b>Total equity as at 30 June 2025</b>	<b>59 034</b>	<b>152 728</b>	<b>1 949</b>	<b>213 711</b>
<b>2025-26 estimate</b>				
Balance at 1 July 2025	59 034	152 728	1 949	213 711
Net result for the year	(900)	..	..	(900)
Other comprehensive income for the year	799	4 390	7	5 196
Transfer to/(from) accumulated surplus	345	(345)	..	..
<b>Total equity as at 30 June 2026</b>	<b>59 278</b>	<b>156 773</b>	<b>1 956</b>	<b>218 006</b>
<b>2026-27 estimate</b>				
Balance at 1 July 2026	59 278	156 773	1 956	218 006
Net result for the year	(1 174)	..	..	(1 174)
Other comprehensive income for the year	790	9 664	5	10 459
Transfer to/(from) accumulated surplus	..	..	..	..
<b>Total equity as at 30 June 2027</b>	<b>58 894</b>	<b>166 437</b>	<b>1 961</b>	<b>227 292</b>

**Table 2.20: Net acquisition of non-financial assets – State of Victoria** (\$ million)

	<i>2022-23 revised</i>	<i>2023-24 budget</i>	<i>2024-25 estimate</i>	<i>2025-26 estimate</i>	<i>2026-27 estimate</i>
Purchases of non-financial assets (including change in inventories)	21 664	23 316	23 282	21 438	19 599
Less: Sales of non-financial assets	(636)	(788)	(796)	(1 150)	(585)
Less: Depreciation and amortisation	(7 749)	(7 950)	(8 299)	(8 769)	(9 096)
Plus: Other movements in non-financial assets <sup>(a)(b)</sup>	4 265	3 380	1 655	1 398	1 414
<b>Total net acquisition of non-financial assets from transactions</b>	<b>17 543</b>	<b>17 957</b>	<b>15 842</b>	<b>12 917</b>	<b>11 332</b>

*Notes:*

(a) *The other movements in non-financial assets includes recognising right-of-use assets under lease arrangements, and recognising service concession arrangements arising from public private partnerships.*

(b) *The public private partnerships across the budget and forward estimates relate to the High Capacity Metro Trains, the Metro Tunnel, the new Footscray Hospital, the Frankston Hospital Redevelopment, the North East Link – Primary Package (Tunnels), the Homes Victoria Ground Lease Model Project 1 and 2, and the West Gate Tunnel.*



## CHAPTER 3 – DEPARTMENTAL FINANCIAL STATEMENTS

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This chapter should be read in conjunction with Budget Paper No. 3 *Service Delivery*, which outlines the goods and services funded by the Government that are to be delivered by departments in the coming financial year.

The following tables outline each department's actual and forecast financial performance and position:

- The comprehensive operating statement details the department's revenue and expenses reflecting the cost of providing its outputs
- The balance sheet shows all controlled assets and liabilities of the department. The difference between these is the net assets position, being the State's equity interest in the department
- The cash flow statement shows cash receipts and payments, including the cash impact of operating, financing and investing activities on departmental resources
- The statement of changes in equity shows the impact of the net result and other comprehensive income items, such as the revaluation of non-financial assets, and owner contributions, on the total equity of the department
- The administered items statement provides details of the department's administered revenue and expenses, and its administered assets and liabilities. Most administered expenses are paid in cash in the year in which the item is recognised. Therefore, an administered departmental cash flow statement is not provided
- Payments on behalf of the State (where applicable) detail payments made by the department on behalf of the State Government, not directly reflecting the operations of the department.

The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

It should be noted that machinery of government changes effective from 1 January 2023 have been reflected in the relevant Departmental Financial Statements in this Chapter. In all tables, figures for the 2022-23 revised budget and 2023-24 budget reflect the operations of departments post the machinery of government changes.

## DEPARTMENT OF EDUCATION

### Operating performance

The Department of Education is forecasting an operating surplus of \$537 million in 2023-24, compared with an expected operating surplus in 2022-23 of \$631 million for the revised budget.

The 2023-24 surplus is primarily attributable to government school operations as revenue will exceed operating expenditure.

The operating statement shows a decrease in operating income of \$78 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to the impact of a Machinery of Government transfer of the Training and Skills and Higher Education portfolio to the Department of Jobs, Skills, Industry and Resources, offset by additional service delivery funding for initiatives announced in the *2023-24 Budget* including:

- Best Start, Best Life: Best Kinders for Victorian Kids
- New Schools Planning Fund
- Non-Government Schools Capital Fund
- School enrolment-based funding.

Operating expenses are expected to increase by \$16 million in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

The Department's net assets position is estimated to increase by \$2.5 billion in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$2.6 billion.

The increase in total assets reflects the Government's continued investment in school building upgrades and the construction of new schools and relocatable buildings.

### Investing and finance

The Department is anticipating an increase of \$199 million in its net cash position in 2023-24, compared with the 2022-23 revised budget, mainly due to increases in school cash balances which includes locally raised funds and fee-for-service revenue.

Cash flows from investing activities primarily reflect the significant investment in purchases of property, plant, and equipment for asset renewal in schools, and new asset projects funded in the *2023-24 Budget* including:

- Land acquisition for new schools
- New schools construction
- Relocatable Buildings Program.



## Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2023-24, including recurrent Commonwealth funding provided to the non-government school sector and the collection of international student fees for schools.

Total administered income of the Department is expected to increase by \$250 million in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by an increase in recurrent Commonwealth funding provided to the non-government school sector under the School Funding Reform framework as part of the *Australian Education Act 2013*.

Total administered expenses of the Department are expected to increase by \$250 million, in line with the anticipated increase in administered income.

Table 3.1.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	14 834	15 782	15 148	15 435
Special appropriations	6	6	6	..
Interest income	7	6	48	73
Sales of goods and services	623	608	460	220
Grants	53	13	4	10
Fair value of assets and services received free of charge or for nominal consideration	285	..	159	..
Other revenue and income	380	527	362	371
<b>Total revenue and income from transactions</b>	<b>16 188</b>	<b>16 942</b>	<b>16 187</b>	<b>16 109</b>
<b>Expenses from transactions</b>				
Employee benefits	9 278	9 898	9 505	9 456
Depreciation	574	658	686	692
Interest expense	27	28	26	26
Grant expense	1 839	1 892	1 506	1 875
Other operating expenses	3 962	4 035	3 833	3 523
<b>Total expenses from transactions</b>	<b>15 679</b>	<b>16 511</b>	<b>15 556</b>	<b>15 572</b>
<b>Net result from transactions (net operating balance)</b>	<b>510</b>	<b>431</b>	<b>631</b>	<b>537</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	16	(2)	..	..
Share of net profits/(loss) from associates/joint venture entities	5	4	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(4)	(1)	..	..
Other gains/(losses) from other economic flows	175	..	1	..
<b>Total other economic flows included in net result</b>	<b>191</b>	<b>1</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>701</b>	<b>432</b>	<b>631</b>	<b>537</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	5 577	(104)	26	(9)
Other movements in equity	(6)	20	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>5 571</b>	<b>(84)</b>	<b>26</b>	<b>(9)</b>
<b>Comprehensive result</b>	<b>6 272</b>	<b>348</b>	<b>657</b>	<b>527</b>

Sources: Departments of Education, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Education and Training included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.1.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	2 042	2 000	1 679	1 878
Receivables from government	3 001	3 290	3 309	3 730
Other receivables	209	204	70	72
Other financial assets	33	39	1	2
<b>Total financial assets</b>	<b>5 286</b>	<b>5 533</b>	<b>5 060</b>	<b>5 683</b>
<b>Non-financial assets</b>				
Inventories	1	1	..	..
Non-financial assets classified as held for sale including disposal group assets	9	11	25	26
Property, plant and equipment	38 643	40 737	37 505	39 463
Investment properties	122	123	..	1
Intangible assets	74	54	29	16
Other	92	92	74	58
<b>Total non-financial assets</b>	<b>38 941</b>	<b>41 017</b>	<b>37 633</b>	<b>39 563</b>
<b>Total assets</b>	<b>44 227</b>	<b>46 550</b>	<b>42 693</b>	<b>45 246</b>
<b>Liabilities</b>				
Payables	1 100	1 058	698	655
Borrowings	618	585	521	480
Provisions	1 991	2 107	1 912	2 037
<b>Total liabilities</b>	<b>3 709</b>	<b>3 750</b>	<b>3 132</b>	<b>3 172</b>
<b>Net assets</b>	<b>40 518</b>	<b>42 801</b>	<b>39 562</b>	<b>42 073</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	5 769	6 220	5 543	6 080
Reserves	22 068	21 964	20 397	20 387
Contributed capital	12 681	14 616	13 622	15 606
<b>Total equity</b>	<b>40 518</b>	<b>42 801</b>	<b>39 562</b>	<b>42 073</b>

Sources: Departments of Education, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Education and Training included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.1.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	14 437	15 510	14 707	15 020
Receipts from other entities	693	561	484	218
Interest received	7	6	48	73
Other receipts	391	540	333	348
<b>Total receipts</b>	<b>15 528</b>	<b>16 618</b>	<b>15 572</b>	<b>15 660</b>
<b>Payments</b>				
Payments of grants and other transfers	(1 826)	(1 890)	(1 505)	(1 873)
Payments to suppliers and employees	(12 702)	(13 820)	(13 085)	(12 832)
Interest and other costs of finance paid	(27)	(28)	(26)	(26)
<b>Total payments</b>	<b>(14 555)</b>	<b>(15 738)</b>	<b>(14 615)</b>	<b>(14 731)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>973</b>	<b>879</b>	<b>957</b>	<b>928</b>
<b>Cash flows from investing activities</b>				
Net investment	12	(1)	(3)	(5)
Payments for non-financial assets	(1 953)	(2 822)	(2 754)	(2 642)
Proceeds from sale of non-financial assets	9	1	1	1
Net loans to other parties	(15)	3	3	3
<b>Net cash flow from/(used in) investing activities</b>	<b>(1 947)</b>	<b>(2 818)</b>	<b>(2 752)</b>	<b>(2 642)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	1 048	1 929	1 499	1 979
Repayment of leases and service concession liabilities	(16)	(42)	(45)	(41)
Net borrowings	18	9	(22)	(25)
<b>Net cash flows from/(used in) financing activities</b>	<b>1 049</b>	<b>1 897</b>	<b>1 432</b>	<b>1 913</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>75</b>	<b>(42)</b>	<b>(363)</b>	<b>199</b>
Cash and cash equivalents at the beginning of the financial year	1 967	2 042	2 042	1 679
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2 042</b>	<b>2 000</b>	<b>1 679</b>	<b>1 878</b>

Sources: Departments of Education, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Education and Training included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.1.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>5 075</b>	<b>11 688</b>	<b>16 490</b>	<b>1</b>	<b>33 253</b>
Comprehensive result	695	..	5 577	..	6 272
Transactions with owners in their capacity as owners	..	993	..	..	993
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>5 769</b>	<b>12 681</b>	<b>22 067</b>	<b>1</b>	<b>40 518</b>
Comprehensive result	451	..	(104)	..	348
Transactions with owners in their capacity as owners	..	1 935	..	..	1 935
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>6 220</b>	<b>14 616</b>	<b>21 963</b>	<b>1</b>	<b>42 801</b>
Comprehensive result	(226)	..	26	857	657
Transactions with owners in their capacity as owners	..	941	(1 696)	(858)	(1 614)
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>5 543</b>	<b>13 622</b>	<b>20 397</b>	<b>..</b>	<b>39 562</b>
Comprehensive result	537	..	(9)	..	527
Transactions with owners in their capacity as owners	..	1 984	..	..	1 984
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>6 080</b>	<b>15 606</b>	<b>20 388</b>	<b>..</b>	<b>42 073</b>

Sources: Departments of Education, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Education and Training included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.1.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Sales of goods and services	76	103	66	75
Grants	4 305	4 507	4 592	4 834
Other revenue and income	7	1	1	1
<b>Total administered income</b>	<b>4 388</b>	<b>4 611</b>	<b>4 659</b>	<b>4 909</b>
<b>Administered expenses</b>				
Grants and other transfers	4 279	4 508	4 577	4 827
Payments into the Consolidated Fund	61	103	82	82
<b>Total administered expenses</b>	<b>4 340</b>	<b>4 611</b>	<b>4 659</b>	<b>4 909</b>
<b>Income less expenses</b>	<b>48</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	(44)	..	..	..
<b>Total other economic flows included in net result</b>	<b>(44)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>5</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>5</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	7	7	7	7
Receivables	45	45	45	45
<b>Total administered assets</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
<b>Administered liabilities</b>				
Payables	5	5	5	5
<b>Total administered liabilities</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Net assets</b>	<b>47</b>	<b>48</b>	<b>48</b>	<b>48</b>

Sources: Departments of Education, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Education and Training included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF ENERGY, ENVIRONMENT AND CLIMATE ACTION

### Operating performance

The Department of Energy, Environment and Climate Action is forecasting an operating surplus of \$188 million in 2023-24, compared with an expected operating deficit in 2022-23 of \$32 million for the revised budget.

The 2023-24 surplus is primarily attributable to the expenditure profile of initiatives funded from the Municipal and Industrial Landfill Levy and the Sustainability Fund.

The operating statement shows a decrease in operating income of \$1.8 billion between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to the funding profiles of a number of energy reliability and sustainability initiatives, the third and fourth rounds of the \$250 Power Savings Bonus, and one-off funding in 2022-23 to support the coordinating efforts for the storm and flood emergency works response. This is partially offset by funding for new initiatives in the *2023-24 Budget* including:

- Activating Tarago Reservoir for on-water recreation
- Backing Victoria's world-class producers to grow
- Bolstering the forest firefighting workforce
- Delivering better parks and playgrounds
- Driving down bills with 100 neighbourhood batteries
- Protecting our parks, pets and wildlife – dog parks
- Reform to Perform: Resources sector support to achieve Net Zero and the Big Build.

Operating expenses are expected to decrease by \$2 billion in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

The Department's net assets position is estimated to increase by \$309 million in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$268 million and a decrease in total liabilities of \$40 million.

The increase in total assets is primarily the result of the Government's continued asset investment in the environment sector.

## Investing and finance

The Department is anticipating an increase of \$172 million in its net cash position in 2023-24, compared with the 2022-23 revised budget, mainly due to the expenditure profile of initiatives funded from the Municipal and Industrial Landfill Levy and the Sustainability Fund.

Cash flows from investing activities primarily reflect payments for non-financial assets of \$346 million, reflecting the Government's continued asset investment in the environment and water sectors and new asset projects funded in the *2023-24 Budget* including:

- Investing in Serendip Sanctuary and the You Yangs (Wurdi Youang)
- Protecting our parks, pets and wildlife – animal welfare
- VicCoasts: Building a safe, healthier and more resilient marine and coastal environment for the community.

## Administered items statement

The Department is responsible for administering revenue on behalf of the State, including Victoria's share of the Murray – Darling Basin Authority's operating costs.

The Department's administered income primarily comprises contributions to the Victorian Desalination project, the Environmental Contribution, and Consolidated Fund revenue collected by Solar Victoria.

Total administered income of the Department is expected to increase by \$30 million in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by an increase in contributions to the Victorian Desalination project.

Total administered expenses of the Department are expected to increase by \$31 million, primarily due to the factors outlined above.



Table 3.2.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	2 192	2 307	3 741	2 154
Special appropriations	182	182	65	..
Interest income	10	22	38	50
Sales of goods and services	87	110	103	109
Grants	44	14	106	16
Other revenue and income	720	577	682	580
<b>Total revenue and income from transactions</b>	<b>3 235</b>	<b>3 212</b>	<b>4 734</b>	<b>2 909</b>
<b>Expenses from transactions</b>				
Employee benefits	713	728	788	749
Depreciation	88	82	101	110
Interest expense	11	2	30	44
Grant expense	1 532	1 354	2 801	1 188
Other operating expenses	758	802	1 047	629
<b>Total expenses from transactions</b>	<b>3 102</b>	<b>2 968</b>	<b>4 766</b>	<b>2 720</b>
<b>Net result from transactions (net operating balance)</b>	<b>132</b>	<b>243</b>	<b>(32)</b>	<b>188</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	91	(4)	(4)	(7)
Net gain/(loss) on financial instruments and statutory receivables/payables	381	1	(1)	(1)
Other gains/(losses) from other economic flows	10	..	..	..
<b>Total other economic flows included in net result</b>	<b>482</b>	<b>(3)</b>	<b>(5)</b>	<b>(9)</b>
<b>Net result</b>	<b>614</b>	<b>240</b>	<b>(37)</b>	<b>180</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	1 051	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>1 051</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>1 665</b>	<b>240</b>	<b>(37)</b>	<b>180</b>

Sources: Departments of Energy, Environment and Climate Action, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Environment, Land, Water and Planning included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.2.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	1 287	1 516	927	1 099
Receivables from government	635	662	768	820
Other receivables	472	476	644	637
Other financial assets	430	363	362	287
<b>Total financial assets</b>	<b>2 824</b>	<b>3 017</b>	<b>2 700</b>	<b>2 842</b>
<b>Non-financial assets</b>				
Inventories	22	26	26	31
Non-financial assets classified as held for sale including disposal group assets	10	10	10	9
Property, plant and equipment	9 252	9 455	10 053	10 177
Biological assets	..	..	5	5
Intangible assets	46	45	12	12
Other	61	61	61	61
<b>Total non-financial assets</b>	<b>9 391</b>	<b>9 596</b>	<b>10 168</b>	<b>10 294</b>
<b>Total assets</b>	<b>12 215</b>	<b>12 613</b>	<b>12 868</b>	<b>13 136</b>
<b>Liabilities</b>				
Payables	224	207	391	368
Borrowings	297	289	685	667
Provisions	373	375	406	406
<b>Total liabilities</b>	<b>894</b>	<b>871</b>	<b>1 482</b>	<b>1 442</b>
<b>Net assets</b>	<b>11 322</b>	<b>11 742</b>	<b>11 386</b>	<b>11 695</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	4 514	4 754	4 477	4 657
Reserves	6 616	6 616	6 616	6 616
Contributed capital	192	372	294	422
<b>Total equity</b>	<b>11 322</b>	<b>11 742</b>	<b>11 386</b>	<b>11 695</b>

Sources: Departments of Energy, Environment and Climate Action, and Treasury and Finance

## Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Environment, Land, Water and Planning included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.2.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	2 349	2 472	3 770	2 110
Receipts from other entities	649	772	865	782
Interest received	2	6	22	33
Other receipts	122	30	146	50
<b>Total receipts</b>	<b>3 121</b>	<b>3 280</b>	<b>4 803</b>	<b>2 975</b>
<b>Payments</b>				
Payments of grants and other transfers	(1 604)	(1 450)	(2 898)	(1 306)
Payments to suppliers and employees	(1 357)	(1 534)	(1 882)	(1 384)
Interest and other costs of finance paid	(12)	(2)	(30)	(44)
<b>Total payments</b>	<b>(2 972)</b>	<b>(2 986)</b>	<b>(4 810)</b>	<b>(2 734)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>149</b>	<b>294</b>	<b>(7)</b>	<b>242</b>
<b>Cash flows from investing activities</b>				
Net investment	..	1	1	1
Payments for non-financial assets	(321)	(404)	(384)	(346)
Proceeds from sale of non-financial assets	23	22	22	16
Net loans to other parties	(11)	(5)	(10)	6
<b>Net cash flow from/(used in) investing activities</b>	<b>(308)</b>	<b>(386)</b>	<b>(371)</b>	<b>(323)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government <sup>(c)</sup>	137	281	(167)	226
Repayment of leases and service concession liabilities	(1)	(13)	(18)	(20)
Net borrowings	63	53	194	48
<b>Net cash flows from/(used in) financing activities</b>	<b>199</b>	<b>321</b>	<b>9</b>	<b>254</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>40</b>	<b>229</b>	<b>(370)</b>	<b>172</b>
Cash and cash equivalents at the beginning of the financial year <sup>(d)</sup>	1 247	1 287	1 297	927
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1 287</b>	<b>1 516</b>	<b>927</b>	<b>1 099</b>

Sources: Departments of Energy, Environment and Climate Action, and Treasury and Finance

## Notes:

- (a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Environment, Land, Water and Planning included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.
- (b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.
- (c) The negative 2022-23 revised budget relates to the transfer of cash and cash equivalents from the department as a result of machinery of government changes.
- (d) The variance between the 2022 closing cash and deposits and the cash and cash equivalents at the beginning of the reporting period for the 2022-23 revised budget reflects the abolition of seven Waste and Resource Recovery Groups in the PNFC sector with their functions transferred into the Department of Energy, Environment and Climate Action (DEECA) to form a business unit within DEECA, Recycling Victoria, effective from 1 July 2022.

**Table 3.2.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>3 900</b>	<b>144</b>	<b>5 565</b>	<b>..</b>	<b>9 609</b>
Comprehensive result	614	..	1 051	..	1 665
Transactions with owners in their capacity as owners	..	48	..	..	48
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>4 514</b>	<b>192</b>	<b>6 616</b>	<b>..</b>	<b>11 322</b>
Comprehensive result	240	..	..	..	240
Transactions with owners in their capacity as owners	..	181	..	..	181
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>4 754</b>	<b>372</b>	<b>6 616</b>	<b>..</b>	<b>11 742</b>
Comprehensive result	(37)	..	..	..	(37)
Transactions with owners in their capacity as owners	..	99	..	..	99
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>4 477</b>	<b>294</b>	<b>6 616</b>	<b>..</b>	<b>11 386</b>
Comprehensive result	180	..	..	..	180
Transactions with owners in their capacity as owners	..	128	..	..	128
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>4 657</b>	<b>422</b>	<b>6 616</b>	<b>..</b>	<b>11 695</b>

Sources: Departments of Energy, Environment and Climate Action, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Environment, Land, Water and Planning included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.2.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	678	716	625	735
Sales of goods and services	787	710	506	369
Grants	1	..	..	..
Interest income	401	399	400	395
Other revenue and income	345	364	396	457
<b>Total administered income</b>	<b>2 213</b>	<b>2 189</b>	<b>1 927</b>	<b>1 957</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	250	263	177	294
Grant expense	83	73	61	32
Payments into the Consolidated Fund	1 401	1 501	1 415	1 367
Interest and Depreciation expense	381	376	373	365
<b>Total administered expenses</b>	<b>2 115</b>	<b>2 213</b>	<b>2 026</b>	<b>2 057</b>
<b>Income less expenses</b>	<b>98</b>	<b>(24)</b>	<b>(99)</b>	<b>(100)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	19	(29)	..	(6)
<b>Total other economic flows included in net result</b>	<b>19</b>	<b>(29)</b>	<b>..</b>	<b>(6)</b>
<b>Net result</b>	<b>117</b>	<b>(53)</b>	<b>(98)</b>	<b>(106)</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	140	..	..	..
Other	646	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>786</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>903</b>	<b>(53)</b>	<b>(98)</b>	<b>(106)</b>
<b>Administered assets</b>				
Cash and deposits	103	104	52	53
Receivables	3 696	3 661	3 739	3 691
Property, plant and equipment	824	810	812	801
Intangible assets	805	777	278	250
<b>Total administered assets</b>	<b>5 429</b>	<b>5 351</b>	<b>4 881</b>	<b>4 795</b>
<b>Administered liabilities</b>				
Payables	2 657	2 586	66	66
Borrowings	3 226	3 170	3 170	3 093
Provisions	17	19	1	..
<b>Total administered liabilities</b>	<b>5 900</b>	<b>5 774</b>	<b>3 237</b>	<b>3 159</b>
<b>Net assets</b>	<b>(471)</b>	<b>(423)</b>	<b>1 645</b>	<b>1 636</b>

Sources: Departments of Energy, Environment and Climate Action, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Environment, Land, Water and Planning included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.2.6: Payments made on behalf of the State**

(\$ million)

	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
Murray-Darling Basin contribution	32	32	31
Victorian Desalination Project	671	582	695
State Funding Commitments to National Energy Market Bodies	9	9	9
Land Use Victoria	4	2	..
<b>Total</b>	<b>716</b>	<b>625</b>	<b>735</b>

Sources: Departments of Energy, Environment and Climate Action, and Treasury and Finance

Notes:

(a) Figures for the 2022-23 budget reflect the operations of the former Department of Environment, Land, Water and Planning included in the 2022-23 Budget, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF FAMILIES, FAIRNESS AND HOUSING

### Operating performance

The Department of Families, Fairness and Housing is forecasting an operating deficit of \$12 million in 2023-24, compared with an expected operating deficit in 2022-23 of \$35 million for the revised budget.

The 2023-24 operating result is primarily attributable to the forecast operating expenditure funded from trust balances.

The operating statement shows a decrease in operating income of \$168 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to the higher funding allocation for the Big Housing Build in 2022-23, which is offset by funding for initiatives approved in the *2023-24 Budget*, including:

- Civil claims costs for historical institutional child abuse
- Delivering improved outcomes for children in residential care
- Ending family violence and sexual assault.

Operating expenses are expected to decrease by \$191 million in 2023-24, compared with 2022-23 revised budget which is primarily driven by the factors outlined above.

### Balance sheet

The Department's net assets position is estimated to increase by \$40 million in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$59 million and an increase in total liabilities of \$19 million.

### Investing and finance

Cash flows from investing activities primarily reflect the Government's continued asset investment in the community services sectors.

## Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2023-24 including the National Disability Insurance Scheme (NDIS) payments on behalf of the State (POBOS).

Total administered income of the Department is expected to increase by \$115 million in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by Victoria's increased financial contribution to the NDIS administered by the department on behalf of the State.

Total administered expenses of the Department are expected to increase by \$21 million, primarily due to higher estimated contributions to the NDIS.

There was a reclassification for reporting purposes of NDIS payments from the output appropriation to the POBOS appropriation as a result of changes in the related financial administration arrangements effective from 1 July 2022. The reclassification has resulted in a drop in grants and an increase in POBOS for both income and expenses.



Table 3.3.1: Comprehensive operating statement

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised	2023-24 budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	6 518	4 710	4 942	4 796
Special appropriations	65	72	80	88
Grants	737	58	70	41
Fair value of assets and services received free of charge or for nominal consideration	2	..	..	..
Other revenue and income	4	..	..	..
<b>Total revenue and income from transactions</b>	<b>7 327</b>	<b>4 841</b>	<b>5 093</b>	<b>4 925</b>
<b>Expenses from transactions</b>				
Employee benefits	787	737	722	718
Depreciation	50	47	47	49
Interest expense	1	3	3	3
Grant expense	3 790	1 355	1 424	1 248
Other operating expenses	2 653	2 708	2 932	2 920
<b>Total expenses from transactions</b>	<b>7 280</b>	<b>4 851</b>	<b>5 128</b>	<b>4 937</b>
<b>Net result from transactions (net operating balance)</b>	<b>47</b>	<b>(10)</b>	<b>(35)</b>	<b>(12)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	3	(4)	(4)	(4)
Net gain/(loss) on financial instruments and statutory receivables/payables	(12)	..	..	..
Other gains/(losses) from other economic flows	9	..	..	..
<b>Total other economic flows included in net result</b>	<b>..</b>	<b>(4)</b>	<b>(4)</b>	<b>(4)</b>
<b>Net result</b>	<b>46</b>	<b>(14)</b>	<b>(39)</b>	<b>(16)</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	145	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>145</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>191</b>	<b>(14)</b>	<b>(39)</b>	<b>(16)</b>

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Table 3.3.2: Balance sheet

(\$ million)

	2022 actual	2023 budget <sup>(a)</sup>	2023 revised	2024 budget
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	40	36	15	15
Receivables from government	861	868	827	861
Other receivables	111	103	103	96
<b>Total financial assets</b>	<b>1 012</b>	<b>1 007</b>	<b>945</b>	<b>972</b>
<b>Non-financial assets</b>				
Non-financial assets classified as held for sale including disposal group assets	1	1	1	1
Property, plant and equipment	1 607	1 684	1 658	1 704
Intangible assets	53	37	52	39
Other	10	10	10	10
<b>Total non-financial assets</b>	<b>1 671</b>	<b>1 731</b>	<b>1 721</b>	<b>1 753</b>
<b>Total assets</b>	<b>2 683</b>	<b>2 739</b>	<b>2 666</b>	<b>2 725</b>
<b>Liabilities</b>				
Payables	530	530	530	529
Borrowings	28	30	30	31
Provisions	424	410	369	388
<b>Total liabilities</b>	<b>983</b>	<b>969</b>	<b>929</b>	<b>948</b>
<b>Net assets</b>	<b>1 700</b>	<b>1 769</b>	<b>1 737</b>	<b>1 777</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	57	43	18	2
Reserves	332	332	332	332
Contributed capital	1 312	1 395	1 387	1 443
<b>Total equity</b>	<b>1 700</b>	<b>1 769</b>	<b>1 737</b>	<b>1 777</b>

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Note:

(a) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

Table 3.3.3: Statement of cash flows

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised	2023-24 budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	6 486	4 775	5 057	4 849
Receipts from other entities	737	58	70	41
Other receipts	(80)	6	6	6
<b>Total receipts</b>	<b>7 144</b>	<b>4 839</b>	<b>5 133</b>	<b>4 896</b>
<b>Payments</b>				
Payments of grants and other transfers	(3 764)	(1 355)	(1 424)	(1 248)
Payments to suppliers and employees	(3 375)	(3 459)	(3 707)	(3 617)
Interest and other costs of finance paid	(1)	(3)	(3)	(3)
<b>Total payments</b>	<b>(7 140)</b>	<b>(4 817)</b>	<b>(5 134)</b>	<b>(4 868)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>4</b>	<b>23</b>	<b>(1)</b>	<b>27</b>
<b>Cash flows from investing activities</b>				
Net investment	(1)	..	..	..
Payments for non-financial assets	(55)	(110)	(99)	(83)
Proceeds from sale of non-financial assets	6	..	..	..
Net loans to other parties	2	2	2	2
<b>Net cash flow from/(used in) investing activities</b>	<b>(47)</b>	<b>(108)</b>	<b>(97)</b>	<b>(81)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	18	83	75	56
Repayment of leases and service concession liabilities	(9)	..	..	..
Net borrowings	23	(2)	(2)	(2)
<b>Net cash flows from/(used in) financing activities</b>	<b>33</b>	<b>81</b>	<b>73</b>	<b>54</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(11)</b>	<b>(5)</b>	<b>(25)</b>	<b>..</b>
Cash and cash equivalents at the beginning of the financial year	51	40	40	15
<b>Cash and cash equivalents at the end of the financial year</b>	<b>40</b>	<b>36</b>	<b>15</b>	<b>15</b>

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

**Table 3.3.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>11</b>	<b>1 295</b>	<b>187</b>	<b>..</b>	<b>1 493</b>
Comprehensive result	46	..	145	..	191
Transactions with owners in their capacity as owners	..	17	..	..	17
<b>Closing balance 30 June 2022 (actual)</b>	<b>57</b>	<b>1 312</b>	<b>332</b>	<b>..</b>	<b>1 700</b>
Comprehensive result	(14)	..	..	..	(14)
Transactions with owners in their capacity as owners	..	83	..	..	83
<b>Closing balance 30 June 2023 (budget) <sup>(a)</sup></b>	<b>43</b>	<b>1 395</b>	<b>332</b>	<b>..</b>	<b>1 769</b>
Comprehensive result	(39)	..	..	..	(39)
Transactions with owners in their capacity as owners	..	75	..	..	75
<b>Closing balance 30 June 2023 (revised)</b>	<b>18</b>	<b>1 387</b>	<b>332</b>	<b>..</b>	<b>1 737</b>
Comprehensive result	(16)	..	..	..	(16)
Transactions with owners in their capacity as owners	..	56	..	..	56
<b>Closing balance 30 June 2024 (budget)</b>	<b>2</b>	<b>1 443</b>	<b>332</b>	<b>..</b>	<b>1 777</b>

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Note:

(a) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

Table 3.3.5: Administered items statement

(\$ million)

	2021-22 actual	2022-23 budget <sup>(a)</sup>	2022-23 revised	2023-24 budget
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	69	2 741	2 729	2 857
Sales of goods and services	33	58	36	31
Grants	2 458	1	23	15
Other revenue and income	8	1	1	1
<b>Total administered income</b>	<b>2 568</b>	<b>2 801</b>	<b>2 789</b>	<b>2 904</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	22	2	2	1
Grant expense	2 597	2 741	2 729	2 857
Employee benefits	1	..	..	..
Payments into the Consolidated Fund	41	65	158	52
<b>Total administered expenses</b>	<b>2 661</b>	<b>2 808</b>	<b>2 888</b>	<b>2 910</b>
<b>Income less expenses</b>	<b>(93)</b>	<b>(6)</b>	<b>(100)</b>	<b>(6)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	..	6	6	6
<b>Total other economic flows included in net result</b>	<b>..</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Net result</b>	<b>(94)</b>	<b>..</b>	<b>(93)</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(94)</b>	<b>..</b>	<b>(93)</b>	<b>..</b>
<b>Administered assets</b>				
Receivables	105	105	11	11
Other financial assets	1	1	1	1
<b>Total administered assets</b>	<b>106</b>	<b>106</b>	<b>12</b>	<b>12</b>
<b>Administered liabilities</b>				
Provisions	1	1	1	1
<b>Total administered liabilities</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Net assets</b>	<b>105</b>	<b>105</b>	<b>11</b>	<b>11</b>

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Note:

(a) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

**Table 3.3.6: Payments on behalf of the State** (\$ million)

	<i>2022-23 budget</i>	<i>2022-23 revised</i>	<i>2023-24 budget</i>
National Disability Insurance Agency	2 741	2 729	2 857
<b>Total</b>	<b>2 741</b>	<b>2 729</b>	<b>2 857</b>

*Sources: Departments of Families, Fairness and Housing, and Treasury and Finance*

## DEPARTMENT OF GOVERNMENT SERVICES

### Operating performance

The Department of Government Services (DGS) is forecasting an operating surplus of \$23 million in 2023-24, compared with an expected operating deficit in 2022-23 of \$53 million in the revised budget. DGS was established on 1 January 2023, with 2023-24 being the inaugural full year budget for DGS since its inception.

The operating deficit for the 2022-23 revised budget is mainly due to the drawdown of existing trust cash balances, and prior year surplus to fund expenditure in 2022-23. The expected 2023-24 surplus is primarily attributable to increased returns on investment of the Victorian Property Fund (VPF), and timing differences in disbursement of grants from the VPF.

The operating statement shows an increase in operating income of \$418 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to the revised 2022-23 budget effectively representing half year budgets due to machinery of government (MoG) changes.

The year-on-year movement also includes funding for the following initiatives announced in the *2023-24 Budget*:

- Cyber security reform
- Doing what matters for local government workers
- Professional engineer registration scheme
- Service Victoria – delivering digital government services
- Single digital presence
- Social procurement reform.

Operating expenses are expected to increase by \$342 million in 2023-24, primarily driven by the factors outlined above.

### Balance sheet

The Department's net assets position is estimated to increase by \$22 million in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$24 million offset by an increase in total liabilities of \$2 million.

The increase in total assets is predominantly due to the increase in VPF trust cash balance.

### Investing and finance

The Department is anticipating an increase of \$28 million in its net cash position in the 2023-24 budget, compared with the 2022-23 revised budget, mainly due to an increase in the VPF trust cash balance.

Cash flows from investing activities primarily reflect payments for non-financial assets.

## **Administered items statement**

The Department is responsible for administering revenue on behalf of the State in 2023-24 including Commonwealth contributions for Financial Assistance Grants to local government and Centralised Accommodation Management services provided to Victorian Government Departments and agencies.

Total administered income of the Department is expected to increase by \$882 million in 2023-24, compared with the 2022-23 revised budget, primarily due to MoG changes.

Total administered expenses of the Department are expected to increase by \$887 million, primarily due to the factors outlined above.



Table 3.4.1: Comprehensive operating statement

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised <sup>(a)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	..	..	252	468
Interest income	..	..	44	80
Sales of goods and services	..	..	130	271
Grants	..	..	11	1
Other revenue and income	..	..	11	45
<b>Total revenue and income from transactions</b>	<b>..</b>	<b>..</b>	<b>447</b>	<b>866</b>
<b>Expenses from transactions</b>				
Employee benefits	..	..	173	333
Depreciation	..	..	31	43
Interest expense	..	..	1	2
Grant expense	..	..	116	214
Other operating expenses	..	..	179	251
<b>Total expenses from transactions</b>	<b>..</b>	<b>..</b>	<b>500</b>	<b>843</b>
<b>Net result from transactions (net operating balance)</b>	<b>..</b>	<b>..</b>	<b>(53)</b>	<b>23</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	..	..	..	1
Net gain/(loss) on financial instruments and statutory receivables/payables	..	..	5	..
<b>Total other economic flows included in net result</b>	<b>..</b>	<b>..</b>	<b>5</b>	<b>1</b>
<b>Net result</b>	<b>..</b>	<b>..</b>	<b>(48)</b>	<b>24</b>
<b>Other economic flows – Other comprehensive income</b>				
Other	..	..	..	(2)
<b>Total other economic flows – Other comprehensive income</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>(2)</b>
<b>Comprehensive result</b>	<b>..</b>	<b>..</b>	<b>(48)</b>	<b>22</b>

Source: Departments of Government Services, and Treasury and Finance

Notes:

(a) The Department of Government Services commenced operations on 1 January 2023 and the 2022-23 revised budget represents part-year results.

(b) The 2023-24 budget reflects the impact of the machinery of government changes effective from 1 January 2023.

Table 3.4.2: Balance sheet

(\$ million)

	2022 actual	2023 budget	2023 revised <sup>(a)</sup>	2024 budget <sup>(a)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	..	..	334	361
Receivables from government	..	..	80	80
Other receivables	..	..	72	72
Other financial assets	..	..	210	210
<b>Total financial assets</b>	..	..	<b>695</b>	<b>724</b>
<b>Non-financial assets</b>				
Property, plant and equipment	..	..	598	598
Intangible assets	..	..	79	75
Other	..	..	30	30
<b>Total non-financial assets</b>	..	..	<b>708</b>	<b>703</b>
<b>Total assets</b>	..	..	<b>1 403</b>	<b>1 427</b>
<b>Liabilities</b>				
Payables	..	..	114	116
Borrowings	..	..	27	26
Provisions	..	..	88	88
<b>Total liabilities</b>	..	..	<b>229</b>	<b>231</b>
<b>Net assets</b>	..	..	<b>1 174</b>	<b>1 196</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	..	..	(14)	8
Reserves	..	..	312	312
Contributed capital	..	..	876	876
<b>Total equity</b>	..	..	<b>1 174</b>	<b>1 196</b>

Source: Departments of Government Services, and Treasury and Finance

Notes:

(a) The Department of Government Services commenced operations on 1 January 2023. The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective from 1 January 2023.

Table 3.4.3: Statement of cash flows

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised <sup>(a)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	..	..	264	468
Receipts from other entities	..	..	24	16
Interest received	..	..	50	79
Other receipts	..	..	128	302
<b>Total receipts</b>	..	..	<b>465</b>	<b>865</b>
<b>Payments</b>				
Payments of grants and other transfers	..	..	(116)	(214)
Payments to suppliers and employees	..	..	(361)	(582)
Interest and other costs of finance paid	..	..	(1)	(2)
<b>Total payments</b>	..	..	<b>(478)</b>	<b>(798)</b>
<b>Net cash flows from/(used in) operating activities</b>	..	..	<b>(12)</b>	<b>67</b>
<b>Cash flows from investing activities</b>				
Net investment	..	..	4	..
Payments for non-financial assets	..	..	(50)	(39)
Proceeds from sale of non-financial assets	..	..	..	1
<b>Net cash flow from/(used in) investing activities</b>	..	..	<b>(46)</b>	<b>(37)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	..	..	391	(2)
<b>Net cash flows from/(used in) financing activities</b>	..	..	<b>392</b>	<b>(2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	..	..	<b>334</b>	<b>28</b>
Cash and cash equivalents at the beginning of the financial year	..	..	..	334
<b>Cash and cash equivalents at the end of the financial year</b>	..	..	<b>334</b>	<b>361</b>

Source: Departments of Government Services, and Treasury and Finance

Notes:

(a) The Department of Government Services commenced operations on 1 January 2023 and the 2022-23 revised budget represents part-year results.

(b) The 2023-24 budget reflects the impact of the machinery of government changes effective from 1 January 2023.

**Table 3.4.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	..	..	..	..	..
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
<b>Closing balance 30 June 2022 (actual)</b>	..	..	..	..	..
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
<b>Closing balance 30 June 2023 (budget)</b>	..	..	..	..	..
Comprehensive result	(14)	..	(73)	39	(48)
Transactions with owners in their capacity as owners	..	876	385	(39)	1 222
<b>Closing balance 30 June 2023 (revised) <sup>(a)</sup></b>	<b>(14)</b>	<b>876</b>	<b>312</b>	<b>..</b>	<b>1 174</b>
Comprehensive result	22	..	..	..	22
Transactions with owners in their capacity as owners	..	..	..	..	..
<b>Closing balance 30 June 2024 (budget) <sup>(a)</sup></b>	<b>8</b>	<b>876</b>	<b>312</b>	<b>..</b>	<b>1 196</b>

Source: Departments of Government Services, and Treasury and Finance

Note:

(a) The Department of Government Services commenced operations on 1 January 2023. The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective from 1 January 2023.

Table 3.4.5: Administered items statement

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised <sup>(a)</sup>	2023-24 budget <sup>(b)</sup>
<b>Administered income</b>				
Sales of goods and services	..	..	323	580
Grants	..	..	105	732
Interest income	..	..	4	7
Other revenue and income	..	..	5	..
<b>Total administered income</b>	..	..	<b>437</b>	<b>1 319</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	..	..	303	511
Grant expense	..	..	105	732
Payments into the Consolidated Fund	..	..	19	49
Interest expense	..	..	44	67
<b>Total administered expenses</b>	..	..	<b>471</b>	<b>1 358</b>
<b>Income less expenses</b>	..	..	<b>(34)</b>	<b>(39)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	..	..	2	2
<b>Total other economic flows included in net result</b>	..	..	<b>2</b>	<b>2</b>
<b>Net result</b>	..	..	<b>(32)</b>	<b>(37)</b>
<b>Other economic flows – Other comprehensive income</b>				
Other	..	..	(13)	..
<b>Total other economic flows – Other comprehensive income</b>	..	..	<b>(13)</b>	..
<b>Comprehensive result</b>	..	..	<b>(45)</b>	<b>(37)</b>
<b>Administered assets</b>				
Cash and deposits	..	..	206	202
Receivables	..	..	27	27
Other financial assets	..	..	33	33
Property, plant and equipment	..	..	1 683	1 556
<b>Total administered assets</b>	..	..	<b>1 949</b>	<b>1 819</b>
<b>Administered liabilities</b>				
Payables	..	..	208	208
Borrowings	..	..	1 849	1 756
Provisions	..	..	13	13
<b>Total administered liabilities</b>	..	..	<b>2 069</b>	<b>1 976</b>
<b>Net assets</b>	..	..	<b>(120)</b>	<b>(157)</b>

Source: Departments of Government Services, and Treasury and Finance

Notes:

(a) The Department of Government Services commenced operations on 1 January 2023 and the 2022-23 revised budget represents part-year results.

(b) The 2023-24 budget reflects the impact of the machinery of government changes effective from 1 January 2023.

## DEPARTMENT OF HEALTH

### Operating performance

The Department of Health is forecasting an operating deficit of \$272 million in 2023-24, compared with an expected operating deficit in 2022-23 of \$371 million for the revised budget.

The 2023-24 deficit is primarily attributable to the consumption of inventory on hand relating to the State Supply Arrangement for personal protective equipment (PPE) for public hospitals and rapid antigen tests.

The operating statement shows a decrease in operating income of \$788 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to lapsing 2022-23 funding related to COVID-19 response initiatives, partially offset by increased revenue from the continuing implementation of existing initiatives and additional Commonwealth funding available under the National Health Reform Agreement.

Total operating income from 2023-24 includes funding for the following initiatives announced in the *2023-24 Budget*:

- Alcohol and other drug treatment, support and harm reduction services
- High quality and therapeutic bed-based services
- Meeting the needs of Victorian public hospital services
- Public Health Victoria
- System-wide improvements to support timely emergency care.

Operating expenses are expected to decrease by \$887 million in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

The Department's net assets position is estimated to increase by \$269 million in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$1.2 billion and an increase in total liabilities of \$964 million.

The increase in total assets reflects the Government's continued asset investment in the health sector.

## Investing and finance

Cash flows from investing activities primarily reflect the Government's continued asset investment in the health services sector, and new asset projects funded in the *2023-24 Budget* including:

- Better aged care services for regional Victorians
- Hospital Infrastructure Delivery Fund
- Metropolitan Health Infrastructure Fund 2023-24
- Redevelopment of Thomas Embling Hospital – Stage 3.

## Administered items statement

Total administered income of the Department is expected to decrease by \$668 million in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by lapsing 2022-23 Commonwealth funding under the National Partnership on COVID-19 Response, partially offset by increased Commonwealth revenue under the National Health Reform Agreement.

Total administered expenses of the Department are expected to decrease by \$736 million, primarily due to the factors outlined above, in line with the anticipated decrease in administered income.

**Table 3.5.1: Comprehensive operating statement**
**(\$ million)**

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	15 910	12 566	14 113	12 941
Special appropriations	1 889	2 752	2 899	3 008
Interest income	19	49	128	179
Sales of goods and services	1 790	2 012	2 012	2 021
Grants	9 926	8 651	8 615	8 835
Fair value of assets and services received free of charge or for nominal consideration	38	..	..	..
Other revenue and income	874	819	822	818
<b>Total revenue and income from transactions</b>	<b>30 446</b>	<b>26 848</b>	<b>28 589</b>	<b>27 801</b>
<b>Expenses from transactions</b>				
Employee benefits	15 856	16 412	17 435	17 273
Depreciation	1 315	1 452	1 470	1 501
Interest expense	161	166	206	244
Grant expense	1 604	1 354	1 452	1 400
Other operating expenses	10 092	7 591	8 397	7 654
<b>Total expenses from transactions</b>	<b>29 028</b>	<b>26 975</b>	<b>28 960</b>	<b>28 073</b>
<b>Net result from transactions (net operating balance)</b>	<b>1 417</b>	<b>(127)</b>	<b>(371)</b>	<b>(272)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	18	1	1	1
Net gain/(loss) on financial instruments and statutory receivables/payables	(75)	(26)	(26)	(26)
Other gains/(losses) from other economic flows	86	(8)	(8)	(8)
<b>Total other economic flows included in net result</b>	<b>30</b>	<b>(33)</b>	<b>(33)</b>	<b>(33)</b>
<b>Net result</b>	<b>1 447</b>	<b>(160)</b>	<b>(404)</b>	<b>(304)</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	455	36	41	91
Net gain/(loss) on financial assets at fair value	(1)	..	..	..
Other	164	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>618</b>	<b>36</b>	<b>41</b>	<b>91</b>
<b>Comprehensive result</b>	<b>2 065</b>	<b>(124)</b>	<b>(363)</b>	<b>(214)</b>

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Health included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.



Table 3.5.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	3 614	3 734	3 695	3 805
Receivables from government	3 262	3 361	4 019	3 967
Other receivables	1 242	1 248	749	761
Other financial assets	443	443	443	443
Investments accounted for using equity method	1	1	1	1
<b>Total financial assets</b>	<b>8 562</b>	<b>8 786</b>	<b>8 908</b>	<b>8 977</b>
<b>Non-financial assets</b>				
Inventories	1 159	763	675	253
Property, plant and equipment	21 362	22 415	22 481	24 123
Investment properties	151	151	151	151
Intangible assets	384	301	321	265
Other	301	299	299	298
<b>Total non-financial assets</b>	<b>23 357</b>	<b>23 930</b>	<b>23 926</b>	<b>25 090</b>
<b>Total assets</b>	<b>31 919</b>	<b>32 716</b>	<b>32 834</b>	<b>34 067</b>
<b>Liabilities</b>				
Payables	2 907	2 873	2 737	2 750
Borrowings	3 390	4 031	4 144	4 986
Provisions	4 250	4 358	4 359	4 468
<b>Total liabilities</b>	<b>10 547</b>	<b>11 263</b>	<b>11 240</b>	<b>12 204</b>
<b>Net assets</b>	<b>21 372</b>	<b>21 453</b>	<b>21 594</b>	<b>21 863</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	5 166	5 006	4 763	4 458
Reserves	11 136	11 172	11 177	11 267
Contributed capital	5 070	5 275	5 655	6 138
<b>Total equity</b>	<b>21 372</b>	<b>21 453</b>	<b>21 594</b>	<b>21 863</b>

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Health included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.5.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	19 508	16 591	17 628	17 408
Receipts from other entities	10 140	9 191	9 155	9 348
Interest received	19	48	127	178
Other receipts	527	882	1 384	877
<b>Total receipts</b>	<b>30 194</b>	<b>26 711</b>	<b>28 293</b>	<b>27 811</b>
<b>Payments</b>				
Payments of grants and other transfers	(1 602)	(1 354)	(1 452)	(1 400)
Payments to suppliers and employees	(25 984)	(23 498)	(25 375)	(24 398)
Interest and other costs of finance paid	(159)	(166)	(206)	(244)
Other payments	(5)	..	..	..
<b>Total payments</b>	<b>(27 750)</b>	<b>(25 019)</b>	<b>(27 033)</b>	<b>(26 042)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>2 444</b>	<b>1 693</b>	<b>1 260</b>	<b>1 769</b>
<b>Cash flows from investing activities</b>				
Net investment	124	6	6	6
Payments for non-financial assets	(1 274)	(1 534)	(1 536)	(1 909)
Proceeds from sale of non-financial assets	12	3	3	3
<b>Net cash flow from/(used in) investing activities</b>	<b>(1 137)</b>	<b>(1 525)</b>	<b>(1 527)</b>	<b>(1 900)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	(37)	206	585	483
Repayment of leases and service concession liabilities	(284)	(236)	(243)	(247)
Net borrowings	(135)	(18)	5	6
<b>Net cash flows from/(used in) financing activities</b>	<b>(456)</b>	<b>(48)</b>	<b>347</b>	<b>242</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>851</b>	<b>120</b>	<b>81</b>	<b>110</b>
Cash and cash equivalents at the beginning of the financial year	2 763	3 614	3 614	3 695
<b>Cash and cash equivalents at the end of the financial year</b>	<b>3 614</b>	<b>3 734</b>	<b>3 695</b>	<b>3 805</b>

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Health included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.5.4: Statement of changes in equity**

(\$ million)

	Accumulated surplus/(deficit)	Contributions by owner	Revaluation surplus	Other reserves	Total equity
<b>Opening balance 1 July 2021</b>	<b>3 844</b>	<b>4 947</b>	<b>10 026</b>	<b>481</b>	<b>19 298</b>
Comprehensive result	1 447	..	454	164	2 065
Transactions with owners in their capacity as owners	(124)	123	1	10	9
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>5 166</b>	<b>5 070</b>	<b>10 481</b>	<b>655</b>	<b>21 372</b>
Comprehensive result	(160)	..	36	..	(124)
Transactions with owners in their capacity as owners	..	206	..	..	206
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>5 006</b>	<b>5 275</b>	<b>10 517</b>	<b>655</b>	<b>21 453</b>
Comprehensive result	(404)	..	41	..	(363)
Transactions with owners in their capacity as owners	..	585	..	..	585
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>4 763</b>	<b>5 655</b>	<b>10 522</b>	<b>655</b>	<b>21 594</b>
Comprehensive result	(304)	..	91	..	(214)
Transactions with owners in their capacity as owners	..	483	..	..	483
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>4 458</b>	<b>6 138</b>	<b>10 612</b>	<b>655</b>	<b>21 863</b>

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Health included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.5.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Sales of goods and services	288	296	277	274
Grants	15 692	13 299	14 772	14 152
Interest income	..	3	3	3
Other revenue and income	9	54	54	10
<b>Total administered income</b>	<b>15 990</b>	<b>13 652</b>	<b>15 106</b>	<b>14 439</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	961	1 049	1 050	1 057
Grant expense	14 584	12 178	13 534	13 021
Payments into the Consolidated Fund	400	427	592	362
<b>Total administered expenses</b>	<b>15 945</b>	<b>13 654</b>	<b>15 176</b>	<b>14 440</b>
<b>Income less expenses</b>	<b>44</b>	<b>(2)</b>	<b>(70)</b>	<b>(2)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	9	2	2	2
<b>Total other economic flows included in net result</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Net result</b>	<b>53</b>	<b>..</b>	<b>(68)</b>	<b>..</b>
<b>Other economic flows – Other comprehensive income</b>				
Other	..	..	107	..
<b>Total other economic flows – Other comprehensive income</b>	<b>..</b>	<b>..</b>	<b>107</b>	<b>..</b>
<b>Comprehensive result</b>	<b>53</b>	<b>..</b>	<b>39</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	4	4	4	4
Receivables	1 050	1 050	418	418
<b>Total administered assets</b>	<b>1 054</b>	<b>1 054</b>	<b>422</b>	<b>422</b>
<b>Administered liabilities</b>				
Payables	994	994	430	430
<b>Total administered liabilities</b>	<b>994</b>	<b>994</b>	<b>430</b>	<b>430</b>
<b>Net assets</b>	<b>60</b>	<b>60</b>	<b>(8)</b>	<b>(8)</b>

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Health included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF JOBS, SKILLS, INDUSTRY AND REGIONS

### Operating performance

The Department of Jobs, Skills, Industry and Regions is forecasting an operating deficit of \$57 million in 2023-24, compared with an expected operating deficit in 2022-23 of \$130 million for the revised budget.

The 2023-24 deficit is primarily attributable to forecast expenditure from trust balances, including the Regional Jobs and Infrastructure Fund.

The operating statement shows a decrease in operating income of \$1.3 billion between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to the completion of one-off initiatives or reduced funding profiles in 2022-23, including services and initiatives in response to the COVID-19 pandemic and Flood Relief and Recovery programs. This has been partly offset by funding for initiatives announced in the *2023-24 Budget* including:

- Backing TAFE for the skills Victoria needs
- Free TAFE and skills demand
- Go Fishing Victoria
- Investment into community sport and active recreation infrastructure
- Victorian music and community broadcasting.

Operating expenses are expected to decrease by \$1.4 billion in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

There are no significant movements in assets and liabilities in the 2023-24 budget compared with the 2022-23 revised budget.

### Investing and finance

The Department is anticipating a decrease of \$73 million in its net cash position in 2023-24, compared with the 2022-23 revised budget, mainly due to forecast cash drawdowns from trust balances, including the Regional Jobs and Infrastructure Fund.

Cash flows from investing activities primarily reflect payments for non-financial assets, and new asset projects funded in the *2023-24 Budget* for Building Better TAFE Fund.

### Administered items statement

Total administered income of the Department is expected to decrease by \$313 million in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by the machinery of government changes effective from 1 January 2023.

Total administered expenses of the Department are expected to decrease by \$291 million, primarily due to the factor outlined above.

Table 3.6.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	10 825	2 864	4 332	3 246
Interest income	10	11	31	37
Sales of goods and services	107	124	288	582
Grants	237	88	642	109
Fair value of assets and services received free of charge or for nominal consideration	1	2	1	2
Other revenue and income	49	30	80	74
<b>Total revenue and income from transactions</b>	<b>11 228</b>	<b>3 119</b>	<b>5 374</b>	<b>4 050</b>
<b>Expenses from transactions</b>				
Employee benefits	760	508	1 172	1 326
Depreciation	124	116	216	200
Interest expense	32	27	18	4
Grant expense	9 560	1 860	2 963	1 210
Other operating expenses	618	614	1 136	1 367
<b>Total expenses from transactions</b>	<b>11 093</b>	<b>3 125</b>	<b>5 505</b>	<b>4 107</b>
<b>Net result from transactions (net operating balance)</b>	<b>135</b>	<b>(6)</b>	<b>(130)</b>	<b>(57)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	6	..	..	..
Share of net profits/(loss) from associates/joint venture entities	..	..	6	4
Net gain/(loss) on financial instruments and statutory receivables/payables	(45)	..	30	(1)
Other gains/(losses) from other economic flows	6	..	..	..
<b>Total other economic flows included in net result</b>	<b>(33)</b>	<b>..</b>	<b>36</b>	<b>3</b>
<b>Net result</b>	<b>102</b>	<b>(6)</b>	<b>(95)</b>	<b>(54)</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	(12)	(1)	(1)	(1)
Net gain/(loss) on financial assets at fair value	..	3	3	3
Other	(15)	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>(28)</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Comprehensive result</b>	<b>75</b>	<b>(4)</b>	<b>(92)</b>	<b>(52)</b>

Sources: Departments of Jobs, Skills, Industry and Regions, and Treasury and Finance

## Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Jobs, Precincts and Regions included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.6.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	701	678	949	876
Receivables from government	536	627	635	712
Other receivables	331	337	313	320
Other financial assets	94	98	140	156
<b>Total financial assets</b>	<b>1 663</b>	<b>1 739</b>	<b>2 037</b>	<b>2 064</b>
<b>Non-financial assets</b>				
Inventories	4	4	5	5
Non-financial assets classified as held for sale including disposal group assets	..	..	1	1
Property, plant and equipment	9 742	9 677	11 946	11 905
Biological assets	5	5	..	..
Investment properties	..	..	122	122
Intangible assets	2	4	27	29
Other	35	35	65	66
<b>Total non-financial assets</b>	<b>9 788</b>	<b>9 725</b>	<b>12 166</b>	<b>12 127</b>
<b>Total assets</b>	<b>11 451</b>	<b>11 465</b>	<b>14 203</b>	<b>14 191</b>
<b>Liabilities</b>				
Payables	624	622	879	877
Borrowings	400	392	135	133
Provisions	206	208	329	330
<b>Total liabilities</b>	<b>1 231</b>	<b>1 221</b>	<b>1 343</b>	<b>1 341</b>
<b>Net assets</b>	<b>10 220</b>	<b>10 243</b>	<b>12 860</b>	<b>12 851</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	(372)	(378)	380	326
Reserves	7 545	7 547	9 246	9 248
Contributed capital	3 048	3 075	3 234	3 276
<b>Total equity</b>	<b>10 220</b>	<b>10 243</b>	<b>12 860</b>	<b>12 851</b>

Sources: Departments of Jobs, Skills, Industry and Regions, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Jobs, Precincts and Regions included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.6.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	10 992	2 776	4 252	3 181
Receipts from other entities	329	202	878	604
Interest received	10	12	32	38
Other receipts	52	30	115	140
<b>Total receipts</b>	<b>11 383</b>	<b>3 020</b>	<b>5 277</b>	<b>3 963</b>
<b>Payments</b>				
Payments of grants and other transfers	(9 693)	(1 860)	(2 961)	(1 210)
Payments to suppliers and employees	(1 430)	(1 119)	(2 298)	(2 688)
Interest and other costs of finance paid	(32)	(27)	(18)	(4)
<b>Total payments</b>	<b>(11 154)</b>	<b>(3 005)</b>	<b>(5 276)</b>	<b>(3 901)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>229</b>	<b>15</b>	<b>1</b>	<b>61</b>
<b>Cash flows from investing activities</b>				
Net investment	(4)	..	33	(10)
Payments for non-financial assets	(54)	(54)	(426)	(219)
Proceeds from sale of non-financial assets	3	..	1	58
Net loans to other parties	68	..	5	(1)
<b>Net cash flow from/(used in) investing activities</b>	<b>12</b>	<b>(54)</b>	<b>(387)</b>	<b>(172)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	(58)	27	637	42
Repayment of leases and service concession liabilities	(21)	(9)	(1)	(1)
Net borrowings	(116)	(3)	(1)	(3)
<b>Net cash flows from/(used in) financing activities</b>	<b>(195)</b>	<b>15</b>	<b>635</b>	<b>38</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>46</b>	<b>(23)</b>	<b>248</b>	<b>(73)</b>
Cash and cash equivalents at the beginning of the financial year	655	701	701	949
<b>Cash and cash equivalents at the end of the financial year</b>	<b>701</b>	<b>678</b>	<b>949</b>	<b>876</b>

Sources: Departments of Jobs, Skills, Industry and Regions, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Jobs, Precincts and Regions included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of machinery of government changes effective 1 January 2023.



**Table 3.6.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>(447)</b>	<b>3 090</b>	<b>6 983</b>	<b>561</b>	<b>10 188</b>
Comprehensive result	74	..	(12)	12	75
Transactions with owners in their capacity as owners	..	(43)	..	..	(43)
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>(372)</b>	<b>3 048</b>	<b>6 971</b>	<b>574</b>	<b>10 220</b>
Comprehensive result	(6)	..	(1)	3	(4)
Transactions with owners in their capacity as owners	..	27	..	..	27
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>(378)</b>	<b>3 075</b>	<b>6 970</b>	<b>576</b>	<b>10 243</b>
Comprehensive result	753	..	58	(903)	(92)
Transactions with owners in their capacity as owners	..	186	1 639	907	2 732
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>380</b>	<b>3 234</b>	<b>8 668</b>	<b>578</b>	<b>12 860</b>
Comprehensive result	(54)	..	(1)	3	(52)
Transactions with owners in their capacity as owners	..	42	..	..	42
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>326</b>	<b>3 276</b>	<b>8 668</b>	<b>581</b>	<b>12 851</b>

Sources: Departments of Jobs, Skills, Industry and Regions, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Jobs, Precincts and Regions included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.6.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	89	95	97	..
Sales of goods and services	113	114	48	4
Grants	873	665	93	..
Interest income	2	5	2	..
Other revenue and income	148	148	77	1
<b>Total administered income</b>	<b>1 226</b>	<b>1 027</b>	<b>318</b>	<b>6</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	30	32	35	..
Grant expense	851	670	98	..
Payments into the Consolidated Fund	328	271	125	6
Interest expense	40	39	39	..
<b>Total administered expenses</b>	<b>1 249</b>	<b>1 012</b>	<b>297</b>	<b>6</b>
<b>Income less expenses</b>	<b>(24)</b>	<b>15</b>	<b>21</b>	<b>..</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	10	..	..	..
<b>Total other economic flows included in net result</b>	<b>10</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>(13)</b>	<b>15</b>	<b>21</b>	<b>..</b>
<b>Other economic flows – Other comprehensive income</b>				
Other	99	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>99</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>85</b>	<b>15</b>	<b>21</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	8	8	..	..
Receivables	350	344	..	..
Investments accounted for using the equity method	11	11	..	..
Property, plant and equipment	..	..	..	..
<b>Total administered assets</b>	<b>368</b>	<b>363</b>	<b>..</b>	<b>..</b>
<b>Administered liabilities</b>				
Payables	80	78	..	..
Borrowings	433	416	..	..
<b>Total administered liabilities</b>	<b>513</b>	<b>493</b>	<b>..</b>	<b>..</b>
<b>Net assets</b>	<b>(145)</b>	<b>(130)</b>	<b>..</b>	<b>..</b>

Sources: Departments of Jobs, Skills, Industry and Regions, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Jobs, Precincts and Regions included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.6.6: Payments made on behalf of the State**

(\$ million)

	<i>2022-23 budget <sup>(a)</sup></i>	<i>2022-23 revised <sup>(b)</sup></i>	<i>2023-24 budget <sup>(b)</sup></i>
Lease payments	56	56	..
Grants and other transfers	6	6	..
Other	32	35	..
<b>Total</b>	<b>95</b>	<b>97</b>	<b>..</b>

Sources: Departments of Jobs, Skills, Industry and Regions, and Treasury and Finance

Notes:

(a) Figures for the 2022-23 budget reflect the operations of the former Department of Jobs, Precincts and Regions included in the 2022-23 Budget, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY

### Operating performance

The Department of Justice and Community Safety is forecasting an operating surplus of \$27 million in 2023-24, compared with an expected operating surplus in 2022-23 of \$20 million for the revised budget.

The 2023-24 budgeted surplus is primarily attributable to trust fund revenue expected to be received in 2023-24 with some associated expenditure forecast to occur in later financial years related to:

- revenue from the Traffic Accident Commission for the implementation of the Road Safety Strategy initiative
- the Emergency Management Operational Communications Program.

The operating statement shows a decrease in operating income of \$786 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to fixed term funding supplementation in 2022-23 including for Victoria's Flood Recovery, the WorkCover scheme, COVID-19 Quarantine Victoria, and the Fiskville Off-site Remediation and Redress Scheme initiatives. The decrease is partially offset by new funding for initiatives announced in the *2023-24 Budget* including:

- Flood Recovery
- Preventing and addressing gambling harm
- Western Plains Correctional Centre.

Operating expenses are expected to decrease by \$793 million in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

The Department of Justice and Community Safety's net assets position is estimated to increase by \$471 million in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$378 million and a decrease in total liabilities of \$93 million.

The increase in total assets reflects the Government's investment across the corrections system and Victoria Police.

### Investing and finance

Cash flows from investing activities primarily reflect lower asset investments across the prison system and youth justice custodial services following the completion of the Western Plains Correction Centre and the New Youth Justice facility in 2022-23. The decrease is partially offset by new asset projects funded in the *2023-24 Budget* including:

- Delivering emergency services upgrades
- Strengthening critical Victorian community information services.

## Administered items statement

The Department of Justice and Community Safety is responsible for administering revenue on behalf of the State, including a range of fines and regulatory fees, lottery and gaming license taxation, as well as managing funds to assist the State's recovery from natural disasters in accordance with the Commonwealth–State Natural Disaster Arrangements.

Total administered income of the Department of Justice and Community Safety is expected to decrease by \$522 million in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by the funding supplementation for the Victoria's Flood Recover initiative in the Natural Disaster Relief Assistance Trust Fund. The decrease is partially offset by a forecast increase in traffic camera revenue and gambling taxation revenue in 2023-24 due to higher traffic volumes and increased activities.

Total administered expenses of the Department of Justice and Community Safety are expected to decrease by \$990 million, broadly in line with the drivers of the decrease in administered income as well as a further reduction due to the 2022-23 upfront payment for the License Fees estimated from the Victorian Gambling and Casino Control Commission.

Table 3.7.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	10 444	8 911	9 727	9 061
Special appropriations	50	43	66	64
Interest income	20	22	40	..
Sales of goods and services	28	12	5	..
Grants	112	74	87	73
Fair value of assets and services received free of charge or for nominal consideration	3	..	..	..
Other revenue and income	50	50	88	28
<b>Total revenue and income from transactions</b>	<b>10 708</b>	<b>9 111</b>	<b>10 013</b>	<b>9 227</b>
<b>Expenses from transactions</b>				
Employee benefits	5 089	4 452	4 524	4 633
Depreciation	455	519	483	574
Interest expense	124	136	136	134
Grant expense	2 248	1 757	2 371	1 721
Other operating expenses	2 737	2 247	2 480	2 138
<b>Total expenses from transactions</b>	<b>10 652</b>	<b>9 110</b>	<b>9 993</b>	<b>9 200</b>
<b>Net result from transactions (net operating balance)</b>	<b>55</b>	<b>1</b>	<b>20</b>	<b>27</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	20	13	13	13
Net gain/(loss) on financial instruments and statutory receivables/payables	(43)	..	(5)	..
Other gains/(losses) from other economic flows	87	..	..	..
<b>Total other economic flows included in net result</b>	<b>65</b>	<b>13</b>	<b>8</b>	<b>13</b>
<b>Net result</b>	<b>120</b>	<b>15</b>	<b>28</b>	<b>40</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	(25)	..	..	..
Other	8	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>(17)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>103</b>	<b>15</b>	<b>28</b>	<b>40</b>

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Justice and Community Safety included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.7.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	471	487	324	367
Receivables from government	1 877	2 201	2 137	2 481
Other receivables	155	155	150	149
Other financial assets	194	194	1	1
<b>Total financial assets</b>	<b>2 696</b>	<b>3 037</b>	<b>2 611</b>	<b>2 998</b>
<b>Non-financial assets</b>				
Inventories	26	26	26	26
Non-financial assets classified as held for sale including disposal group assets	4	4	4	4
Property, plant and equipment	9 124	9 536	9 237	9 226
Intangible assets	217	233	227	229
Other	135	135	134	134
<b>Total non-financial assets</b>	<b>9 506</b>	<b>9 933</b>	<b>9 627</b>	<b>9 618</b>
<b>Total assets</b>	<b>12 202</b>	<b>12 970</b>	<b>12 238</b>	<b>12 616</b>
<b>Liabilities</b>				
Payables	679	684	676	681
Borrowings	2 802	2 713	2 712	2 620
Provisions	1 480	1 487	1 459	1 453
<b>Total liabilities</b>	<b>4 961</b>	<b>4 884</b>	<b>4 847</b>	<b>4 754</b>
<b>Net assets</b>	<b>7 241</b>	<b>8 085</b>	<b>7 391</b>	<b>7 862</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	1 458	1 472	1 485	1 525
Reserves	1 764	1 764	1 764	1 764
Contributed capital	4 019	4 849	4 142	4 572
<b>Total equity</b>	<b>7 241</b>	<b>8 085</b>	<b>7 391</b>	<b>7 862</b>

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Justice and Community Safety included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.7.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	10 133	8 633	9 517	8 785
Receipts from other entities	101	82	90	70
Interest received	22	21	34	..
Other receipts	50	49	41	12
<b>Total receipts</b>	<b>10 306</b>	<b>8 785</b>	<b>9 681</b>	<b>8 867</b>
<b>Payments</b>				
Payments of grants and other transfers	(2 249)	(1 756)	(2 324)	(1 706)
Payments to suppliers and employees	(7 541)	(6 687)	(6 993)	(6 771)
Interest and other costs of finance paid	(124)	(135)	(135)	(134)
<b>Total payments</b>	<b>(9 913)</b>	<b>(8 578)</b>	<b>(9 452)</b>	<b>(8 611)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>393</b>	<b>208</b>	<b>229</b>	<b>257</b>
<b>Cash flows from investing activities</b>				
Net investment	(2)	..	(4)	..
Payments for non-financial assets	(1 109)	(958)	(633)	(578)
Proceeds from sale of non-financial assets	37	41	41	41
Net loans to other parties	(9)	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(1 082)</b>	<b>(917)</b>	<b>(596)</b>	<b>(537)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	760	830	325	431
Repayment of leases and service concession liabilities	(56)	(89)	(89)	(92)
Net borrowings	(36)	(15)	(15)	(15)
<b>Net cash flows from/(used in) financing activities</b>	<b>667</b>	<b>726</b>	<b>221</b>	<b>323</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(22)</b>	<b>16</b>	<b>(147)</b>	<b>43</b>
Cash and cash equivalents at the beginning of the financial year	492	471	471	324
<b>Cash and cash equivalents at the end of the financial year</b>	<b>471</b>	<b>487</b>	<b>324</b>	<b>367</b>

Sources: Departments of Justice and Community Safety, and Treasury and Finance

## Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Justice and Community Safety included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.



**Table 3.7.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>1 340</b>	<b>3 253</b>	<b>1 795</b>	<b>(15)</b>	<b>6 372</b>
Comprehensive result	118	..	(25)	10	103
Transactions with owners in their capacity as owners	..	765	..	..	765
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>1 458</b>	<b>4 019</b>	<b>1 769</b>	<b>(5)</b>	<b>7 241</b>
Comprehensive result	15	..	..	..	15
Transactions with owners in their capacity as owners	..	830	..	..	830
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>1 472</b>	<b>4 849</b>	<b>1 769</b>	<b>(5)</b>	<b>8 085</b>
Comprehensive result	27	..	..	..	28
Transactions with owners in their capacity as owners	..	123	..	..	123
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>1 485</b>	<b>4 142</b>	<b>1 769</b>	<b>(5)</b>	<b>7 391</b>
Comprehensive result	40	..	..	..	40
Transactions with owners in their capacity as owners	..	431	..	..	431
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>1 525</b>	<b>4 572</b>	<b>1 769</b>	<b>(5)</b>	<b>7 862</b>

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Justice and Community Safety included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.7.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	223	53	849	53
Special Appropriations	284	16	16	16
Sales of goods and services	569	524	595	580
Grants	5	4	5	4
Interest income	8	13	13	13
Other revenue and income	2 678	3 021	2 967	3 256
<b>Total administered income</b>	<b>3 767</b>	<b>3 632</b>	<b>4 444</b>	<b>3 922</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	377	11	11	11
Grant expense	198	20	816	20
Employee benefits	5	4	4	4
Payments into the Consolidated Fund	2 764	3 102	3 584	3 389
<b>Total administered expenses</b>	<b>3 343</b>	<b>3 136</b>	<b>4 414</b>	<b>3 424</b>
<b>Income less expenses</b>	<b>424</b>	<b>495</b>	<b>30</b>	<b>498</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on financial assets	(194)	(368)	(262)	(396)
<b>Total other economic flows included in net result</b>	<b>(194)</b>	<b>(368)</b>	<b>(262)</b>	<b>(396)</b>
<b>Net result</b>	<b>230</b>	<b>128</b>	<b>(232)</b>	<b>102</b>
<b>Other economic flows – Other comprehensive income</b>				
Other	11	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>11</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>241</b>	<b>128</b>	<b>(232)</b>	<b>102</b>
<b>Administered assets</b>				
Cash and deposits	306	304	303	301
Receivables	982	912	981	942
Other financial assets	22	24	24	26
<b>Total administered assets</b>	<b>1 311</b>	<b>1 240</b>	<b>1 309</b>	<b>1 269</b>
<b>Administered liabilities</b>				
Payables	672	558	987	924
Provisions	393	308	308	229
<b>Total administered liabilities</b>	<b>1 065</b>	<b>867</b>	<b>1 295</b>	<b>1 154</b>
<b>Net assets</b>	<b>246</b>	<b>374</b>	<b>13</b>	<b>116</b>

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Justice and Community Safety included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.7.6: Payments made on behalf of the State**

(\$ million)

	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
Tattersalls duty payments to other jurisdictions	45	45	45
Natural disaster relief	8	804	8
<b>Total</b>	<b>53</b>	<b>849</b>	<b>53</b>

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Notes:

(a) Figures for the 2022-23 budget reflect the operations of the Department of Justice and Community Safety included in the 2022-23 Budget, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF PREMIER AND CABINET

### Operating performance

The Department of Premier and Cabinet is forecasting an operating deficit of \$5 million in 2023-24, compared with an expected operating surplus in 2022-23 of \$1 million for the revised budget.

The forecast 2023-24 deficit is primarily due to funding of certain initiatives by the Department by utilisation of funds from existing trust balances.

The operating statement shows an overall decrease in operating income of \$389 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to machinery of government (MoG) changes, effective 1 January 2023, which resulted in operations including Service Victoria, Digital Victoria, Public Records Office Victoria, Cenitex as well as key corporate support functions transferred out from the Department to the newly formed Department of Government Services. In addition, the 2022-23 revised budget had substantial funding for the Victorian Electoral Commission (VEC) to cover the 2022 election costs.

The year-on-year movement also includes funding for the following initiatives announced in the *2023-24 Budget*:

- A new approach to land and precincts
- Industrial Relations attraction and retention policies
- Meeting the State's legal requirements to enter Treaty negotiations
- On demand worker support
- Wage theft laws compliance and enforcement.

Operating expenses are expected to decrease by \$383 million in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

The Department's net assets position is estimated to have an increase of \$10 million in 2023-24, compared with the 2022-23 revised budget.

The revised budget incorporates the impact of the transfer out of assets and liabilities due to the MoG change effective 1 January 2023. The MoG change is the predominant driver in Net Assets reducing by \$717 million in the 2022-23 revised budget when compared with the restated 2022-23 published budget.

## **Investing and finance**

The Department is anticipating a decrease of \$2 million in its net cash position in 2023-24, compared with the 2022-23 revised budget.

Cash flows from investing activities include funding of asset investment from previous budgets.

## **Administered items statement**

The Department is responsible for administering revenue on behalf of the State which predominantly relates to the recoupment of costs by VEC for conduct of elections and its associated activities.

Total administered income of the Department is expected to decrease by \$6 million in 2023-24, compared with the 2022-23 revised budget, which is primarily due to larger administered special appropriations allocated to the VEC in 2022-23 to cover advance payments to eligible independent candidates and parties.

Total administered expenses of the Department are expected to decrease by \$29 million in 2023-24, primarily due to public funding provided to candidates who contested elections in 2022-23.

Table 3.8.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	600	490	558	347
Special appropriations	51	118	118	59
Interest income	..	1	..	..
Sales of goods and services	227	218	118	1
Grants	33	4	10	8
Fair value of assets and services received free of charge or for nominal consideration	11	..	..	..
Other revenue and income	..	1	1	1
<b>Total revenue and income from transactions</b>	<b>922</b>	<b>832</b>	<b>804</b>	<b>415</b>
<b>Expenses from transactions</b>				
Employee benefits	391	406	331	198
Depreciation	50	50	23	5
Interest expense	1	..	..	..
Grant expense	154	65	187	122
Other operating expenses	297	310	262	95
<b>Total expenses from transactions</b>	<b>892</b>	<b>832</b>	<b>803</b>	<b>420</b>
<b>Net result from transactions (net operating balance)</b>	<b>30</b>	<b>..</b>	<b>1</b>	<b>(5)</b>
<b>Other economic flows included in net result</b>				
Other gains/(losses) from other economic flows	4	..	..	..
<b>Total other economic flows included in net result</b>	<b>4</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>34</b>	<b>..</b>	<b>1</b>	<b>(5)</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	207	..	..	..
Other	(3)	..	13	9
<b>Total other economic flows – Other comprehensive income</b>	<b>204</b>	<b>..</b>	<b>13</b>	<b>9</b>
<b>Comprehensive result</b>	<b>238</b>	<b>..</b>	<b>14</b>	<b>4</b>

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Premier and Cabinet included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.8.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	91	88	31	29
Receivables from government	56	80	32	45
Other receivables	112	108	60	60
Other financial assets	17	18	..	..
<b>Total financial assets</b>	<b>277</b>	<b>293</b>	<b>124</b>	<b>135</b>
<b>Non-financial assets</b>				
Inventories	6	6	6	6
Property, plant and equipment	955	955	357	359
Intangible assets	63	60	4	2
Other	34	34	4	4
<b>Total non-financial assets</b>	<b>1 059</b>	<b>1 055</b>	<b>371</b>	<b>371</b>
<b>Total assets</b>	<b>1 336</b>	<b>1 348</b>	<b>495</b>	<b>505</b>
<b>Liabilities</b>				
Payables	76	78	12	12
Borrowings	34	27	5	6
Provisions	95	94	46	45
<b>Total liabilities</b>	<b>206</b>	<b>199</b>	<b>63</b>	<b>63</b>
<b>Net assets</b>	<b>1 130</b>	<b>1 149</b>	<b>432</b>	<b>442</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	95	95	75	79
Reserves	599	599	287	287
Contributed capital	436	454	69	76
<b>Total equity</b>	<b>1 130</b>	<b>1 149</b>	<b>432</b>	<b>442</b>

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Premier and Cabinet included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.8.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	617	585	654	393
Receipts from other entities	20	10	61	9
Interest received	..	1	..	..
Other receipts	252	216	111	..
<b>Total receipts</b>	<b>889</b>	<b>812</b>	<b>826</b>	<b>402</b>
<b>Payments</b>				
Payments of grants and other transfers	(154)	(65)	(187)	(122)
Payments to suppliers and employees	(682)	(715)	(597)	(294)
Interest and other costs of finance paid	(1)	..	..	..
<b>Total payments</b>	<b>(836)</b>	<b>(780)</b>	<b>(784)</b>	<b>(416)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>52</b>	<b>32</b>	<b>42</b>	<b>(14)</b>
<b>Cash flows from investing activities</b>				
Net investment	1	(1)	(1)	..
Payments for non-financial assets	(44)	(47)	(4)	(3)
Proceeds from sale of non-financial assets	1	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(43)</b>	<b>(47)</b>	<b>(5)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>			..	
Owner contributions by State Government <sup>(c)</sup>	5	19	(91)	16
Repayment of leases and service concession liabilities	(7)	(7)	(6)	..
Net borrowings	(1)	..	..	..
<b>Net cash flows from/(used in) financing activities</b>	<b>(3)</b>	<b>12</b>	<b>(97)</b>	<b>15</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7</b>	<b>(4)</b>	<b>(60)</b>	<b>(2)</b>
Cash and cash equivalents at the beginning of the financial year	85	91	91	31
<b>Cash and cash equivalents at the end of the financial year</b>	<b>91</b>	<b>88</b>	<b>31</b>	<b>29</b>

Sources: Departments of Premier and Cabinet, and Treasury and Finance

## Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Premier and Cabinet included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

(c) The negative 2022-23 revised budget relates to the transfer of cash and cash equivalents from the department as a result of machinery of government changes.



**Table 3.8.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>64</b>	<b>428</b>	<b>392</b>	<b>..</b>	<b>885</b>
Comprehensive result	31	..	207	..	238
Transactions with owners in their capacity as owners	..	7	..	..	7
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>95</b>	<b>436</b>	<b>599</b>	<b>..</b>	<b>1 130</b>
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	19	..	..	19
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>95</b>	<b>454</b>	<b>599</b>	<b>..</b>	<b>1 149</b>
Comprehensive result	(20)	..	73	(39)	14
Transactions with owners in their capacity as owners	..	(367)	(385)	39	(713)
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>75</b>	<b>69</b>	<b>287</b>	<b>..</b>	<b>432</b>
Comprehensive result	4	..	..	..	4
Transactions with owners in their capacity as owners	..	7	..	..	7
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>79</b>	<b>76</b>	<b>287</b>	<b>..</b>	<b>442</b>

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Premier and Cabinet included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.8.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Special Appropriations	13	18	18	13
Sales of goods and services	2	1	..	..
Other revenue and income	1	..	..	..
<b>Total administered income</b>	<b>16</b>	<b>19</b>	<b>19</b>	<b>13</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	7	..	..	..
Grant expense	..	35	35	6
Payments into the Consolidated Fund	9	1	1	..
<b>Total administered expenses</b>	<b>16</b>	<b>36</b>	<b>36</b>	<b>7</b>
<b>Income less expenses</b>	<b>..</b>	<b>(17)</b>	<b>(17)</b>	<b>6</b>
<b>Net result</b>	<b>..</b>	<b>(17)</b>	<b>(17)</b>	<b>6</b>
<b>Comprehensive result</b>	<b>..</b>	<b>(17)</b>	<b>(17)</b>	<b>6</b>
<b>Administered assets</b>				
Cash and deposits	1	1	1	1
Receivables	31	14	14	20
<b>Total administered assets</b>	<b>32</b>	<b>15</b>	<b>15</b>	<b>21</b>
<b>Administered liabilities</b>				
Payables	2	2	2	2
<b>Total administered liabilities</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Net assets</b>	<b>30</b>	<b>13</b>	<b>13</b>	<b>19</b>

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

- (a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of Department of Premier and Cabinet included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.
- (b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.
- (c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF TRANSPORT AND PLANNING

### Operating performance

The Department of Transport and Planning is forecasting an operating surplus of \$133 million in 2023-24, compared with an expected operating surplus in 2022-23 of \$53 million for the revised budget.

The operating statement shows a decrease in operating income of \$428 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to higher flood recovery works undertaken in 2022-23 and the continuing impact of COVID-19 on the public transport network. This is partially offset by funding for the following initiatives announced in the *2023-24 Budget*:

- Cheaper public transport fares for the regions
- Regional rail sustainability
- Victorian Renewable Energy Terminal development.

Operating expenses are expected to decrease by \$508 million in 2023-24, which is primarily driven by a \$487 million decrease in other operating expenditure consistent with the above.

### Balance sheet

The Department's net assets position is estimated to increase by \$6.8 billion in 2023-24, compared with the 2022-23 revised budget, reflecting a significant increase in total assets of \$5.9 billion and a decrease in total liabilities of \$942 million.

The increase in total assets reflects the Government's investment in the transport capital program mainly related to the Big Build program which includes initiatives such as:

- Metro Tunnel
- Suburban Roads Upgrade – Northern Roads Upgrade and South Eastern Roads Upgrade
- West Gate Tunnel.

### Investing and finance

Cash flows from investing activities primarily reflects investment as part of the Government's infrastructure program, including the following asset projects funded in the *2023-24 Budget*:

- Kananook Train Maintenance Facility Stage 2
- Metro Tunnel readiness
- Preparing the network for Next Generation Trams
- Road blitz to get families home sooner and safer.

## Administered items statement

The Department is responsible for administering revenue on behalf of the State, including collecting road and public transport regulatory fees and fines revenues.

Total administered income of the Department is expected to increase by \$393 million in 2023-24, compared with the 2022-23 revised budget. This is driven by increases in expected motor vehicle stamp duty and taxes.

Total administered expenses of the Department are expected to decrease by \$7.4 billion in 2023-24, compared with the 2022-23 revised budget, primarily due to the upfront proceeds received from the VicRoads Modernisation joint venture arrangement.

Total administered assets of the Department are expected to increase by \$1.9 billion in 2023-24, compared with the 2022-23 revised budget, primarily driven by a loan to the State Tolling Corporation relating to the North East Link project.

Total administered liabilities of the Department are expected to decrease by \$510 million in 2023-24, compared with the 2022-23 revised budget, primarily due to the progressive unwinding of the grant of right to operate liability recognised from the upfront proceeds received from the VicRoads Modernisation joint venture arrangement.

Table 3.9.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	5 507	5 012	6 195	5 337
Special appropriations	622	617	762	950
Interest income	1	3	4	7
Sales of goods and services	288	384	306	407
Grants	346	454	410	488
Fair value of assets and services received free of charge or for nominal consideration	451	380	397	430
Other revenue and income	346	250	374	401
<b>Total revenue and income from transactions</b>	<b>7 560</b>	<b>7 100</b>	<b>8 447</b>	<b>8 019</b>
<b>Expenses from transactions</b>				
Employee benefits	655	598	609	637
Depreciation	1 032	1 081	1 084	1 080
Interest expense	413	427	416	368
Grant expense	1 009	1 006	1 148	1 151
Other operating expenses	4 598	3 824	5 138	4 651
<b>Total expenses from transactions</b>	<b>7 706</b>	<b>6 937</b>	<b>8 394</b>	<b>7 886</b>
<b>Net result from transactions (net operating balance)</b>	<b>(146)</b>	<b>163</b>	<b>53</b>	<b>133</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	(15)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	2	..	..	..
Other gains/(losses) from other economic flows	26	..	..	..
<b>Total other economic flows included in net result</b>	<b>13</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>(133)</b>	<b>163</b>	<b>53</b>	<b>133</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	10 011	455	441	461
Other	(10)	1	15	(5)
<b>Total other economic flows – Other comprehensive income</b>	<b>10 001</b>	<b>455</b>	<b>456</b>	<b>456</b>
<b>Comprehensive result</b>	<b>9 868</b>	<b>618</b>	<b>509</b>	<b>588</b>

Sources: Departments of Transport and Planning, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Transport included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.9.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	427	497	1 131	1 456
Receivables from government	2 128	2 398	2 643	2 863
Other receivables	844	1 108	1 365	1 128
<b>Total financial assets</b>	<b>3 399</b>	<b>4 003</b>	<b>5 139</b>	<b>5 447</b>
<b>Non-financial assets</b>				
Inventories	7	7	23	23
Non-financial assets classified as held for sale including disposal group assets	109	109	109	109
Property, plant and equipment	117 908	126 377	130 184	135 753
Intangible assets	134	106	149	135
Other	275	275	280	280
<b>Total non-financial assets</b>	<b>118 434</b>	<b>126 875</b>	<b>130 745</b>	<b>136 300</b>
<b>Total assets</b>	<b>121 832</b>	<b>130 878</b>	<b>135 884</b>	<b>141 747</b>
<b>Liabilities</b>				
Payables	10 629	11 527	12 042	12 142
Borrowings	5 851	6 117	6 014	4 941
Provisions	843	873	891	921
<b>Total liabilities</b>	<b>17 322</b>	<b>18 517</b>	<b>18 947</b>	<b>18 004</b>
<b>Net assets</b>	<b>104 510</b>	<b>112 360</b>	<b>116 937</b>	<b>123 742</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	(2 367)	(2 203)	(2 309)	(2 181)
Reserves	22 929	23 384	23 372	23 833
Contributed capital	83 947	91 180	95 874	102 091
<b>Total equity</b>	<b>104 510</b>	<b>112 360</b>	<b>116 937</b>	<b>123 742</b>

Sources: Departments of Transport and Planning, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of former Department of Transport included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.9.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	5 992	5 342	6 331	6 067
Receipts from other entities	715	834	734	901
Interest received	1	3	4	7
Other receipts	152	57	151	193
<b>Total receipts</b>	<b>6 859</b>	<b>6 237</b>	<b>7 219</b>	<b>7 167</b>
<b>Payments</b>				
Payments of grants and other transfers	(909)	(1 006)	(1 165)	(1 151)
Payments to suppliers and employees	(5 287)	(4 418)	(5 686)	(5 281)
Interest and other costs of finance paid	(172)	(159)	(162)	(146)
<b>Total payments</b>	<b>(6 368)</b>	<b>(5 583)</b>	<b>(7 013)</b>	<b>(6 578)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>492</b>	<b>654</b>	<b>206</b>	<b>590</b>
<b>Cash flows from investing activities</b>				
Payments for non-financial assets	(9 491)	(8 394)	(10 985)	(6 609)
Proceeds from sale of non-financial assets	5	..	..	..
Net loans to other parties	(126)	(261)	(525)	240
<b>Net cash flow from/(used in) investing activities</b>	<b>(9 612)</b>	<b>(8 655)</b>	<b>(11 510)</b>	<b>(6 369)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	10 493	9 070	12 567	8 780
Repayment of leases and service concession liabilities	(1 431)	(1 015)	(1 085)	(2 226)
Net borrowings	(108)	15	525	(449)
<b>Net cash flows from/(used in) financing activities</b>	<b>8 953</b>	<b>8 070</b>	<b>12 007</b>	<b>6 105</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(167)</b>	<b>70</b>	<b>704</b>	<b>325</b>
Cash and cash equivalents at the beginning of the financial year	594	427	427	1 131
<b>Cash and cash equivalents at the end of the financial year</b>	<b>427</b>	<b>497</b>	<b>1 131</b>	<b>1 456</b>

Sources: Departments of Transport and Planning, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Transport included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.9.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>(2 345)</b>	<b>76 607</b>	<b>12 918</b>	<b>..</b>	<b>87 182</b>
Comprehensive result	(142)	..	10 011	..	9 868
Transactions with owners in their capacity as owners	120	7 340	..	..	7 460
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>(2 367)</b>	<b>83 947</b>	<b>22 929</b>	<b>..</b>	<b>104 510</b>
Comprehensive result	164	..	455	..	618
Transactions with owners in their capacity as owners	..	7 232	..	..	7 232
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>(2 203)</b>	<b>91 180</b>	<b>23 384</b>	<b>..</b>	<b>112 360</b>
Comprehensive result	58	..	441	10	509
Transactions with owners in their capacity as owners	..	11 927	2	(10)	11 918
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>(2 309)</b>	<b>95 874</b>	<b>23 372</b>	<b>..</b>	<b>116 937</b>
Comprehensive result	128	..	461	..	588
Transactions with owners in their capacity as owners	..	6 217	..	..	6 217
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>(2 181)</b>	<b>102 091</b>	<b>23 833</b>	<b>..</b>	<b>123 742</b>

Sources: Departments of Transport and Planning, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Transport included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.



Table 3.9.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	..	..	2	106
Sales of goods and services	254	403	734	716
Grants	6	14	4	1
Interest income	4	16	16	67
Other revenue and income	3 031	2 925	3 502	3 760
<b>Total administered income</b>	<b>3 296</b>	<b>3 359</b>	<b>4 258</b>	<b>4 651</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	..	..	15	38
Grant expense	..	..	12	48
Payments into the Consolidated Fund	3 340	3 320	11 641	4 178
Interest and Depreciation expense	..	..	3	43
<b>Total administered expenses</b>	<b>3 340</b>	<b>3 320</b>	<b>11 671</b>	<b>4 306</b>
<b>Income less expenses</b>	<b>(44)</b>	<b>39</b>	<b>(7 413)</b>	<b>345</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	3	(16)	8	15
<b>Total other economic flows included in net result</b>	<b>3</b>	<b>(16)</b>	<b>8</b>	<b>15</b>
<b>Net result</b>	<b>(40)</b>	<b>24</b>	<b>(7 405)</b>	<b>360</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	..	..	4 100	..
Other	48	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>48</b>	<b>..</b>	<b>4 100</b>	<b>..</b>
<b>Comprehensive result</b>	<b>8</b>	<b>24</b>	<b>(3 305)</b>	<b>360</b>
<b>Administered assets</b>				
Cash and deposits	59	59	142	142
Receivables	199	588	783	2 633
Investments accounted for using the equity method	..	..	1 209	1 209
Property, plant and equipment	..	39	17	39
Intangible assets	..	..	4 609	4 608
<b>Total administered assets</b>	<b>258</b>	<b>685</b>	<b>6 760</b>	<b>8 631</b>
<b>Administered liabilities</b>				
Payables	113	113	11 359	11 067
Borrowings	716	586	1 011	793
Provisions	..	..	19	19
<b>Total administered liabilities</b>	<b>829</b>	<b>699</b>	<b>12 389</b>	<b>11 879</b>
<b>Net assets</b>	<b>(571)</b>	<b>(14)</b>	<b>(5 630)</b>	<b>(3 248)</b>

Sources: Departments of Transport and Planning, and Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the former Department of Transport included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.9.6: Payments made on behalf of the State**

(\$ million)

	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
Land Use Victoria	..	2	4
Melbourne Convention Exhibition Centre	..	..	102
<b>Total</b>	<b>..</b>	<b>2</b>	<b>106</b>

Sources: Departments of Transport and Planning, and Treasury and Finance

Notes:

(a) Figures for the 2022-23 budget reflect the operations of former Department of Transport included in the 2022-23 Budget, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

## DEPARTMENT OF TREASURY AND FINANCE

### Operating performance

The Department of Treasury and Finance is forecasting an operating surplus of \$2 million in 2023-24, compared with an expected operating surplus in 2022-23 of \$3 million for the revised budget.

The operating statement shows a decrease in operating income of \$114 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to machinery of government changes, which resulted in a number of functions transferring from the Department of Treasury and Finance to other departments. This also impacts operating expenses, which reduce by the same amount.

Total operating income and expenses for 2023-24 includes funding for the following initiatives announced in the *2023-24 Budget*:

- Delivering a memorial to recognise those who have lost their lives on the job
- Making Victoria an Easy Place to do Business through Regulatory Reform
- Maximising outcomes through social investments
- Standing up for workplace safety
- State Revenue Office Compliance Program.

### Balance sheet

The Department's net assets position is estimated to decrease by \$1.5 billion in the 2022-23 revised budget, primarily due to the transfer of land and buildings to the Department of Transport and Planning as part of machinery of government changes.

There are no significant movements in assets and liabilities in the 2023-24 budget compared with the 2022-23 revised budget.

### Investing and finance

The Department's cash position is expected to increase by \$1 million in 2023-24, compared with the 2022-23 revised budget.

Cash flows from investing activities primarily reflect the continuation of capital investments for the State Revenue Office Advanced Revenue Management Program and the State Revenue Office Compliance Program.

## Administered items statement

The Department is responsible for administering a number of significant activities on behalf of the State, including State taxation income, administering the State's superannuation expenses and the Advance to the Treasurer's appropriation.

Total administered income of the Department is expected to increase by \$27.6 billion in 2023-24, compared with the 2022-23 revised budget. This is primarily driven by the annual Advance to the Treasurer's appropriation and the repayment of Central Banking System Overdraft. The Advance to the Treasurer's appropriation mainly covers existing government policy decisions for which funding is yet to be allocated to other departments; funding to meet additional price and demand growth across all sectors; and provisions for other unforeseen contingencies.

Advance to the Treasurer's appropriation is allocated to departments throughout the financial year and reduces between the published and revised budgets.

Total Advance to the Treasurer's appropriation is expected to be \$13.7 billion in the 2023-24 Budget which is \$0.3 billion lower than the \$14.0 billion published in the 2022-23 Budget.

There is also an expected increase in Special Appropriations for the department, associated with the Victorian Future Fund in 2023-24.

Total administered expenses of the Department are expected to increase by \$23.5 billion in 2023-24, compared with the 2022-23 revised budget. This is mainly attributable to increases in payments into the consolidated fund, as a result of the increase in borrowings in 2023-24.

Table 3.10.1: Comprehensive operating statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	516	564	468	409
Sales of goods and services	68	15	46	28
Grants	8	10	9	..
Other revenue and income	48	37	30	2
<b>Total revenue and income from transactions</b>	<b>640</b>	<b>626</b>	<b>553</b>	<b>439</b>
<b>Expenses from transactions</b>				
Employee benefits	263	245	256	235
Depreciation	24	33	15	10
Grant expense	94	161	26	29
Other operating expenses	199	187	252	162
<b>Total expenses from transactions</b>	<b>580</b>	<b>626</b>	<b>551</b>	<b>437</b>
<b>Net result from transactions (net operating balance)</b>	<b>60</b>	<b>..</b>	<b>3</b>	<b>2</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	(2)	(7)	1	..
Other gains/(losses) from other economic flows	4	..	..	..
<b>Total other economic flows included in net result</b>	<b>2</b>	<b>(7)</b>	<b>1</b>	<b>..</b>
<b>Net result</b>	<b>62</b>	<b>(7)</b>	<b>4</b>	<b>2</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	247	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>247</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>309</b>	<b>(7)</b>	<b>4</b>	<b>2</b>

Source: Department of Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Treasury and Finance included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.10.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(a)(b)</sup>	2023 revised <sup>(c)</sup>	2024 budget <sup>(c)</sup>
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	121	125	40	41
Receivables from government	329	348	167	177
Other receivables	49	49	21	21
Other financial assets	..	23	1	1
<b>Total financial assets</b>	<b>499</b>	<b>545</b>	<b>228</b>	<b>240</b>
<b>Non-financial assets</b>				
Inventories	16	16	..	..
Property, plant and equipment	1 152	1 248	7	6
Intangible assets	24	32	34	38
Other	6	6	..	..
<b>Total non-financial assets</b>	<b>1 197</b>	<b>1 302</b>	<b>41</b>	<b>45</b>
<b>Total assets</b>	<b>1 697</b>	<b>1 847</b>	<b>269</b>	<b>284</b>
<b>Liabilities</b>				
Payables	66	66	47	47
Borrowings	9	7	5	5
Provisions	89	94	66	71
<b>Total liabilities</b>	<b>164</b>	<b>167</b>	<b>118</b>	<b>123</b>
<b>Net assets</b>	<b>1 532</b>	<b>1 680</b>	<b>151</b>	<b>161</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	320	313	4	2
Reserves	895	895	..	..
Contributed capital	317	472	147	160
<b>Total equity</b>	<b>1 532</b>	<b>1 680</b>	<b>151</b>	<b>161</b>

Source: Department of Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Treasury and Finance included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.

Table 3.10.3: Statement of cash flows

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	475	545	458	398
Receipts from other entities	43	10	30	28
Other receipts	72	59	56	..
<b>Total receipts</b>	<b>590</b>	<b>614</b>	<b>544</b>	<b>426</b>
<b>Payments</b>				
Payments of grants and other transfers	(94)	(168)	(24)	(27)
Payments to suppliers and employees	(449)	(427)	(507)	(392)
<b>Total payments</b>	<b>(544)</b>	<b>(595)</b>	<b>(531)</b>	<b>(419)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>46</b>	<b>19</b>	<b>13</b>	<b>6</b>
<b>Cash flows from investing activities</b>				
Net investment	..	(23)	(2)	..
Payments for non-financial assets	(20)	(147)	(21)	(15)
Proceeds from sale of non-financial assets	2	..	1	..
Net loans to other parties	(17)	..	(7)	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(35)</b>	<b>(170)</b>	<b>(28)</b>	<b>(15)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government <sup>(c)</sup>	22	157	(64)	10
Repayment of leases and service concession liabilities	..	(2)	(1)	..
Net borrowings	2	..	..	..
<b>Net cash flows from/(used in) financing activities</b>	<b>24</b>	<b>155</b>	<b>(66)</b>	<b>10</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>35</b>	<b>4</b>	<b>(81)</b>	<b>1</b>
Cash and cash equivalents at the beginning of the financial year	86	121	121	40
<b>Cash and cash equivalents at the end of the financial year</b>	<b>121</b>	<b>125</b>	<b>40</b>	<b>41</b>

Source: Department of Treasury and Finance

Notes:

- (a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Treasury and Finance included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.
- (b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.
- (c) The negative 2022-23 revised budget relates to the transfer of cash and cash equivalents from the department as a result of machinery of government changes.

**Table 3.10.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>258</b>	<b>350</b>	<b>649</b>	<b>..</b>	<b>1 256</b>
Comprehensive result	62	..	247	..	309
Transactions with owners in their capacity as owners	..	(33)	..	..	(33)
<b>Closing balance 30 June 2022 (actual) <sup>(a)</sup></b>	<b>320</b>	<b>317</b>	<b>895</b>	<b>..</b>	<b>1 532</b>
Comprehensive result	(7)	..	..	..	(7)
Transactions with owners in their capacity as owners	..	155	..	..	155
<b>Closing balance 30 June 2023 (budget) <sup>(a)(b)</sup></b>	<b>313</b>	<b>472</b>	<b>895</b>	<b>..</b>	<b>1 680</b>
Comprehensive result	4	..	..	..	4
Transactions with owners in their capacity as owners	(320)	(170)	(895)	..	(1 386)
<b>Closing balance 30 June 2023 (revised) <sup>(c)</sup></b>	<b>4</b>	<b>147</b>	<b>..</b>	<b>..</b>	<b>151</b>
Comprehensive result	(2)	..	4	..	2
Transactions with owners in their capacity as owners	..	13	(4)	..	9
<b>Closing balance 30 June 2024 (budget) <sup>(c)</sup></b>	<b>2</b>	<b>160</b>	<b>..</b>	<b>..</b>	<b>161</b>

Source: Department of Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Treasury and Finance included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

(c) The 2023 revised budget and 2024 budget reflect the impact of the machinery of government changes effective 1 January 2023.



Table 3.10.5: Administered items statement

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget <sup>(a)(b)</sup>	2022-23 revised <sup>(c)</sup>	2023-24 budget <sup>(c)</sup>
<b>Administered income</b>				
Appropriations – Payments made on behalf of the State	4 962	17 682	7 542	23 887
Special Appropriations	2 678	2 865	2 541	10 038
Sales of goods and services	450	581	258	45
Grants	31 107	29 052	30 700	30 865
Interest income	28	58	546	766
Other revenue and income	26 903	26 151	26 981	30 590
<b>Total administered income</b>	<b>66 128</b>	<b>76 388</b>	<b>68 568</b>	<b>96 191</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	651	2 938	952	1 892
Grant expense	6 898	7 312	6 290	7 109
Employee benefits	1 425	2 858	1 756	3 241
Payments into the Consolidated Fund	80 601	54 170	49 068	67 757
Interest expense	1 716	2 747	3 026	4 628
<b>Total administered expenses</b>	<b>91 291</b>	<b>70 026</b>	<b>61 092</b>	<b>84 627</b>
<b>Income less expenses</b>	<b>(25 163)</b>	<b>6 362</b>	<b>7 476</b>	<b>11 563</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	(162)	25	19	39
<b>Total other economic flows included in net result</b>	<b>(162)</b>	<b>25</b>	<b>19</b>	<b>39</b>
<b>Net result</b>	<b>(25 325)</b>	<b>6 388</b>	<b>7 495</b>	<b>11 602</b>
<b>Other economic flows – Other comprehensive income</b>				
Remeasurement of superannuation defined benefit plans	7 791	984	(1 529)	852
Other	(184)	..	13	..
<b>Total other economic flows – Other comprehensive income</b>	<b>7 607</b>	<b>984</b>	<b>(1 516)</b>	<b>852</b>
<b>Comprehensive result</b>	<b>(17 718)</b>	<b>7 372</b>	<b>5 979</b>	<b>12 455</b>
<b>Administered assets</b>				
Cash and deposits	1 260	5 700	13 824	10 317
Receivables	6 152	22 327	25 301	46 763
Other financial assets	1 608	2 587	2 531	11 902
Property, plant and equipment	1 695	5 272	398	3 959
<b>Total administered assets</b>	<b>10 714</b>	<b>35 886</b>	<b>42 055</b>	<b>72 941</b>
<b>Administered liabilities</b>				
Payables	1 540	1 085	466	407
Borrowings	99 500	122 310	124 404	147 363
Provisions	13	13	..	..
Other	19 759	19 247	21 762	21 867
<b>Total administered liabilities</b>	<b>120 812</b>	<b>142 656</b>	<b>146 632</b>	<b>169 636</b>
<b>Net assets</b>	<b>(110 098)</b>	<b>(106 770)</b>	<b>(104 577)</b>	<b>(96 696)</b>

Source: Department of Treasury and Finance

Notes:

(a) Figures for the 2021-22 actuals and the 2022-23 budget reflect the operations of the Department of Treasury and Finance included in the 2021-22 Financial Report for the State of Victoria and the 2022-23 Budget respectively, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

(c) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

**Table 3.10.6: Payments made on behalf of the State**

(\$ million)

	2022-23 budget <sup>(a)</sup>	2022-23 revised <sup>(b)</sup>	2023-24 budget <sup>(b)</sup>
Advance to Treasurer Appropriation	14 027	4 301	13 736
Superannuation and pension payments	16	16	16
Interest	2 665	2 661	4 617
Current and capital grants	296	248	287
Operating supplies and consumables	151	166	150
Repayment of Central Banking System Overdraft <sup>(c)</sup>	49	..	5 000
Other	478	151	81
<b>Total</b>	<b>17 682</b>	<b>7 542</b>	<b>23 887</b>

Source: Department of Treasury and Finance

Notes:

(a) Figures for the 2022-23 budget reflect the operations of the Department of Treasury and Finance included in the 2022-23 Budget, which do not include the impact of the machinery of government changes effective 1 January 2023.

(b) The 2022-23 revised budget and 2023-24 budget reflect the impact of the machinery of government changes effective 1 January 2023.

(c) This transaction does not impact on the financial aggregates. The drawdown of appropriation for this transaction will be offset by the reduction of the overdraft.

## PARLIAMENT

### Operating performance

The consolidated accounts for the Parliament of Victoria, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission are forecasting an operating deficit of \$2 million in 2023-24 and for the revised budget.

The forecast 2023-24 deficit is primarily attributable to the use of the Parliament's prior year surplus for the Protective security upgrades and service enhancements initiative approved in the *2022-23 Budget*.

The operating statement shows an increase in operating income of \$12 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to the carryover of the Parliament's appropriation funding from 2022-23 to 2023-24, and a year-on-year increase attributable to funding for the following initiatives announced in the *2023-24 Budget*:

- Administration of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards (VIRTIPS) Act*
- Legislative Council Standing Committees
- Supporting the operations of the Victorian Ombudsman.

Operating expenses are expected to increase by \$11 million in 2023-24, which is primarily driven by the factors outlined above.

### Balance sheet

The Parliament's net assets position is estimated to increase by \$3 million in 2023-24, compared to the 2022-23 revised budget, reflecting an increase in total assets of \$4 million and an increase in total liabilities of \$1 million.

The increase in total assets reflects the continued investment in the restoration of Parliament House, relocation/refurbishment of electorate offices, ICT and Cyber Security upgrades and protective security upgrades and service enhancements.

### Investing and finance

Cash flows from investing activities reflect continued asset investment in the restoration of Parliament House building, security and ICT upgrades, and relocation/refurbishment of electorate offices.

**Table 3.11.1: Comprehensive operating statement**

(\$ million)

	2021-22 actual <sup>(a)</sup>	2022-23 budget	2022-23 revised	2023-24 budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	279	294	299	311
Special appropriations	48	50	53	53
Sales of goods and services	1	..	..	..
Grants	..	..	1	..
Fair value of assets and services received free of charge or for nominal consideration	1	..	..	..
<b>Total revenue and income from transactions</b>	<b>329</b>	<b>344</b>	<b>353</b>	<b>364</b>
<b>Expenses from transactions</b>				
Employee benefits	209	219	231	237
Depreciation	37	37	40	42
Interest expense	1	2	2	2
Other operating expenses	74	88	82	85
<b>Total expenses from transactions</b>	<b>322</b>	<b>346</b>	<b>354</b>	<b>366</b>
<b>Net result from transactions (net operating balance)</b>	<b>7</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
<b>Other economic flows included in net result</b>				
Net gain/(loss) on disposal of non-financial assets	1	..	..	..
Other gains/(losses) from other economic flows	1	..	..	..
<b>Total other economic flows included in net result</b>	<b>2</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>9</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	(164)	..	..	..
Other	(1)	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>(166)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(157)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Note:

(a) The 2021-22 actual figures have been restated to reverse out the values of a prior period error in the valuation of Parliament House buildings. The 2021-22 values of Cultural Assets were updated during the financial year end audit process to reconcile the finalised valuation reports.

Table 3.11.2: Balance sheet

(\$ million)

	2022 actual <sup>(a)</sup>	2023 budget <sup>(b)</sup>	2023 revised	2024 budget
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	2	2	2	2
Receivables from government	120	135	129	151
Other receivables	2	2	2	2
<b>Total financial assets</b>	<b>124</b>	<b>139</b>	<b>134</b>	<b>156</b>
<b>Non-financial assets</b>				
Inventories	1	1	1	1
Property, plant and equipment	622	615	623	604
Intangible assets	4	4	4	4
Other	5	5	5	5
<b>Total non-financial assets</b>	<b>632</b>	<b>624</b>	<b>632</b>	<b>614</b>
<b>Total assets</b>	<b>756</b>	<b>763</b>	<b>766</b>	<b>770</b>
<b>Liabilities</b>				
Payables	14	15	15	15
Borrowings	54	51	51	51
Provisions	37	37	37	37
<b>Total liabilities</b>	<b>106</b>	<b>103</b>	<b>103</b>	<b>103</b>
<b>Net assets</b>	<b>650</b>	<b>661</b>	<b>663</b>	<b>666</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	107	105	105	104
Reserves	325	325	325	325
Contributed capital	218	230	232	237
<b>Total equity</b>	<b>650</b>	<b>661</b>	<b>663</b>	<b>666</b>

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Notes:

(a) The 2021-22 actual figures have been restated to reverse out the values of a prior period error in the valuation of Parliament House buildings. The 2021-22 values of Cultural Assets were updated during the financial year end audit process to reconcile the finalised valuation reports.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

Table 3.11.3: Statement of cash flows

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised	2023-24 budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	310	329	342	342
Receipts from other entities	1	..	1	..
<b>Total receipts</b>	<b>311</b>	<b>329</b>	<b>343</b>	<b>342</b>
<b>Payments</b>				
Payments to suppliers and employees	(283)	(307)	(313)	(322)
Interest and other costs of finance paid	(1)	(2)	(2)	(2)
<b>Total payments</b>	<b>(285)</b>	<b>(308)</b>	<b>(315)</b>	<b>(324)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>27</b>	<b>21</b>	<b>28</b>	<b>18</b>
<b>Cash flows from investing activities</b>				
Payments for non-financial assets	(24)	(19)	(29)	(11)
Proceeds from sale of non-financial assets	1	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(23)</b>	<b>(19)</b>	<b>(29)</b>	<b>(11)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	9	12	15	5
Repayment of leases and service concession liabilities	(16)	(14)	(14)	(13)
Net borrowings	(1)	..	..	..
<b>Net cash flows from/(used in) financing activities</b>	<b>(7)</b>	<b>(2)</b>	<b>..</b>	<b>(8)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3)</b>	<b>..</b>	<b>..</b>	<b>..</b>
Cash and cash equivalents at the beginning of the financial year	6	2	2	2
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

**Table 3.11.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021 <sup>(a)</sup></b>	<b>100</b>	<b>208</b>	<b>490</b>	<b>797</b>
Comprehensive result <sup>(a)</sup>	7	..	(164)	(157)
Transactions with owners in their capacity as owners	..	10	..	10
<b>Closing balance 30 June 2022 (actual)</b>	<b>107</b>	<b>218</b>	<b>325</b>	<b>650</b>
Comprehensive result	(2)	..	..	(2)
Transactions with owners in their capacity as owners	..	12	..	12
<b>Closing balance 30 June 2023 (budget) <sup>(b)</sup></b>	<b>105</b>	<b>230</b>	<b>325</b>	<b>661</b>
Comprehensive result	(2)	..	..	(2)
Transactions with owners in their capacity as owners	..	15	..	15
<b>Closing balance 30 June 2023 (revised)</b>	<b>105</b>	<b>232</b>	<b>325</b>	<b>663</b>
Comprehensive result	(2)	..	..	(2)
Transactions with owners in their capacity as owners	..	5	..	5
<b>Closing balance 30 June 2024 (budget)</b>	<b>104</b>	<b>237</b>	<b>325</b>	<b>666</b>

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Notes:

(a) The 2021-22 actual figures have been restated to reverse out the values of a prior period error in the valuation of Parliament House buildings. The 2021-22 values of Cultural Assets were updated during the financial year end audit process to reconcile the finalised valuation reports.

(b) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

Table 3.11.5: Administered items statement

(\$ million)

	2021-22 actual	2022-23 budget <sup>(a)</sup>	2022-23 revised	2023-24 budget
<b>Administered income</b>				
Sales of goods and services	31	31	31	32
<b>Total administered income</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>32</b>
<b>Administered expenses</b>				
Payments into the Consolidated Fund	30	31	31	32
<b>Total administered expenses</b>	<b>30</b>	<b>31</b>	<b>31</b>	<b>32</b>
<b>Income less expenses</b>	<b>1</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>1</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>1</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Administered assets</b>				
Receivables	9	9	9	9
<b>Total administered assets</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Administered liabilities</b>				
<b>Total administered liabilities</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net assets</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Note:

(a) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.



# COURT SERVICES VICTORIA

## Operating performance

Court Services Victoria (CSV) is forecasting a balanced net result from transactions in 2023-24.

The operating statement shows an expected increase in operating income of \$18 million between the 2022-23 revised budget and the 2023-24 budget. This is primarily due to growth in funding from previous budget initiatives and the year-on-year increase, which also includes funding for the following initiatives announced in the *2023-24 Budget*:

- Continuing therapeutic court programs
- Courts case management system
- Operationalising a new financial assistance scheme for victims of crime
- Operationalising Bendigo Law Courts.

Operating expenses are expected to increase by \$18 million in 2023-24, which is primarily driven by the factors outlined above.

## Balance sheet

CSV's net assets position is estimated to increase by \$268 million in 2023-24, compared with the 2022-23 revised budget, reflecting an increase in total assets of \$239 million and a decrease in total liabilities of \$29 million.

The increase in total assets reflects the Government's continued investment in courts infrastructure.

## Investing and finance

CSV is anticipating a balanced net cash position in 2023-24, effectively maintaining a balanced cash flow.

Cash flows from investing activities primarily reflect the Government's continued asset investment in existing courts infrastructure and new asset projects funded in the *2023-24 Budget*.

## Administered items statement

CSV is responsible for administering revenue on behalf of the State to process civil case lodgements and hearings and to award compensation to victims who suffer earnings loss or are reasonably likely to suffer as a direct result of an act of violence. CSV also administers revenue from court fees for civil case lodgements and hearings. Total administered income and expenses of CSV are expected remain to the same in 2023-24, compared with the 2022-23 revised budget.

Table 3.12.1: Comprehensive operating statement

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised	2023-24 budget
<b>Net result from continuing operations</b>				
<b>Income from transactions</b>				
Output appropriations	606	576	563	569
Special appropriations	189	217	217	229
Grants	25	23	23	23
<b>Total revenue and income from transactions</b>	<b>820</b>	<b>816</b>	<b>802</b>	<b>820</b>
<b>Expenses from transactions</b>				
Employee benefits	445	459	465	480
Depreciation	92	97	98	103
Interest expense	2	8	8	8
Grant expense	7	3	4	4
Other operating expenses	278	248	226	224
<b>Total expenses from transactions</b>	<b>823</b>	<b>816</b>	<b>802</b>	<b>820</b>
<b>Net result from transactions (net operating balance)</b>	<b>(4)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Other economic flows included in net result</b>				
Other gains/(losses) from other economic flows	6	..	..	..
<b>Total other economic flows included in net result</b>	<b>6</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>3</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Other economic flows – Other comprehensive income</b>				
Changes in non-financial assets revaluation surplus	69	..	..	..
Other	(12)	..	..	..
<b>Total other economic flows – Other comprehensive income</b>	<b>57</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>60</b>	<b>..</b>	<b>..</b>	<b>..</b>

Sources: Court Services Victoria and Department of Treasury and Finance

Table 3.12.2: Balance sheet

(\$ million)

	2022 actual	2023 budget <sup>(a)</sup>	2023 revised	2024 budget
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	24	24	24	24
Receivables from government	97	145	138	186
Other receivables	11	11	11	11
<b>Total financial assets</b>	<b>132</b>	<b>180</b>	<b>173</b>	<b>221</b>
<b>Non-financial assets</b>				
Non-financial assets classified as held for sale including disposal group assets	1	1	1	1
Property, plant and equipment	1 634	1 664	1 736	1 922
Intangible assets	49	80	80	85
Other	12	12	12	12
<b>Total non-financial assets</b>	<b>1 696</b>	<b>1 757</b>	<b>1 829</b>	<b>2 020</b>
<b>Total assets</b>	<b>1 828</b>	<b>1 937</b>	<b>2 002</b>	<b>2 241</b>
<b>Liabilities</b>				
Payables	57	57	57	57
Borrowings	87	56	62	33
Provisions	115	115	115	115
<b>Total liabilities</b>	<b>260</b>	<b>228</b>	<b>235</b>	<b>206</b>
<b>Net assets</b>	<b>1 569</b>	<b>1 709</b>	<b>1 767</b>	<b>2 035</b>
<b>Equity</b>				
Accumulated surplus/(deficit)	(24)	(24)	(24)	(24)
Reserves	314	314	314	314
Contributed capital	1 279	1 419	1 478	1 745
<b>Total equity</b>	<b>1 569</b>	<b>1 709</b>	<b>1 767</b>	<b>2 035</b>

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

Table 3.12.3: Statement of cash flows

(\$ million)

	2021-22 actual	2022-23 budget	2022-23 revised	2023-24 budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Receipts from Government	827	745	739	749
Receipts from other entities	25	23	23	23
Other receipts	2	..	..	..
<b>Total receipts</b>	<b>854</b>	<b>768</b>	<b>761</b>	<b>772</b>
<b>Payments</b>				
Payments of grants and other transfers	(7)	(3)	(4)	(4)
Payments to suppliers and employees	(737)	(707)	(692)	(705)
Interest and other costs of finance paid	(2)	(8)	(8)	(8)
<b>Total payments</b>	<b>(746)</b>	<b>(718)</b>	<b>(704)</b>	<b>(717)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>108</b>	<b>49</b>	<b>57</b>	<b>55</b>
<b>Cash flows from investing activities</b>				
Payments for non-financial assets	(478)	(158)	(224)	(292)
Proceeds from sale of non-financial assets	3	..	..	..
<b>Net cash flow from/(used in) investing activities</b>	<b>(475)</b>	<b>(158)</b>	<b>(224)</b>	<b>(292)</b>
<b>Cash flows from financing activities</b>				
Owner contributions by State Government	368	141	199	268
Repayment of leases and service concession liabilities	(5)	(32)	(32)	(31)
Net borrowings	3	..	..	..
<b>Net cash flows from/(used in) financing activities</b>	<b>367</b>	<b>109</b>	<b>167</b>	<b>237</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Cash and cash equivalents at the beginning of the financial year	24	24	24	24
<b>Cash and cash equivalents at the end of the financial year</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>

Sources: Court Services Victoria and Department of Treasury and Finance

**Table 3.12.4: Statement of changes in equity**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Total equity</i>
<b>Opening balance 1 July 2021</b>	<b>(15)</b>	<b>899</b>	<b>245</b>	<b>1 129</b>
Comprehensive result	(9)	..	69	60
Transactions with owners in their capacity as owners	..	380	..	380
<b>Closing balance 30 June 2022 (actual)</b>	<b>(24)</b>	<b>1 279</b>	<b>314</b>	<b>1 569</b>
Comprehensive result	..	..	..	..
Transactions with owners in their capacity as owners	..	141	..	141
<b>Closing balance 30 June 2023 (budget) <sup>(a)</sup></b>	<b>(24)</b>	<b>1 419</b>	<b>314</b>	<b>1 709</b>
Comprehensive result	..	..	..	..
Transactions with owners in their capacity as owners	..	199	..	199
<b>Closing balance 30 June 2023 (revised)</b>	<b>(24)</b>	<b>1 478</b>	<b>314</b>	<b>1 767</b>
Comprehensive result	..	..	..	..
Transactions with owners in their capacity as owners	..	268	..	268
<b>Closing balance 30 June 2024 (budget)</b>	<b>(24)</b>	<b>1 745</b>	<b>314</b>	<b>2 035</b>

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The 2023 budget figures have been restated to reflect the 2022 actual closing balances.

Table 3.12.5: Administered items statement

(\$ million)

	2021-22 actual	2022-23 budget <sup>(a)</sup>	2022-23 revised	2023-24 budget
<b>Administered income</b>				
Special Appropriations	43	71	71	71
Sales of goods and services	56	66	66	66
Other revenue and income	4	21	21	21
<b>Total administered income</b>	<b>102</b>	<b>158</b>	<b>158</b>	<b>158</b>
<b>Administered expenses</b>				
Expenses on behalf of the State	14	6	6	6
Grant expense	30	65	65	65
Payments into the Consolidated Fund	60	87	87	87
<b>Total administered expenses</b>	<b>103</b>	<b>158</b>	<b>158</b>	<b>158</b>
<b>Income less expenses</b>	<b>(1)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net result</b>	<b>(1)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Comprehensive result</b>	<b>(1)</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Administered assets</b>				
Cash and deposits	17	17	17	17
Receivables	1	1	1	1
<b>Total administered assets</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Administered liabilities</b>				
Payables	17	17	17	17
Provisions	2	2	2	2
<b>Total administered liabilities</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b>Net assets</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The 2022-23 budget figures have been restated to reflect the 2021-22 actual closing balances.

## CHAPTER 4 – STATE REVENUE

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This chapter outlines expected movements in the major categories of general government sector revenue between 2022-23 and 2026-27. The revenue forecasts consider developments in key macroeconomic variables reflecting the outlook for global, national, and Victorian economic conditions as outlined in Budget Paper No. 2, Chapter 2 *Economic outlook*.

Total revenue in 2023-24 is expected to be \$89.3 billion. Total revenue is expected to grow by an average of 3.8 per cent per year over the forward estimates (Table 4.1). Total revenue growth in 2023-24 is expected to be driven primarily by growth in payroll tax, land tax and GST revenue, and the new COVID Debt Levy, comprising the COVID Debt Levy – Payroll \$10m+ and the COVID Debt Levy – Landholdings, partially offset by a decline in land transfer duty revenue.

After a period of elevated volatility during the years most acutely affected by the COVID-19 pandemic, average annual growth in taxation and GST revenue over the forward estimates is forecast to be below the long-term average growth rate (Chart 4.1).

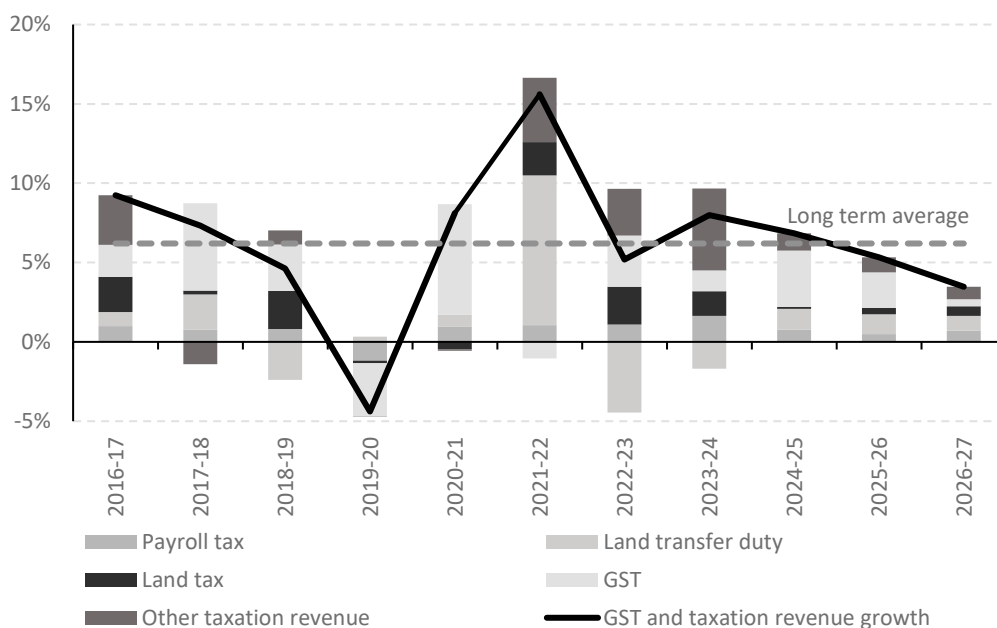
Risks to Victoria's revenue outlook remain elevated. These risks include the outlook for the labour market and inflation, and thus interest rates, as well as the prospects for global economic growth against a backdrop of elevated geopolitical volatility. These risks create uncertainty in revenue estimates. In particular, land transfer duty, land tax and payroll tax are subject to a higher degree of uncertainty than usual as they are sensitive to changes in economic growth, inflation and interest rates. GST revenue is particularly sensitive to commodities prices as well as the general economic environment. The expected recovery of net overseas migration and corresponding population growth are also key sources of uncertainty for Victoria's revenue outlook.

Budget Paper No. 2, Appendix A *Sensitivity analysis* contains information on the impact of variations in the macroeconomic outlook on the Government's key fiscal aggregates. It also quantifies the economic and fiscal impact of a downturn in the Victorian and Australian economies, driven by a greater than expected slowdown in consumer spending and weaker investment.

**Table 4.1: General government sector revenue** (\$ million)

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
Taxation	31 501	34 877	36 683	38 490	40 366
Grants	39 804	41 751	43 227	45 888	46 765
Sales of goods and services	6 068	6 111	6 441	6 419	6 497
Dividends, income tax equivalent and rate equivalent income	756	1 275	971	1 166	1 223
Interest income	1 360	1 629	1 159	1 147	1 147
Other revenue and income	3 462	3 617	3 304	3 382	3 902
<b>Total revenue and income from transactions</b>	<b>82 952</b>	<b>89 260</b>	<b>91 785</b>	<b>96 491</b>	<b>99 901</b>

**Chart 4.1: Year-on-year taxation and GST revenue growth**

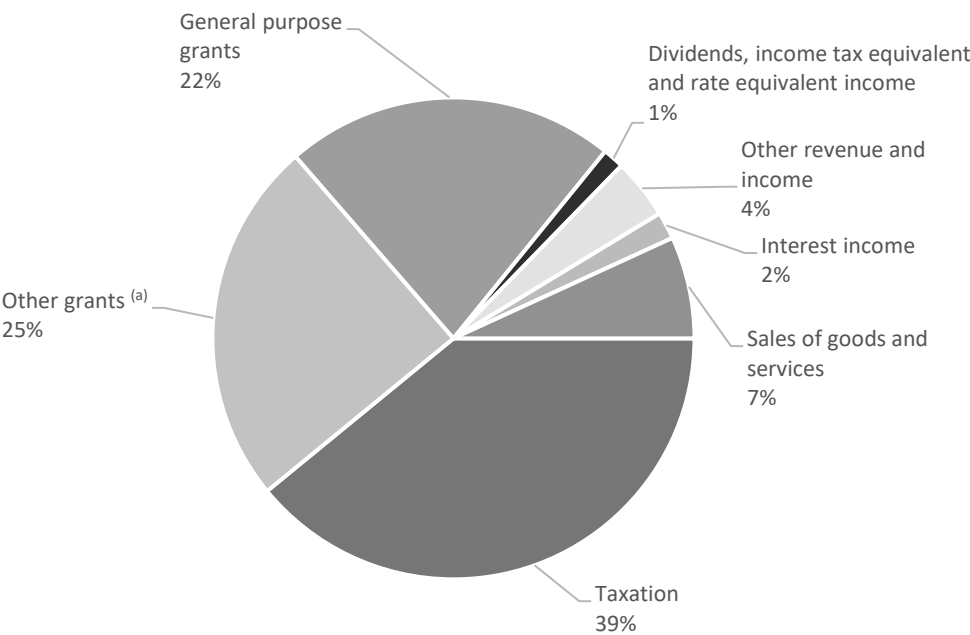


Note:

(a) Other taxation revenue in this chart is equal to the sum of total taxation revenue less payroll tax, land transfer duty and land tax. It includes the COVID Debt Levy comprising the COVID Debt Levy – Payroll \$10m+ and the COVID Debt Levy – Landholdings.



**Chart 4.2:           Composition of forecast general government sector revenue, 2023-24**



*Note:*  
(a) Other grants includes ‘Grants for on-passing’, ‘Grants for specific purposes’ and ‘Other contributions and grants’.

## TAXATION

Taxation revenue is forecast to be \$34.9 billion in 2023-24 and grow by an average of 5.0 per cent per year over the forward estimates. Growth in taxation revenue is primarily driven by growth in the state's three largest tax lines – payroll tax, land tax and land transfer duty, and the new COVID Debt Levy, comprising the COVID Debt Levy – Payroll \$10m+ and the COVID Debt Levy – Landholdings.

**Table 4.2: Taxation estimates** (\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Taxes on employers' payroll and labour force</b>					
Payroll tax	7 150	7 984	8 406	8 695	9 136
COVID Debt Levy – Payroll \$10m+	..	836	961	1 006	1 071
Mental Health and Wellbeing Levy	874	912	961	1 006	1 071
<b>Total taxes on employers' payroll and labour force</b>	<b>8 024</b>	<b>9 732</b>	<b>10 328</b>	<b>10 706</b>	<b>11 277</b>
<b>Taxes on immovable property</b>					
Land tax	5 289	6 079	6 144	6 409	6 786
COVID Debt Levy – Landholdings	..	1 149	1 173	1 197	1 222
Fire Services Property Levy	800	847	871	895	898
Congestion levy	117	122	125	129	132
Metropolitan improvement levy	206	208	214	221	221
Windfall gains tax	..	40	59	84	97
<b>Total taxes on property</b>	<b>6 413</b>	<b>8 445</b>	<b>8 586</b>	<b>8 935</b>	<b>9 357</b>
<b>Gambling taxes</b>					
Public lotteries <sup>(a)</sup>	639	674	695	716	738
Electronic gaming machines <sup>(a)</sup>	1 365	1 382	1 429	1 461	1 494
Casino <sup>(a)</sup>	182	207	213	219	223
Racing and other sports betting <sup>(a)</sup>	290	303	462	479	497
Other <sup>(a)</sup>	17	18	19	20	20
<b>Financial and capital transactions</b>					
Land transfer duty	8 217	7 360	8 080	8 807	9 375
Metropolitan planning levy	22	22	22	23	23
Financial accommodation levy	160	172	179	184	188
Growth areas infrastructure contributions	300	328	336	344	330
<b>Levies on statutory corporations <sup>(b)</sup></b>	<b>173</b>	<b>173</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Taxes on insurance</b>	<b>1 877</b>	<b>2 011</b>	<b>2 073</b>	<b>2 132</b>	<b>2 189</b>
<b>Total taxes on the provision of goods and services</b>	<b>13 241</b>	<b>12 650</b>	<b>13 507</b>	<b>14 384</b>	<b>15 077</b>
<b>Motor vehicle taxes</b>					
Vehicle registration fees	1 965	2 106	2 231	2 364	2 501
Duty on vehicle registrations and transfers	1 193	1 247	1 306	1 356	1 404
<b>Liquor licence fees</b>	<b>27</b>	<b>30</b>	<b>31</b>	<b>33</b>	<b>35</b>
<b>Other</b>	<b>637</b>	<b>668</b>	<b>693</b>	<b>710</b>	<b>715</b>
<b>Total taxes on the use of goods and performance of activities</b>	<b>3 823</b>	<b>4 050</b>	<b>4 261</b>	<b>4 464</b>	<b>4 655</b>
<b>Total taxation revenue</b>	<b>31 501</b>	<b>34 877</b>	<b>36 683</b>	<b>38 490</b>	<b>40 366</b>

**Notes:**

(a) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue forecasts of \$177 million in 2022-23 and \$190 million in each year of the budget and forward estimates, and is 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.

(b) The fifth tranche of the environmental contribution levy began on 1 July 2020 for a period of four years concluding on 30 June 2024.

## Land transfer duty

Land transfer duty is payable on most transactions that result in a change of ownership of land and associated real estate assets. Various exemptions and concessions are available, for example, for certain concession card holders and eligible first home buyers.

Revenue from land transfer duty is forecast to decrease to \$7.4 billion in 2023-24 following a decline of 20.7 per cent in 2022-23. Land transfer duty revenue is then expected to grow by an average of 8.4 per cent per year over the forward estimates.

The decline in land transfer duty revenue in 2022-23 is primarily due to falling settlement volumes after heightened property market activity in 2021-22 (Box 4.1).

Victorian dwelling prices are expected to decline by 3.5 per cent over 2023 on the back of high borrowing costs and subdued sentiment. In part, this reflects price falls in the early months of 2023, which have now moderated amid low supply and limited distressed selling. Elevated migration and robust labour market conditions are expected to provide some support for residential property prices, but tight credit conditions are expected to remain a key factor in the short-term. Transaction volumes are expected to remain low for the first half of 2023.

Residential property prices are expected to resume growth over 2024, with Victorian dwelling prices forecast to grow by 6.0 per cent. Transaction volumes are forecast to start recovering toward the end of 2023 and grow steadily by 15.3 per cent over 2024 to eventually stabilise at around mid-2010s levels.

To encourage Victorian businesses to invest, expand, and create more jobs, the Government is undertaking a landmark reform: transitioning from land transfer duty to an annual property tax for commercial and industrial properties. This reform will encourage businesses to expand or set up in the best location, for example close to their customers or where there is a growing workforce; support businesses to invest in buildings and infrastructure; and promote more efficient use of commercial and industrial land. This has not been reflected in the estimates, pending consultation and design. Budget Paper No. 2, Chapter 3 *Sustaining Economic Growth* contains further information on the Government's commitment to a more efficient tax system.

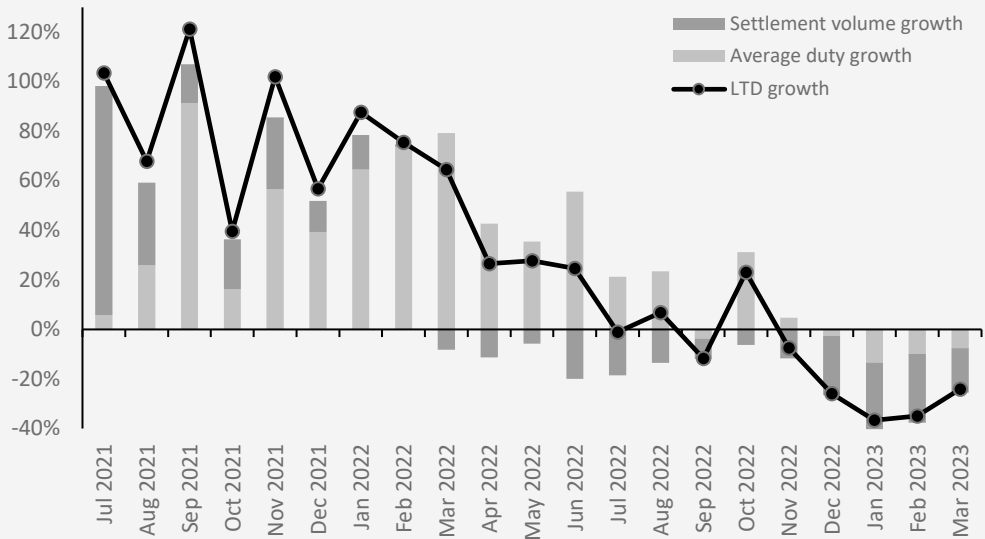
**Box 4.1: Drivers of land transfer duty revenue in 2022-23**

In the nine months to March 2023, land transfer duty revenue decreased by 14.9 per cent compared with the corresponding period in the 2021-22 financial year. This was due to a 17.3 per cent fall in transaction volumes and a 2.9 per cent increase in the average duty per transaction.

Monetary policy tightening by the Reserve Bank of Australia has led to reduced borrowing capacities and weakened market sentiment. As of April 2023, Victorian dwelling prices had fallen 8.6 per cent from the recent peak in April 2022, but remained 3.6 per cent above the pre-pandemic peak in March 2020. Residential transaction volumes contracted more strongly, with sales over the March quarter 28.6 per cent lower than the same quarter of 2022 and 21.2 per cent lower than the previous five-year average.

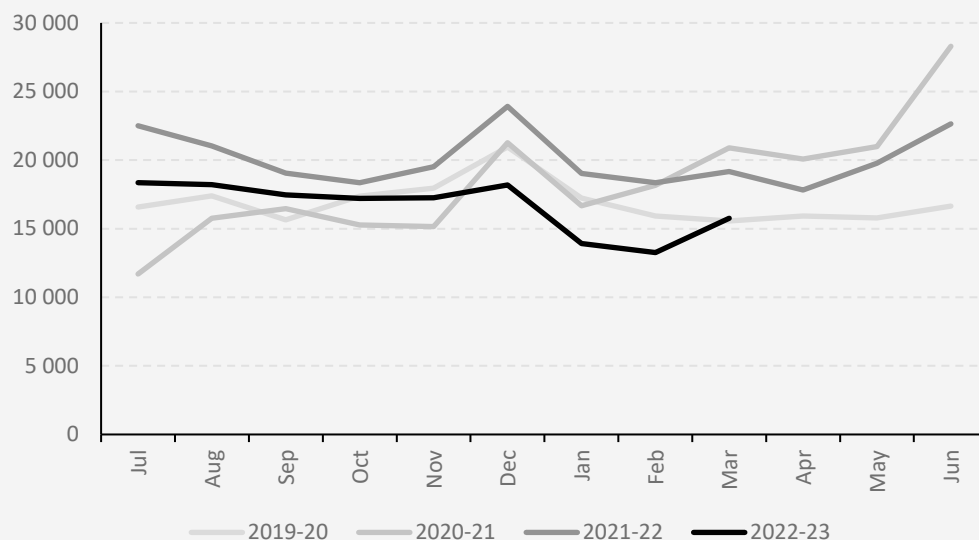
Land transfer duty revenue follows property market activity with a lag of about three months. In March 2023, revenue was 24.1 per cent below the March 2022 level, yet still above previous years' levels. The volume of settlements in March was 17.9 per cent below the previous year's elevated level and on par with the pre-pandemic level three years ago. Average transaction duties declined in March 2023 by 7.6 per cent year-on-year, although they continue to be consistently above pre-pandemic levels.

**Chart 4.3: Monthly land transfer duty revenue decomposed into settlement volumes and average transaction duty, year-on-year growth.**



Source: Department of Treasury and Finance, State Revenue Office

**Chart 4.4: Monthly property transaction volumes at settlement**



Source: Department of Treasury and Finance, State Revenue Office

## Land tax

Land tax is an annual tax assessed on the unimproved value of land (site value). Selected categories of land, such as principal places of residence and primary production land, are exempt under the *Land Tax Act 2005*.

The value of unimproved land is based on an individual assessment of each site across Victoria. The Valuer-General Victoria considers a range of factors in determining the value of land, including recent land sales, development potential of the site, location, and planning guidelines as they relate to new redevelopments or allowances for mixed use properties. Assessing each of these factors can be complex, especially valuations for mixed-use properties or where land sales data are insufficient to compare prices of similar properties.

Revenue from land tax is forecast to be \$6.1 billion in 2023-24. Land tax revenue is expected to grow by an average of 3.7 per cent per year over the forward estimates.

Land valuations used to calculate land tax for the 2023-24 financial year reflect changes in property market conditions between 1 January 2022 and 31 December 2022 and will be published by the Valuer-General Victoria in mid-2023. Residential land values for this period are expected to decrease, consistent with movements in dwelling prices during the 2022 calendar year. Growth in commercial land values is expected to be subdued as structural change and higher borrowing costs affect the retail, office, and hotel sectors. However, industrial land values are expected to be resilient over 2022, supported by continued demand for warehousing and distribution sites.

Over the forward estimates, and consistent with Victorian dwelling price forecasts, growth in land tax revenue from residential properties is expected to be limited in 2024-25 before recovering in 2025-26 and 2026-27. Growth in industrial land values is expected to moderate from elevated levels, and commercial land values are forecast to grow modestly over the same period.

Land tax revenue forecasts also reflect *2023-24 Budget* revenue initiatives, primarily an increase to the absentee owner surcharge. The absentee owner surcharge is applied in addition to the general or trust land tax rates and applies to absentee owners. From 1 January 2024, the absentee owner surcharge rate will increase from 2 per cent to 4 per cent and the tax-free threshold for non-trust absentee owners will decrease from \$300 000 to \$50 000. Budget Paper No. 3, Chapter 1 *Output, asset investment and revenue initiatives* contains further information on revenue initiatives introduced in the *2023-24 Budget*.

## **COVID Debt Levy – Landholdings**

To offset the impact of COVID Debt, from 1 January 2024, the tax-free threshold for general land tax rates will decrease from \$300 000 to \$50 000.

For general taxpayers, a temporary fixed charge of \$500 will be levied on taxpayers with landholdings between \$50 000 and \$100 000, and a temporary fixed charge of \$975 on taxpayers with landholdings between \$100 000 and \$300 000.

For general taxpayers with property holdings above \$300 000 (and trust taxpayers with property holdings above \$250 000), land tax rates will temporarily increase by \$975 plus 0.1 percentage point of the value of their landholdings above \$300 000.

All current land tax exemptions will continue to apply, including the principal place of residence exemption.

Revenue from the temporary levy on landholdings is expected to be \$1.1 billion in 2023-24. Revenue from the levy is expected to grow by an average of 2.1 per cent per year over the forward estimates. Budget Paper No. 3, Chapter 1 *Output, asset investment and revenue initiatives* contains further information on revenue initiatives introduced in the *2023-24 Budget*. The levy will apply until 30 June 2033.

## **Windfall gains tax**

From 1 July 2023, a tax will apply to large windfall gains associated with planning decisions to rezone land that create an uplift in land valuations on a capital improved value basis above \$100 000. The tax will apply to the uplift in value, phasing in from a value uplift of \$100 000 and reaching a maximum effective rate of 50 per cent for value uplifts above \$500 000. Landowners will have the option to defer payment of the tax until the next dutiable transaction or until 30 years elapse, whichever occurs first.

The tax will not apply to residential land which includes a dwelling fit for occupancy at the time of the rezoning, for up to two hectares of land, regardless of whether the dwelling is the landowner's principal place of residence. Additionally, exemptions are provided for certain land held and used by charities and universities, land rezoned to certain rural and public land zones, rezonings that correct a zoning error, and rezonings to and from the Urban Growth Zone within the Growth Areas Infrastructure Contribution area.

Transitional arrangements will also apply that will exempt some rezonings that were underway by the announcement date of 15 May 2021, as well as rezonings of land that were subject to a pre-existing contract of sale or option arrangement entered into by 15 May 2021.

Revenue from the windfall gains tax is expected to be highly variable as it will depend on the extent of rezoning activity in any given year. The tax will help ensure developers and landholders who benefit from planning decisions pay a fair share of large windfall gains to the State.

## **Growth areas infrastructure contribution**

The growth areas infrastructure contribution (GAIC) applies to certain types of land in Melbourne's growth areas: Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea, and Wyndham. Revenue from GAIC is tied to community infrastructure development in these areas.

GAIC revenue is expected to be \$328 million in 2023-24. GAIC revenue is expected to grow by an average of 0.2 per cent per year over the forward estimates, as the volume of land transacted that attracts GAIC declines, offset by indexation of GAIC rates.

The amount of GAIC revenue available to be invested in projects is determined by the actual cash received each year. The amount of GAIC revenue available for investment will be available in the Department of Transport and Planning (DTP) annual reports. This differs to accrued GAIC revenue due to deferred payments and work in kind arrangements.

## **Metropolitan planning levy**

The metropolitan planning levy applies to planning permits for land to be developed in metropolitan Melbourne, where the estimated cost of development is over the levy threshold. In 2022-23, the threshold is \$1.133 million. Revenue from the levy helps fund the work of the Victorian Planning Authority and the Plan Melbourne initiative, a long-term strategy to accommodate Melbourne's growth.

Revenue from the metropolitan planning levy is expected to remain at \$22 million in 2023-24. Metropolitan planning levy revenue is expected to grow by an average of 2.4 per cent per year over the forward estimates, reflecting forecast growth in dwelling investment in metropolitan Melbourne.

## **Congestion levy**

The congestion levy applies to off-street private and public parking spaces in inner Melbourne and aims to reduce traffic congestion and encourage greater use of public transport. For 2022-23, the levy rate is \$1 590 for parking spaces in the Category 1 geographic area, and \$1 130 for spaces in the Category 2 area. The levy rates are indexed annually to changes in the consumer price index.

Revenue from the congestion levy is expected to be \$122 million in 2023-24. Congestion levy revenue is expected to grow by an average of 2.6 per cent per year over the forward estimates, primarily due to forecast growth in the levy rate.

## Fire services property levy

The fire services property levy is an annual charge on property owners. 100 per cent of revenue from the levy goes to supporting the State's fire services, including funding vital life-saving equipment, firefighters, staff and volunteers, training, infrastructure, and community education.

The Fire Services Property Levy rates are set each year to target an amount of revenue to raise. In 2023-24, the revenue target is \$847 million.

## Payroll tax

Payroll tax is calculated based on wages paid to employees by an employer above a certain threshold. For metropolitan businesses, the payroll tax rate is 4.85 per cent. Regional employers pay a lower rate of 1.2125 per cent. In 2023-24, an employer is liable for payroll tax if they pay wages in Victoria, and their national wage bill exceeds the annual threshold of \$700 000.

To make things easier for small businesses, from 1 July 2024, the payroll tax free threshold will be lifted from \$700 000 to \$900 000. This will result in 4 200 businesses becoming exempt from payroll tax. Another 22 000 businesses will pay a reduced amount – saving up to \$9 700 per year each.

The payroll tax-free threshold will be lifted again, to \$1 million, from July 2025, meaning a further 1 500 businesses will become exempt. Going forward, the payroll tax free threshold will be phased out for larger business, to ensure this support is well targeted.

Revenue from payroll tax is expected to be \$8.0 billion in 2023-24. Payroll tax revenue is expected to grow by an average of 4.6 per cent per year over the forward estimates.

Payroll tax revenue is being supported by the continued resilience of the Victorian labour market, which remains in a strong position as it enters 2023-24. Employment is forecast to grow by 3.50 per cent over 2022-23 and 0.75 per cent in 2023-24. Forecast growth in the wage price index of 3.50 per cent in both 2022-23 and 2023-24 is considerably stronger than during the pandemic, and the five years leading up to the pandemic.

Credits earned by business through the New Jobs Tax Credits initiative announced in the *2020-21 Budget* reduced payroll tax revenue in 2021-22 and 2022-23. The conclusion of that initiative contributes to a subsequent increase in payroll tax revenue.

Payroll tax revenue forecasts also reflect other *2023-24 Budget* revenue initiatives including removing the payroll tax exemption for high-fee non-government schools. From 1 July 2024, the Government will align the payroll tax treatment of high-fee non-government schools with public schools. This initiative will ensure the benefit of this exemption only flows to schools that need support. Budget Paper No. 3, Chapter 1 *Output, asset investment and revenue initiatives* contains further information on revenue initiatives introduced in the *2023-24 Budget*.



## COVID Debt Levy – Payroll \$10m+

To offset the impact of COVID Debt, from 1 July 2023, large businesses with national payrolls above \$10 million a year will temporarily pay additional payroll tax. A rate of 0.5 per cent will apply for businesses with national payrolls above \$10 million, and businesses with national payrolls above \$100 million will pay an additional 0.5 per cent. The additional rates will be paid on the Victorian share of wages above the relevant threshold. The levy will apply until 30 June 2033.

Existing payroll tax exemptions such as those for hospitals, charities, local councils, and wages paid for parental and volunteer leave will continue.

Revenue from the temporary levy on large business payroll is expected to be \$836 million in 2023-24. Revenue from the levy is expected to grow by an average of 8.6 per cent per year over the forward estimates. Budget Paper No. 3, Chapter 1 *Output, asset investment and revenue initiatives* contains further information on revenue initiatives introduced in the 2023-24 Budget.

## Mental Health and Wellbeing Levy

The Mental Health and Wellbeing Levy operates as a payroll tax levy on wages paid in Victoria by liable businesses with national payrolls over \$10 million a year.

Revenue from the Levy is forecast to be \$912 million in 2023-24. Levy revenue is expected to grow by an average of 5.5 per cent per year over the forward estimates.

The Government has legislated that 100 per cent of revenue from the Levy must be spent on mental health services. The revenue mechanism provides dedicated funding that supports investment in Victoria's mental health system.

## Gambling taxes

Gambling taxes are levied on public lotteries, electronic gaming machines, casino games, wagering and betting, and other forms of gambling. These taxes are typically in the form of a percentage of net expenditure (equal to the amount gambled less prizes or refunds to players), with the tax rate varying according to the category of gambling. Gambling taxes also include the revenue associated with the relevant licence premiums.

Revenue from gambling taxes is forecast to be \$2.6 billion in 2023-24. Gambling tax revenue is expected to grow by an average of 4.8 per cent per year over the forward estimates.

Modest growth is expected in the forward estimates, with revenue supported by an increase in the marginal tax rate for electronic gaming machines operated by the casino licensee, which was introduced in the 2022-23 Budget and applies from 1 July 2023.

The Government will increase the rate of wagering and betting tax from 10 per cent to 15 per cent. The Government will also lift the amount of net wagering revenue that is provided to the Victorian Racing Industry from 3.5 per cent to 7.5 per cent. The balance of revenue from the tax will continue to be distributed to the Hospitals and Charities Fund and the ANZAC Day Proceeds Fund. These changes come into effect from 1 July 2024.

In 2023-24, approximately 81.4 per cent of total gambling taxation revenue will be allocated to the Hospitals and Charities Fund, the Mental Health Fund, and the Community Support Fund. These funds direct gambling revenues back into the community by providing funding for programs in hospitals and community organisations, mental health services, programs to tackle problem gambling, as well as drug education, treatment, and rehabilitation.

## Motor vehicle taxes

Motor vehicle taxes include vehicle registration fees and the duty on transfer and registration of vehicles. Registration fees differ depending on the type and usage of the vehicle, while duty is based on the higher of the market value or purchase price of the vehicle.

Revenue from motor vehicle taxes is forecast to be \$3.4 billion in 2023-24. Motor vehicle tax revenue is expected to grow by an average of 5.2 per cent per year over the forward estimates.

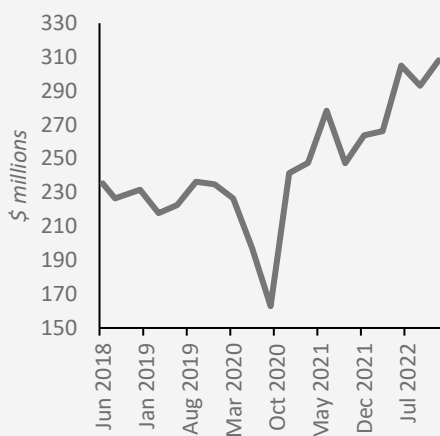
Revenue from motor vehicle registration fees is forecast to increase in 2023-24, largely reflecting indexation of registration fees. Revenue from motor vehicle duty is expected to be supported by growth in new car prices.

### Box 4.2: Motor vehicle duty collections

Motor vehicle duty collections declined significantly during the early phase of the pandemic, driven by decreased sales volumes, particularly for new vehicles, which reflected disrupted economic activity and supply chains. Collections recovered from the December quarter 2020 supported by elevated vehicle prices<sup>(a)</sup>.

A shortage of semiconductors constrained new vehicle production, increasing demand for used vehicles and contributing to a 46.1 per cent increase in used vehicle prices from 2019 to 2022. Used vehicle prices moderated in the latter half of 2022, coinciding with the easing of the new vehicle shortage in Australia. New vehicle prices have been rising sharply since January 2022, primarily due to increased production costs and demand side pressure. The average sales price of new vehicles in 2022 is estimated to be 29.8 per cent above prices in 2019.

**Chart 4.5: Motor vehicle duty collections per quarter**



**Chart 4.6: Volume of motor vehicle purchases per quarter**



Source: VicRoads

Note:

(a) Vehicle prices are estimated using duty collected per vehicle transaction.

## Insurance taxes

Duty is payable on general insurance premiums, excluding life insurance, at rates up to 10 per cent. Examples include insurance against damage to, or loss of, motor vehicles and household contents.

Revenue from insurance taxes is expected to be \$2.0 billion in 2023-24. Insurance tax revenue is expected to grow by an average of 2.9 per cent per year over the forward estimates. This is largely driven by growth in insurance premiums, reflecting the higher incidence of natural disasters and inflation-driven asset value increases.

To support the growth of the Victorian economy, the Government will abolish business insurance duties (which apply to public and product liability, professional indemnity, employers' liability, fire and industrial special risks, and marine and aviation insurance). Abolition will be achieved by 2033, with the rate of duty, currently 10 per cent, being reduced by 1 percentage point each year from 1 July 2024.

Budget Paper No. 3, Chapter 1 *Output, asset investment and revenue initiatives* contains further information on revenue initiatives introduced in the 2023-24 Budget.

## GRANT REVENUE

Total grant revenue is expected to be \$41.8 billion in 2023-24, an increase of 4.9 per cent from 2022-23. GST revenue – or general purpose grants – is the largest source of grant revenue over the budget and forward estimates.

**Table 4.3: Grant revenue** (\$ million)

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
General purpose grants	19 167	19 836	21 777	23 082	23 345
Specific purpose grants for on-passing	4 775	5 559	5 788	6 007	6 275
Grants for specific purposes	15 664	15 211	15 078	16 039	16 222
<b>Total</b>	<b>39 606</b>	<b>40 607</b>	<b>42 643</b>	<b>45 128</b>	<b>45 843</b>
Other contributions and grants	198	1 144	584	761	923
<b>Total grants</b>	<b>39 804</b>	<b>41 751</b>	<b>43 227</b>	<b>45 888</b>	<b>46 765</b>

## GST

GST revenue is forecast to be \$19.8 billion in 2023-24. Over the forward estimates, GST revenue is expected to grow by an average annual rate of 5.6 per cent.

Victoria's GST revenue is broadly determined by three key factors:

- the amount of GST collected by the Commonwealth (the national GST pool)
- Victoria's GST relativity
- Victoria's share of the national population.

In addition to Victoria's GST entitlement, the Victorian GST revenue forecast incorporates additional Commonwealth payments reflecting the transition to the new GST system including the no-worse-off guarantee.

States' GST revenue is typically received monthly throughout the financial year based on the Commonwealth Government's estimates of each state's relative population share and its forecast of the national GST pool for that financial year. Estimates of the GST revenue to be received are used, as the final GST pool outcome and population for the financial year are unknown until after the year has elapsed. Once the final aggregate GST pool and state population are known, a balancing adjustment is applied to each state's payments to correct for any over or under payment, ensuring all states receive their entitled GST amount. These balancing adjustments are made in the subsequent financial year.

The figures in Table 4.3 above reflect the entitlement to the annual GST pool that forms the basis for GST income recognition, rather than the estimated GST progressively received from the Commonwealth across the financial year.

## National GST pool

The outlook for the national GST pool has strengthened over the budget and forward estimates, primarily driven by stronger than expected national GST collections in 2022-23. Strength in national GST collections over the first half of 2022-23 was led by an acceleration in services spending as consumption patterns normalised.

Growth in the national GST pool is forecast to slow in 2023-24, underpinned by a slowdown in nominal consumption in 2023 due to higher interest rates and lower household disposable income. National dwelling investment, which contributes to GST collections, is expected to slow in the second half of 2023 as the flow of new approvals slows and the existing pipeline of work is completed.

## **Population share**

Victoria's national population share is forecast to grow in 2023-24 after a small decline in 2021-22 and muted growth in 2022-23. Population share forecasts are supported by the expected increase in net overseas migration as Victoria typically attracts more than its population share of net overseas migration.

## **GST relativities**

Victoria's no-worse-off relativity (GST relativity under the former system – comparable to the assessed relativity in 2022-23) for the 2023-24 year remained steady at 0.92, the first time in five years it did not fall. Strong royalty revenues in mining states offset Victoria's lower cost for delivering services, contributing to Victoria's GST relativity remaining steady.

The outlook for Victoria's no-worse-off relativity has improved since the 2022 *Victorian Pre-Election Budget Update*, reflecting the ongoing strength in commodity prices and movement of Victoria's expenditure costs closer to the national average. Victoria's assessed relative capacity to raise revenue from land tax in 2023-24 has decreased, as higher than expected rises in NSW land values over the pandemic were recognised, increasing Victoria's relativity. Over the forward estimates, commodity prices and expected population share growth drive Victoria's relativity back towards levels seen prior to the pandemic.

## **Commonwealth no-worse-off guarantee for GST entitlement**

In 2018, the Commonwealth changed the GST distribution system, introducing:

- a minimum GST revenue sharing relativity (relativity floor) of 0.70, commencing in 2019-20 supported by transition payments from the Commonwealth and facilitated within the GST distribution from 2022-23, rising to 0.75 from 2024-25
- a small, permanent boost to the GST revenue pool from 2021-22, funded from additional Commonwealth funding
- the transition of the GST distribution system from full equalisation (so-called equalising to the strongest state) to 'reasonable' equalisation, based upon the fiscal capacity of the stronger of New South Wales or Victoria.

During a six-year transition period commencing in 2021-22, each state or territory is entitled to receive additional Commonwealth financial assistance to ensure it is no-worse-off compared to its GST entitlement had full equalisation been maintained. The no-worse-off guarantee is currently legislated until the end of the transition period in 2026-27.

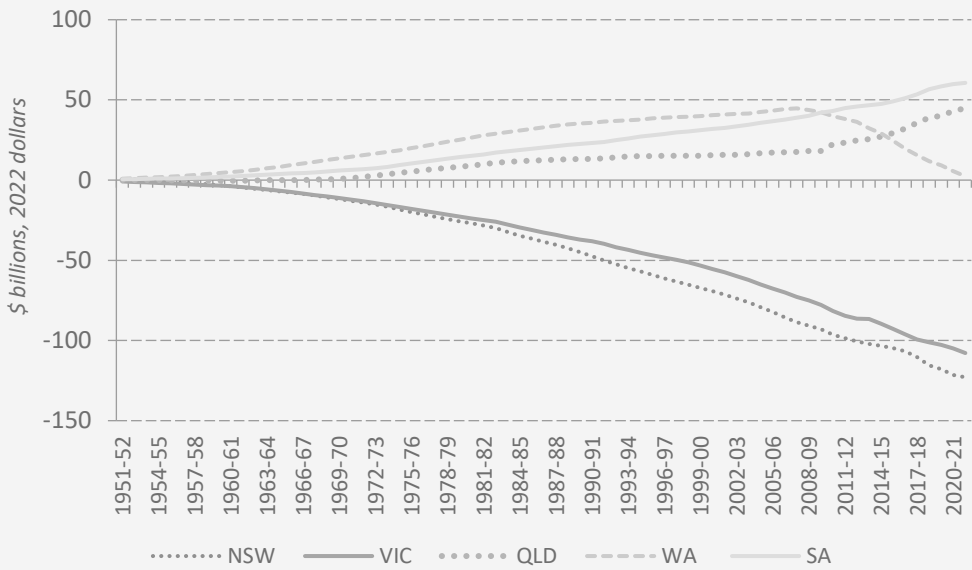
Victoria's recommended GST relativity (GST relativity under the new system, a blended relativity) fell to 0.85 in 2023-24 from 0.86 in 2022-23.

**Box 4.3: The distribution of GST is unfair to Victoria**

GST revenue is raised by the Commonwealth Government and distributed to the states and territories (states). Since its introduction in 2000, GST revenue has been distributed on the principle of horizontal fiscal equalisation (HFE). HFE seeks to ensure jurisdictions can provide equal levels of infrastructure and services to their residents.

However, Victoria and NSW have consistently subsidised the other states, as shown in Chart 4.7, even prior to GST.

**Chart 4.7: Cumulative redistribution of Commonwealth grants including GST, 1950-2022**



Source: Commonwealth Budget Papers, Department of Treasury and Finance (Vic) calculation

The Commonwealth Grants Commission (CGC) determines the GST relativities, which represent the proportion of each state's population share of GST it will receive. For 2023-24 the CGC determined Victoria's relativity to achieve HFE (its no-worse-off relativity) was 0.92, meaning Victoria should receive around 92 per cent of its population share of national GST revenue.

The effect of the new system in 2023-24 was that the actual GST relativity used to determine Victoria's GST revenue (its recommended relativity) was 0.85, meaning it will receive only 85 per cent of its population share.

As shown in Chart 4.8, Victoria will not only receive a much lower GST share than the national average, it also won't receive sufficient GST to offset average per capita expenses. Western Australia is expected to be the only state to benefit from the new system, despite currently recording budget surpluses. Western Australia's assessed revenue including GST exceeds its assessed expenses, while all other states have insufficient revenue.

**Chart 4.8: CGC assessment of state expenditure and revenue needs under the new GST system, excluding the no-worse-off guarantee, for select states, 2023-24**



Source: Commonwealth Grants Commission

The former Commonwealth Government claimed, based on modelling at the time, that all states would be better off under the new system. As a result of Victorian-led advocacy in 2018, the Commonwealth agreed to implement a temporary no-worse-off guarantee to offset the impacts of the new system, set to expire after 2026-27.

Victoria and other states would have been materially worse off under the new system had the no-worse-off guarantee not been in place. In stark contrast to the Commonwealth's initial modelling, Victoria's no-worse-off payments are now estimated by the Commonwealth Government to be \$1.2 billion in 2022-23 and \$1.4 billion in 2023-24.

Victorian Department of Treasury and Finance modelling published in the October 2022 Victoria Economic Bulletin – *The fiscal impacts of the new GST system on Victoria* – found that Victoria would have been up to \$6.5 billion worse off from 2021-22 to 2026-27 without the no-worse-off guarantee.

Most states are likely to be worse off under the new system after 2026-27 unless the Commonwealth Government makes the no-worse-off guarantee permanent. Victoria will continue to advocate for a fairer system of GST distribution with the Commonwealth Government.

## Grants for on-passing

Table 4.4 summarises estimates of grants from the Commonwealth that are passed on to other entities.

**Table 4.4: Grants for on-passing** <sup>(a)(b)(c)</sup> (\$ million)

	2022-23 revised	2023-24 budget	Change %
<b>Commonwealth Government grants to local government</b> <sup>(d)</sup>			
<i>Financial assistance grants to local government</i>			
An equal per capita basis is used for distributing total assistance to the states and territories pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .			
	145	539	271.7
<i>Identified local roads grants to local government</i>			
Funding to local councils is provided on a per capita and road length basis pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .			
	52	193	271.2
<b>Quality Schools Funding</b>			
Support for non-government schools	4 577	4 827	5.5
<b>Other</b>	0.0	..	(100.0)
<b>Total grants for on-passing</b>	<b>4 775</b>	<b>5 559</b>	<b>16.4</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.
- (d) Commonwealth funding was brought forward from 2022-23 and paid in 2021-22 to give councils immediate access to funds to help manage the cumulative impacts of the floods and COVID-19 pandemic.

## Grants for specific purposes

Table 4.5 lists Commonwealth grants for specific purposes, with detailed tables by expenditure category in Table 4.6 to Table 4.12.

**Table 4.5: Grants for specific purposes** <sup>(a)(b)(c)</sup> (\$ million)

	2022-23 revised	2023-24 budget	Change %
Affordable housing	473	485	(2.5)
Community services	308	318	3.1
Education	3 103	3 222	3.8
Environment	234	290	23.8
Health	7 050	7 181	1.9
Infrastructure	2 460	1 721	(30.0)
Contingent/Other	2 037	1 995	(2.0)
<b>Total grants for specific purposes</b>	<b>15 664</b>	<b>15 211</b>	<b>(2.9)</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.



**Table 4.6: Payments for affordable housing <sup>(a)(b)(c)</sup>** **(\$ million)**

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	Change %
<b>National Housing and Homelessness Agreement</b>			
Funding will contribute to improving access to affordable, safe, and sustainable housing, including to address homelessness, and to support social and economic participation.	419	409	(2.3)
<b>National Partnerships</b>			
<i>HomeBuilder <sup>(d)</sup></i>			
Funding to support the delivery of the HomeBuilder program, providing assistance to owner-occupiers and the residential construction sector.	54	76	(39.9)
<b>Total affordable housing</b>	<b>473</b>	<b>485</b>	<b>(2.5)</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.
- (d) Homebuilder funding for 2023-24 is subject to the proposed amendment to the national funding agreement

**Table 4.7: Payments for community services <sup>(a)(b)(c)</sup>** **(\$ million)**

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	Change %
<b>National Partnerships</b>			
<i>Assistance to States for DisabilityCare Australia</i>			
Funding to assist the transition to the National Disability Insurance Scheme.	271	280	3.5
<i>Home and Community Care Assessment</i>			
Funding for home and community care services.	36	37	3.0
<b>Other</b>	2	1	(66.6)
<b>Total community services</b>	<b>308</b>	<b>318</b>	<b>3.1</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.

**Table 4.8: Payments for education services <sup>(a)(b)(c)</sup>** (\$ million)

	2022-23 revised	2023-24 budget	Change %
<b>Quality Schools Funding</b>			
Support for government schools.	2 486	2 656	6.8
<b>National Agreement for Skills and Workforce Development</b>			
Funding for the delivery of training services.	410	424	3.6
<b>National Partnerships</b>			
<i>Preschool Reform Agreement</i>			
Funding to assist Victoria to provide 15 hours of early childhood education a week for all children in the year before full-time school.	129	129	..
<i>Student Wellbeing Program</i>			
Funding to support the emotional wellbeing of students by providing pastoral care services.	13	13	..
<i>JobTrainer Fund</i>			
Funding to provide training places that are free or low fee, in areas of identified skills need for job seekers and young people, including school leavers.	52	..	(100.0)
<b>Other</b>	13	..	(100.0)
<b>Total education services</b>	<b>3 103</b>	<b>3 222</b>	<b>3.8</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.

**Table 4.9: Payments for environment services <sup>(a)(b)(c)</sup>** (\$ million)

	2022-23 revised	2023-24 budget	Change %
<b>National Partnerships</b>			
<i>Sustainable Rural Water Use and Infrastructure Program</i>			
Funding is provided under a number of arrangements, such as the National Partnership on Water for the Future and Water Management Partnership Agreements under the Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin.	141	235	66.8
<i>Water Infrastructure Development Fund – Capital Component</i>			
Funding to accelerate the detailed planning and construction of water infrastructure projects that will deliver new and affordable water, enhance water security and underpin regional economic growth.	84	45	(47.1)
<b>Other</b>	9	10	15.0
<b>Total environment services</b>	<b>234</b>	<b>290</b>	<b>23.8</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.

**Table 4.10: Payments for health services <sup>(a)(b)(c)</sup>** **(\$ million)**

	2022-23 revised	2023-24 budget	Change %
<b>National Health Reform Agreement <sup>(d)</sup></b>			
The National Health Reform Agreement sets out the terms on which the Commonwealth contributes funding to the state's public hospital system. Hospitals are funded on the basis of an activity-based funding formula.	6 873	7 093	3.2
<b>National Partnerships</b>			
<i>Community Health and Hospitals Program</i>			
Funding for a range of Victorian health infrastructure projects to support the delivery of improved and expanded health services.	86	50	(42.4)
<i>Adult Public Dental Services <sup>(e)</sup></i>			
Funding to contribute to public dental services for eligible adults.	44	..	(100.0)
<i>National Mental Health and Suicide Prevention</i>			
Funding to contribute to the provision of a range of mental health and suicide prevention services.	36	30	(17.6)
<b>Other</b>	11	8	(21.3)
<b>Total health services</b>	<b>7 050</b>	<b>7 181</b>	<b>1.9</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.
- (d) Includes payments relating to the National Partnership on COVID-19 response, which are considered payments under the National Health Reform Agreement.
- (e) Funding for Adult Public Dental Services beyond 2022-23 is subject to negotiations with the Commonwealth.

**Table 4.11: Payments for infrastructure services <sup>(a)(b)(c)</sup>** **(\$ million)**

	2022-23 revised	2023-24 budget	Change %
<b>National Partnerships</b>			
<i>Infrastructure Investment Programme</i>			
Funding is provided for road and rail infrastructure. The program assists economic and social development regionally and nationally by providing funding to improve the performance of land transport infrastructure.	2 427	1 658	(31.7)
<i>Geelong City Deal</i>			
Funding to support projects under the Geelong City Deal, including the Shipwreck Coast Master Plan, Great Ocean Road projects and projects in the Geelong city centre.	33	63	92.0
<b>Total infrastructure</b>	<b>2 460</b>	<b>1 721</b>	<b>(30.0)</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.

**Table 4.12: Payments for contingent and other services** <sup>(a)(b)(c)</sup> **(\$ million)**

	2022-23 revised	2023-24 budget	Change %
<b>National Partnerships</b>			
<i>Legal Assistance Services</i>			
Funding for a share of the service delivery costs of Victoria Legal Aid on Commonwealth law matters.	96	97	1.6
<b>Commonwealth TAFE</b>			
Includes Commonwealth funding to deliver fee-free TAFE place in agreed areas of priority.	103	44	(57)
<b>Other <sup>(d)</sup></b>	1 838	1 854	(0.9)
<b>Total other services</b>	<b>2 037</b>	<b>1 995</b>	<b>(2.0)</b>

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements, yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Totals and percentage changes are based on underlying unrounded figures.
- (d) Includes payments from the Commonwealth for a range of services including residential aged care subsidies and other Commonwealth Own Purpose Expenditure.

## SALES OF GOODS AND SERVICES

Revenue generated by the sales of goods and services is expected to be \$6.1 billion in 2023-24. Sales of goods and services are forecast to increase by an average of 2.1 per cent a year over the forward estimates, reaching \$6.5 billion in 2026-27.

**Table 4.13: Sales of goods and services** **(\$ million)**

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
Motor vehicle regulatory fees <sup>(a)</sup>	299	306	367	375	395
Other regulatory fees <sup>(a)</sup>	707	736	762	707	720
Sale of goods <sup>(b)</sup>	93	92	94	93	91
Provision of services <sup>(b)</sup>	4 877	4 883	5 123	5 148	5 194
Rental	92	93	95	96	96
<b>Total sales of goods and services</b>	<b>6 068</b>	<b>6 111</b>	<b>6 441</b>	<b>6 419</b>	<b>6 497</b>

Notes:

- (a) Motor vehicle and other regulatory fees are accounted for under AASB 1058.
- (b) Sale of goods and provision of services are accounted for under AASB 15.

## DIVIDENDS, INCOME TAX EQUIVALENT AND RATE EQUIVALENT INCOME

Table 4.14 details the dividends, income tax and rate equivalent income received by the State from government business enterprises and dividend distributions from managed investments with the Victorian Funds Management Corporation.

Dividend and income tax equivalent income is projected to be \$1.3 billion in 2023-24 and decrease by an average of 1.4 per cent per year over the forward estimates.

**Table 4.14: Dividends, income tax equivalent and rate equivalent income** (\$ million)

	2022-23 <i>revised</i>	2023-24 <i>budget</i>	2024-25 <i>estimate</i>	2025-26 <i>estimate</i>	2026-27 <i>estimate</i>
Dividends	252	1 008	720	887	947
Income tax equivalent income	499	261	245	274	271
Local government rate equivalent income	5	5	6	5	5
<b>Total dividends, income tax equivalent and rate equivalent income</b>	<b>756</b>	<b>1 275</b>	<b>971</b>	<b>1 166</b>	<b>1 223</b>

## INTEREST INCOME

Interest income is received on the cash and deposits held by the Government. Total interest is expected to be \$1.6 billion in 2023-24 due to the higher surplus estimated to be maintained in the Central Banking System before the Victorian Future Fund is invested through the Victorian Funds Management Corporation during that year. Interest income is then forecast to decrease by an average of 11.0 per cent per year over the forward estimates.

## OTHER REVENUE AND INCOME

Table 4.15 shows other revenue and income, which includes fines, royalties, donations and gifts, assets received free of charge and other miscellaneous revenues. Other revenue is expected to be \$3.6 billion in 2023-24 and is forecast to grow by an average of 2.6 per cent per year over the forward estimates. This revenue profile is primarily driven by the Fair Value of assets received free of charge or for nominal consideration. In 2022-23, 2023-24 and 2024-25 this revenue item includes the Cross Yarra Partnership Consortium's contribution to additional costs borne by the operator as part of the Metro Tunnel settlement.

Table 4.15: Other revenue and income

(\$ million)

	2022-23 revised	2023-24 budget	2024-25 estimate	2025-26 estimate	2026-27 estimate
<b>Revenue items accounted for under AASB 15</b>					
Royalties	140	142	144	144	144
Other revenue – Health	248	254	261	261	261
Other miscellaneous revenue	845	693	735	743	757
<b>Income accounted for under AASB 1058</b>					
Fair value of assets received free of charge or for nominal consideration <sup>(a)</sup>	382	432	59	2	2
Road safety camera fines	470	639	624	587	608
Police on-the-spot fines	130	137	149	152	156
Toll road evasion fines	31	60	65	67	68
Non-traffic statutory and court fines	103	106	110	111	113
<b>Total fines</b>	<b>734</b>	<b>942</b>	<b>947</b>	<b>917</b>	<b>945</b>
Donations and gifts <sup>(b)</sup>	218	216	222	222	222
Other income – Education	386	396	406	417	427
Other miscellaneous income <sup>(c)</sup>	..	..	..	..	308
<b>Revenue items accounted for under AASB 16</b>					
Other non-property rental	26	27	27	27	27
<b>Revenue items accounted for under AASB 1059</b>					
Revenue related to economic service concession arrangements	483	515	502	648	809
<b>Total other revenue and income</b>	<b>3 462</b>	<b>3 617</b>	<b>3 304</b>	<b>3 382</b>	<b>3 902</b>

**Notes:**

(a) The funding profile of the Fair Value of assets received free of charge or for nominal consideration in 2022-23, 2023-24 and 2024-25 includes the Cross Yarra Partnership Consortium's contribution to the additional costs borne by the operator as part of the Metro Tunnel settlement.

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

(c) Other miscellaneous income reflects the estimated amounts for reimbursement of expenditure.

## CHAPTER 5 – TAX EXPENDITURES AND CONCESSIONS

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Tax expenditures and concessions represent foregone revenue to the State. They take various forms, but all preferentially benefit certain taxpayers, activities or assets compared with normal taxation treatment.

This chapter includes new and previously announced government decisions providing tax incentives and benefits to targeted taxpayers.

In the *2023-24 Budget*, the Government has announced a range of new measures to support Victorians and improve the efficiency of Victoria's taxes, including:

- expanding land tax and land transfer duty concessions for families providing a home to a relative with a disability who would be eligible for a Special Disability Trust
- introducing a land tax exemption for land protected by a conservation covenant with Trust for Nature
- abolishing business insurance duty
- making land transfer duty fairer for pensioners and concession card holders.

In addition, a range of tax initiatives will impact estimated expenditures, including:

- COVID Debt Levy comprising the COVID Debt Levy – Payroll \$10m+ and the COVID Debt Levy – Landholdings
- removing the payroll tax exemption for high-fee private schools
- increasing the absentee owner surcharge.

Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* contains further details on these and other revenue initiatives.

This chapter only includes tax expenditures and concessions that can be costed. All amounts in this chapter have been rounded to the nearest \$1 million unless otherwise stated. Figures may not add due to rounding.

## TAX EXPENDITURES

Tax expenditures are estimated by taking the difference between the reduced tax paid by a person or entity receiving preferential treatment and the tax paid by similar taxpayers who do not receive that treatment. Benefits arising from marginal tax rates, tax free thresholds and full waivers are not considered to be tax expenditures, since they apply to all taxpayers. Accordingly, they are not considered in this chapter.

Over the decade to 2022-23, the State has forgone \$84.4 billion in revenue from tax expenditures. In 2023-24, tax expenditures are forecast to be \$17.6 billion.

A number of measures were announced in the *2020-21 Budget* to help businesses, workers, households and the community get through the COVID-19 pandemic and support economic recovery. Several have now concluded and are no longer included in this chapter. However, the financial impact of some continues into 2022-23, such as the New Jobs Tax Credit on payroll tax.

The *2023-24 Budget* introduces the COVID Debt Levy as a part of the Government's COVID Debt Repayment Plan.

The COVID Debt Levy – Landholdings contributes to growth in the 2023-24 estimated tax expenditures relative to those published in the *2022-23 Budget*, primarily due to the land tax exemption for principal place of residences.

Similar to previous years, land tax makes the largest contribution to total estimated tax expenditures in 2023-24, largely attributable to the principal place of residence and primary production exemptions. Land tax expenditure estimates have been upgraded compared with the *2022-23 Budget*, consistent with estimated revenue collections from the COVID Debt Levy – Landholdings and increases in land value forecasts.

Payroll tax expenditures have been revised upwards since the *2022-23 Budget*, driven by higher-than-expected take-up of the New Jobs Tax Credit. Payroll tax expenditures are estimated to rise in 2022-23 due to this initiative, and then decline from 2023-24 as it concludes. The COVID Debt Levy – Payroll \$10m+ also contributes to an increase in tax expenditures consistent with that of the Mental Health and Wellbeing Levy.

Abolishing business insurance will increase expenditures for this tax line. These initiatives introduce a preferential treatment for business insurance relative to other insurance types such as travel, and motor vehicle insurance.

The tax expenditures outlined in Tables 5.1 and 5.2 include exemptions, reduced rates and deductions or rebates of tax for a certain type of taxpayer, activity or asset. Estimates assume taxpayer behaviour is unchanged by the relevant exemption or concession.



**Table 5.1: Estimates of aggregate tax expenditures by type of tax** (\$ million)

Description	2022-23	2023-24	2024-25	2025-26	2026-27
Land tax <sup>(a)</sup>	9 140	13 454	13 549	14 026	14 735
Fire Services Property Levy	30	30	30	30	31
Payroll tax <sup>(b)</sup>	2 137	1 617	1 560	1 616	1 696
Gambling tax	82	83	85	88	90
Motor vehicle taxes	202	217	230	245	261
Land transfer duties	1 560	1 388	1 467	1 566	1 647
Congestion levy	72	76	79	81	83
Mental Health and Wellbeing Levy	91	96	91	96	103
Insurance duty	531	557	622	698	782
COVID Debt Levy – Payroll \$10m+ <sup>(c)</sup>	..	88	91	96	103
<b>Total estimated tax expenditures</b>	<b>13 845</b>	<b>17 607</b>	<b>17 805</b>	<b>18 543</b>	<b>19 530</b>

**Notes:**

- (a) From 1 January 2024, the COVID Debt Levy – Landholdings will be implemented as a land tax surcharge and is included in the total land tax expenditures from 2023-24. The levy will apply until 30 June 2033.
- (b) From 1 July 2024, the payroll tax-free threshold will increase from \$700 000 to \$900 000, and subsequently increase further to \$1 million from 1 July 2025. From 1 July 2024, the tax-free amount will reduce for each dollar of wages a business pays over \$3 million, phasing out such that businesses with wages over \$5 million do not benefit from the tax-free threshold. This initiative affects the magnitude of tax expenditures from 1 July 2024 as the tax benchmark changes.
- (c) From 1 July 2023, the COVID Debt Levy – Payroll \$10m+ will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year. The levy will apply until 30 June 2033.

**Table 5.2: Estimates of tax expenditures that can be costed**

(\$ million)

<i>Description</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>
<b>Land Tax <sup>(a)</sup></b>					
Crown property (right of Victoria)	707	785	786	817	865
Principal place of residence <sup>(b)(c)</sup>	5 030	8 655	8 727	9 010	9 422
Land held in trust for public or municipal purposes or vested in any municipality	528	586	587	610	646
Land used by charitable and religious institutions	347	390	390	405	429
Commonwealth land	400	445	445	463	490
Land used for primary production	1 450	1 686	1 691	1 755	1 856
Land vested in public statutory authorities	330	366	367	381	404
Assessment on a single holding basis for land owned by a municipality	13	14	14	15	16
Land tax concessional rate for horse or harness racing	9	10	10	10	11
Assessment on a single holding basis for land owned by charities	26	29	29	31	32
Retirement villages	52	60	60	62	66
Non-profit organisations providing outdoor cultural or sporting recreation or carried on exclusively for social, sporting, cultural or literary purposes (excluding horse or harness racing)	59	67	67	70	74
Land tax exemption for friendly societies <sup>(d)</sup>	..	..	..	..	1
Associations of ex-servicemen	4	5	5	5	5
Caravan parks	10	11	11	11	12
Residential care facilities	31	36	36	37	39
Low cost accommodation	3	4	4	4	4
Land tax exemption for mining	1	1	1	1	1
Absentee owner surcharge exemption	137	296	306	325	345
Vacant residential land tax exemptions	4	8	8	8	8
Big Housing Build: Land tax discount for build to rent projects <sup>(e)</sup>	..	1	5	7	8
<b>Total land tax exemptions</b>	<b>9 140</b>	<b>13 454</b>	<b>13 549</b>	<b>14 026</b>	<b>14 735</b>
<b>Fire Services Property Levy</b>					
Fire Services Property Levy concession for pensioners and Department of Veterans' Affairs cardholders	22	22	22	22	22
Fire Services Property Levy exemption for single farm enterprises	8	8	8	9	9
<b>Total Fire Services Property Levy expenditures</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>31</b>
<b>Payroll tax</b>					
Wages paid by public hospitals	197	205	212	221	231
Wages paid by non-profit hospitals	20	21	21	22	23
Wages paid by health care services	31	33	35	36	38
Wages paid by public benevolent institutions/charities	310	325	344	357	375
Wages paid by religious institutions	5	5	5	5	6
Wages paid by non-profit non-government schools <sup>(f)</sup>	285	298	191	198	208
Wages paid by Commonwealth departments/agencies (excluding transport and communication)	109	114	118	123	129
Wages paid by municipal councils (not wages for trading activities) <sup>(g)</sup>	144	150	158	164	171
Construction industry leave entitlements paid by CoINVEST	9	10	10	11	11
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986</i> (Commonwealth)	17	17	15	16	16
Paid parental leave	28	30	31	32	34
Wages paid to employees participating in voluntary emergency service work	1	1	1	1	1

<i>Description</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>
Reduced payroll tax rate for regional employers	388	408	419	430	453
Payroll tax: New Jobs Tax Credit <sup>(h)</sup>	593	..	..	..	..
<b>Total payroll tax expenditures</b>	<b>2 137</b>	<b>1 617</b>	<b>1 560</b>	<b>1 616</b>	<b>1 696</b>
<b>Mental Health and Wellbeing Levy <sup>(i)</sup></b>					
Wages paid by public hospitals	33	34	36	37	39
Wages paid by non-profit hospitals	3	4	4	4	4
Wages paid by health care services	2	3	3	3	3
Wages paid by public benevolent institutions/charities	20	21	22	23	25
Wages paid by religious institutions	..	..	..	..	..
Wages paid by non-profit non-government schools <sup>(j)</sup>	17	19	10	11	12
Wages paid by municipal councils (not wages for trading activities)	12	13	13	14	15
Construction industry leave entitlements paid by CoINVEST	1	1	1	1	1
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986</i> (Commonwealth)	1	1	1	1	1
Paid parental leave	2	2	2	2	2
Wages paid to employees participating in voluntary emergency service work	1	1	1	1	1
<b>Total Mental Health and Wellbeing Levy exemptions</b>	<b>91</b>	<b>96</b>	<b>91</b>	<b>96</b>	<b>103</b>
<b>Gambling taxes</b>					
Clubs pay lower tax rate on net cash balance (electronic gaming machines)	82	83	85	88	90
<b>Total gambling tax expenditures</b>	<b>82</b>	<b>83</b>	<b>85</b>	<b>88</b>	<b>90</b>
<b>Motor Vehicle taxes</b>					
Discounted registration fee for vehicles operated by Health Care Card holders and pensioners	133	143	151	160	168
Discounted registration fee for vehicles operated by totally and permanently incapacitated persons	2	2	2	2	3
Discounted registration fee for light vehicles operated by primary producers	9	10	10	11	11
Discounted registration fee for heavy vehicles operated by primary producers	40	43	46	49	53
Discounted registration fee for zero and low-emission vehicles (ZLEVs) <sup>(k)</sup>	2	3	4	5	7
Discounted registration fee for trade apprentices <sup>(l)</sup>	4	4	4	5	5
Discounted registration fee for vehicles operated by charitable or religious institutions	6	6	7	7	7
Concessions to motor vehicle luxury duty for green vehicles and primary producers	5	5	6	6	6
Exempt wheelchair accessible commercial passenger vehicles that provide unbooked services from motor vehicle duty	1	1	1	1	1
<b>Total motor vehicle tax expenditures</b>	<b>202</b>	<b>217</b>	<b>230</b>	<b>245</b>	<b>261</b>

Description	2022-23	2023-24	2024-25	2025-26	2026-27
<b>Land Transfer Duty <sup>(m)</sup></b>					
Land transfer duty concession for first home buyers of properties valued up to \$750 000	664	595	653	712	758
Land transfer duty concession for farmers under 35 years of age buying their first farmland	1	1	1	1	1
Land transfer duty concession for corporate reconstruction <sup>(n)</sup>	57	51	56	62	65
Land transfer duty concession for pensioners and concession card holders	73	65	72	78	83
Land transfer duty concession for principal place of residence	88	79	87	94	101
Off-the-plan land transfer duty concession for investors <sup>(o)</sup>	30	8	2	..	..
Off-the-plan land transfer duty concession for owner-occupiers <sup>(p)</sup>	122	122	131	133	131
Foreign Purchaser Additional Duty exemption for corporations and trustees	59	53	58	63	67
Land transfer duty concession for commercial and industrial properties in regional Victoria	82	81	90	99	106
Land transfer duty exemption for charities and friendly societies <sup>(n)</sup>	44	39	43	47	50
Land transfer duty exemption for family farm	58	52	57	62	66
Big Housing Build: Land transfer duty waiver for residential property transactions of up to \$1 million <sup>(q)</sup>	39	19	8	4	1
Temporary land transfer duty discount for new residential property within the Melbourne local government area <sup>(r)</sup>	28	12	6	4	2
Transfers of deceased estates <sup>(s)</sup>	214	210	203	207	215
<b>Total land transfer duties expenditures</b>	<b>1 560</b>	<b>1 388</b>	<b>1 467</b>	<b>1 566</b>	<b>1 647</b>
<b>Congestion Levy</b>					
Residential	10	10	11	11	11
Commercial and private	62	66	68	70	72
<b>Total congestion levy exemption</b>	<b>72</b>	<b>76</b>	<b>79</b>	<b>81</b>	<b>83</b>
<b>Insurance Duty <sup>(t)</sup></b>					
Premiums on products provided by friendly societies	7	7	8	8	9
Premiums on life insurance policies	167	178	191	205	219
Premiums on accident cover policies including workers compensation	358	372	382	395	410
Premiums on business insurance policies <sup>(u)</sup>	..	..	42	90	145
<b>Total insurance duty expenditures</b>	<b>531</b>	<b>557</b>	<b>622</b>	<b>698</b>	<b>782</b>
<b>COVID Debt Levy – Payroll \$10m+ <sup>(v)</sup></b>					
Wages paid by public hospitals	..	31	36	37	39
Wages paid by non-profit hospitals	..	3	4	4	4
Wages paid by health care services	..	2	3	3	3
Wages paid by public benevolent institutions/charities	..	19	22	23	25
Wages paid by religious institutions	..	..	..	..	..
Wages paid by non-profit non-government schools <sup>(w)</sup>	..	17	10	11	12
Wages paid by municipal councils (not wages for trading activities)	..	11	13	14	15
Construction industry leave entitlements paid by CoINVEST	..	1	1	1	1
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986</i> (Commonwealth)	..	1	1	1	1
Paid parental leave	..	1	2	2	2
Wages paid to employees participating in voluntary emergency service work	..	1	1	1	1
<b>Total COVID Debt Levy – Payroll \$10m+</b>	<b>..</b>	<b>88</b>	<b>91</b>	<b>96</b>	<b>103</b>
<b>Total estimated tax expenditures</b>	<b>13 845</b>	<b>17 607</b>	<b>17 805</b>	<b>18 543</b>	<b>19 530</b>

**Notes:**

- (a) Total land tax expenditures will increase significantly from 2022-23 in line with increases in land values and consistent with estimated revenue collections from the COVID Debt Levy – Landholdings.
- (b) The COVID Debt Levy – Landholdings has a relatively larger impact on the principal place of residence expenditure due to the lower tax-free threshold and the fixed charge.
- (c) The initiative to allow a longer land tax exemption where construction or renovation of a principal place of residence is delayed due to builder insolvency will commence from 1 January 2024. This is included in the principal place of residence expenditure.
- (d) Estimated expenditures are below \$500 000 in some years due to a low number or value of concessions provided.
- (e) The absentee owner surcharge component of the build-to-rent exemption is included in the general absentee owner surcharge expenditure.
- (f) From 1 July 2024, high-fee non-government schools will no longer be exempt from payroll tax.
- (g) Estimates revised downwards due to updated data.
- (h) Estimates for the New Jobs Tax Credit were significantly upgraded in 2022-23 due to stronger than expected actuals.
- (i) Data limitations mean the cost of the Mental Health and Wellbeing Levy exemptions for wages paid by Commonwealth departments/agencies (excluding transport and communication) is included in the payroll tax estimate of the same name.
- (j) From 1 July 2024, high-fee non-government schools will no longer be exempt from payroll tax. This means certain high-fee non-government schools may also be subject to the Mental Health and Wellbeing Levy.
- (k) Expenditure estimates for the registration concession for zero and low-emission vehicles have been revised down since the 2022-23 Budget due to the availability of data. Estimates now reflect the change in policy excluding conventional hybrid vehicles from the registration concession.
- (l) Incorporates the impact of the trade apprentice registration discount from 50 per cent to 100 per cent as announced in the 2023-24 Budget.
- (m) Land transfer duty relief for communities affected by the 2019-20 bushfires has been removed from publication as this measure has concluded.
- (n) These expenditure estimates are typically variable due to the infrequent and potentially high value nature of the transactions.
- (o) The off-the-plan concession for investors concluded on 1 July 2017. Figures from 2022-23 reflect contracts entered into prior to 1 July 2017 but expected to settle after 1 July 2022.
- (p) Incorporates the increase in the threshold for the land transfer duty off-the-plan concession from \$550 000 to \$1 million for home buyers and \$750 000 to \$1 million for first home buyers for contracts entered into between 1 July 2021 to 30 June 2023.
- (q) Eligibility for this waiver ended on 1 July 2021. Tax expenditures reflect contracts entered into prior to 1 July 2021 but expected to settle after the eligibility end date of 1 July 2021. The tax expenditure for this waiver has decreased compared with the 2021-22 Budget due to additional data about the patterns of these contracts settling.
- (r) Eligibility for this ended on 1 July 2022. Tax expenditures reflect contracts entered into prior to 1 July 2022 but expected to settle after the eligibility end date of 1 July 2022.
- (s) Deceased estates transfers, which were previously not able to be costed, have been added due to methodological improvements.
- (t) The Duties Act 2000 provides for other exemptions from insurance duty including premiums on health insurance policies, freight and certain freight vehicle policies, crop and livestock policies and agricultural machinery policies. These exemptions are unable to be costed due to availability of data.
- (u) From 1 July 2024 the government will gradually abolish duty charged on non-motor vehicle business insurances by reducing the rate by 1 percentage point per year until fully abolished by 2033.
- (v) Estimates of the COVID Debt Levy – Payroll \$10m+ exemption for wages paid by Commonwealth departments and agencies are not provided due to data availability.
- (w) From 1 July 2024, high-fee non-government schools will be liable for the temporary levy on large business payroll.

Tax expenditures represent 50 per cent of total tax revenue in 2023-24, increasing from 39 per cent as published in the *2022-23 Budget*. The ratio of estimated tax expenditures for 2023-24 is higher than estimates over the past decade, increasing from around 0.28 in 2014-15 and rising above the peak ratio of 0.49 published in 2020-21. This primarily reflects the impact of initiatives to support the Government's COVID Debt Repayment Plan as well as growth in land value forecasts.

**Table 5.3: Estimated aggregate tax expenditures and tax revenue in 2023-24 (\$ million)**

<i>Description</i>	<i>Tax expenditure</i>	<i>Tax revenue</i>	<i>Ratio</i>
Land tax <sup>(a)</sup>	13 454	7 228	1.86
Payroll tax	1 617	7 984	0.20
Gambling tax	83	2 584	0.03
Motor vehicle taxes	217	3 352	0.06
Land transfer duties	1 388	7 360	0.19
Congestion levy	76	122	0.63
Fire Services Property Levy	30	847	0.04
Mental Health and Wellbeing Levy	96	912	0.11
Insurance duty	557	2 011	0.28
COVID Debt Levy – Payroll \$10m+	88	836	0.11
Other/miscellaneous	...	1 641	...
<b>Total for items estimated</b>	<b>17 607</b>	<b>34 877</b>	<b>0.50</b>

*Note:*

*(a) Land tax estimates include the COVID Debt Levy – Landholdings.*

Table 5.4 estimates tax expenditures for groups of potential taxpayers based on the legal incidence of state taxes. The largest beneficiaries of tax expenditures are owner-occupier households, mainly due to principal places of residence being exempt from land tax and the COVID Debt Levy – Landholdings. Revenue forgone from this group is expected to be around \$9.5 billion in 2023-24.

**Table 5.4: Estimated aggregate tax expenditures classified by persons or entities affected**

(\$ million)

<i>Description</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>
Business not elsewhere included	1 769	1 221	1 307	1 409	1 527
Charitable, religious and educational institutions	1 067	1 175	1 082	1 127	1 191
Gambling clubs	82	83	85	88	90
Commonwealth and state governments	1 546	1 710	1 716	1 783	1 888
Local government	696	774	785	816	862
Hospitals	253	298	312	325	341
Pensioners/concession cardholders	230	232	247	262	276
Owner-occupier households	5 943	9 470	9 606	9 953	10 413
Investors purchasing off-the-plan properties	30	8	2	...	...
Primary producers	1 566	1 800	1 813	1 887	1 996
Sporting, recreation and cultural organisations	67	77	77	80	85
Other	596	758	773	813	860
<b>Total for items estimated</b>	<b>13 845</b>	<b>17 607</b>	<b>17 805</b>	<b>18 543</b>	<b>19 530</b>

## CONCESSIONS

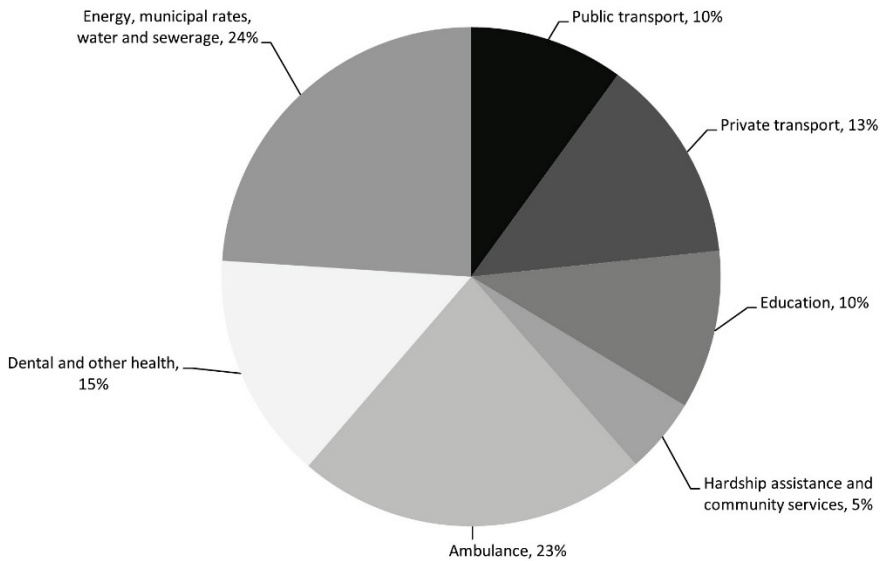
Concessions are direct budget outlays or reduced government charges that lower the price of a good or service for particular groups. Over the decade to 2022-23, the State has provided \$17.4 billion in concessions. In 2023-24, concessions are forecast to be around \$2.1 billion.

Certain characteristics of a consumer, such as possessing a Commonwealth Government pension card or healthcare card, can be the basis for such entitlements. Concessions allow certain groups in the community to access or purchase important public services such as energy, education, health and transportation at a reduced cost.

Chart 5.1 shows the estimated distribution of concessions by category for 2023-24. The two largest categories account for almost two thirds of total concessions:

- health (including ambulance, dental and other health)
- energy, municipal rates, water and sewerage.

**Chart 5.1: Estimated concessions by category 2023-24**



*Note:*

*(a) Percentages may not sum to 100 per cent due to rounding.*

Table 5.5 classifies the major concessions by category.

Eligible concession card holders receive reduced bills for energy, municipal rates, water and sewerage, funded by the State and paid to service providers.

Education concessions include concessions for preschool and for vocational education and training.

Hardship schemes include the Utility Relief Grants Scheme and payments to State Trustees through a Community Service Agreement. The Utility Relief Grants Scheme assists Victorians unable to pay utility bills due to temporary financial hardship. State Trustees provide trustee services, including managing the legal and financial affairs of Victorians unable to do so independently.

Health concessions include concessions for a variety of services such as ambulances, spectacles, community health programs and dental.

The social and community services category includes assistance to not-for-profit organisations such as Bereavement Assistance Limited, the Charity Freight Service and food relief organisations.



Private transport concessions consist of a discount on Transport Accident Commission premiums, funding of the Multi-Purpose Taxi Program and vehicle registration discounts through the Victorian Veterans Card initiative.

Public transport concessions capture free public transport for veterans and other carers and now includes pre-paid public transport for school students in crisis as introduced in the 2022-23 Budget.

**Table 5.5: Concessions by category** (\$ million)

<i>Description</i>	<i>2022-23</i>	<i>2023-24</i>
Electricity	143	146
Mains gas	69	71
Municipal rates	103	105
Water and sewerage	179	181
<b>Total energy, municipal rates, water and sewerage</b>	<b>494</b>	<b>503</b>
Ambulance	464	478
Dental services and spectacles	178	180
Community health programs <sup>(a)</sup>	187	129
<b>Total health</b>	<b>829</b>	<b>787</b>
<b>Education</b>	<b>198</b>	<b>216</b>
<b>Hardship schemes</b>	<b>89</b>	<b>94</b>
<b>Social and community services</b>	<b>15</b>	<b>9</b>
<b>Private transport</b>	<b>259</b>	<b>280</b>
<b>Public transport <sup>(b)</sup></b>	<b>201</b>	<b>210</b>
<b>Total for items estimated</b>	<b>2 085</b>	<b>2 098</b>

Notes:

(a) Decrease in health program concession expenditure is due to the conclusion of Commonwealth and State COVID-19 Recovery and Care funding. This included funding for programs that have lapsed such as GP clinics, Nurse on Call, Urgent Care Centres, COVID positive pathways and COVID care navigators.

(b) Estimates now incorporate the impact of the Pre-paid public transport tickets for school students in crisis initiative announced in the 2022-23 Budget.



# CHAPTER 6 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

This chapter contains information on contingent assets and liabilities for the general government sector and should be read in conjunction with Chapter 1.

## 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.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Table 6.1 contains quantifiable contingent assets as at 8 May 2023.

Table 6.1: Quantifiable contingent assets		(\$ million)
	As at Nov 2022 <sup>(a)</sup>	As at May 2023
Guarantees, indemnities and warranties	75	75
Legal proceedings and disputes	2	2
Other	46	79
<b>Total contingent assets</b>	<b>123</b>	<b>155</b>

Note:

(a) As published in the 2022 Victorian Pre-Election Budget Update.

## Non-quantifiable contingent assets

### Peninsula Link compensable enhancement claim

The EastLink Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent of any additional revenue derived by ConnectEast Pty Ltd (ConnectEast) as a result of certain events that particularly benefit EastLink, including changes to the adjoining road network.

On 2 January 2014, the State lodged a compensable enhancement claim as a result of opening Peninsula Link. The claim remains outstanding.

## CONTINGENT LIABILITIES

Contingent liabilities are:

- 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:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Table 6.2 contains quantifiable contingent liabilities as at 8 May 2023.

**Table 6.2: Quantifiable contingent liabilities** (\$ million)

	As at Nov 2022 <sup>(a)</sup>	As at May 2023
Guarantees, indemnities and warranties <sup>(b)</sup>	1 070	1 042
Legal proceedings and disputes	335	324
Other	442	331
Non-general government debt <sup>(c)</sup>	14 603	15 476
<b>Total contingent liabilities</b>	<b>16 450</b>	<b>17 173</b>

Notes:

(a) As published in the 2022 Victorian Pre-Election Budget Update.

(b) Guarantees, indemnities and warranties include loans provided by the Treasury Corporation of Victoria to entities other than the State of Victoria and participating authorities, subject to the provision of a guarantee by the Treasurer.

(c) Mainly represents the guarantee of borrowings provided by the Treasurer for the public sector borrowings portfolio. Expected losses under any financial guarantees are recorded as financial liabilities in the balance sheet.

## Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities relating to transactions, including financial arrangements and consultancy services, as well as for directors and administrators
- performance guarantees, warranties, letters of comfort and the like
- deeds in respect of certain obligations
- unclaimed monies, which may be subject to future claims by the general public against the State.

An overview of the more significant non-quantifiable liabilities follows.

## **Biosciences Research Centre (known as AgriBio)**

The quarterly service fee payment obligations of Biosciences Research Centre Pty Ltd (BRC Co) on behalf of the joint venture participants (Department of Energy, Environment and Climate Action and La Trobe University) are backed by the State of Victoria under a State Support Deed.

Under this Deed, the State ensures that the joint venture participants have the financial capacity to meet their payment obligations to BRC Co, thereby enabling BRC Co to meet its obligations to pay the quarterly service fee to the concessionaire under the Project Agreement. The State underwrites the risk of any default by BRC Co.

## **Compulsory property acquisitions**

The State has compulsorily acquired a number of properties (residential and commercial) through the *Land Acquisition and Compensation Act 1986* to facilitate delivery of various projects. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

## **COVID-19 class action – Victorian businesses**

A class action has been filed in the Supreme Court of Victoria against the State of Victoria, the Ministers for Health and Jobs, and the Secretaries of the Department of Health and Human Services and the Department of Jobs, Precincts and Regions relating to economic losses suffered by Victorian businesses under Stage 3 and 4 public health restrictions. The VMIA has been notified of this proceeding. VMIA's Combined Liability Policy will respond.

At this stage it is impractical to quantify the financial effects of this contingent liability.

## **COVID-19 class action – public housing tower residents**

A class action was filed in the Supreme Court of Victoria against the State of Victoria relating to the decision to declare localised public health restrictions. The VMIA has been notified of this proceeding. VMIA's Combined Liability Policy will respond.

## **COVID-19 related claim notifications**

The Department of Transport and Planning has received and may receive future notifications under the contractual agreements by the contractors in relation to the possible impact of COVID-19 on a number of projects. Current and possible future claims cannot be reliably estimated at this stage as quantifiable claims are still under review and/or have not yet been provided for under the contract.

It is not possible to estimate the financial effect of these claims at the date of this report.

## Department of Education

The Department of Education has a number of non-quantifiable contingent liabilities, arising from indemnities provided by it, as follows:

- Volunteer school workers and volunteer student workers: the *Education and Training Reform Act 2006* provides indemnity for personal injuries or death (and at the discretion of the Minister, for property damage) suffered by volunteer school workers and volunteer student workers arising out of or in the course of engaging in school work or community work respectively.
- Teaching service and public service employees: if a Department employee is named as a defendant in a civil proceeding (for example, personal injury, discrimination or employment claim), any costs and damages will generally be paid by the Department provided the employee was not under the influence of illicit drugs or alcohol or engaging in a criminal offence and the behaviour was not outrageous and was related to their employment.
- Board members: the *Education and Training Reform Act 2006* requires the State to indemnify a member of a Merit Protection Board or a Disciplinary Appeals Board for anything done or omitted to be done in good faith in the exercise of a power or the discharge of their statutory duties.
- School councils: the *Education and Training Reform Act 2006* requires the Department to indemnify individual members of school councils for any legal liability, whether in contract, negligence or defamation, if they acted in good faith and in the exercise of their powers or functions. The Department may decide to indemnify school councils (which are separate entities to the Department) in claims of common law negligence, employment disputes and other civil claims, for the cost of settlement and/or legal representation. The Department will take into account the impact of payment upon the school's educational program and any insurance cover for the school council, and will likely indemnify if the Department is satisfied that:
  - the school council acted in good faith and according to issued guidelines and directions
  - the school council has insufficient funds to pay the claim.

## Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019

The *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (the Act) was assented on 2 July 2019.

Part 2 of the Act, which came into operation on 3 July 2019, provides for the establishment and operation of the Firefighters' Presumptive Rights Compensation scheme for both career and volunteer firefighters. At the time of the preparation of this report, it is impractical to quantify any possible contingent liabilities for the State arising from the scheme.

## **Fiskville independent investigation and closure of training college**

An independent investigation was undertaken into the historical use of chemicals for live firefighting training at Fiskville Training College (Fiskville) between 1971 and 1999. The report of the independent investigation has been released and the Country Fire Authority (CFA) has accepted all of the facts, recommendations and conclusions and is committed to implementing all recommendations.

In August 2012, the CFA established a program office to manage the implementation of the report's recommendations and an additional 11 management initiatives to which the CFA Board committed in its response to the report.

On 26 March 2015, the Government announced the permanent closure of Fiskville. Fiskville and the Victorian Emergency Management Training Centre training grounds owned by the CFA at Penshurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerenong have been the subject of notices issued by the Environment Protection Authority Victoria (EPA). In addition, the CFA has received a clean-up notice to remediate the immediate neighbouring properties located downstream of the formal Fiskville Training College.

The Government's response to the Fiskville Inquiry was tabled in Parliament on 24 November 2016. The response supported all of the 31 recommendations of the Victorian Parliamentary Inquiry into the CFA Training College at Fiskville, either in full, in principle or in part.

The CFA has a number of contingent liabilities arising from the closure of Fiskville and the notices issued by the EPA. These relate to any further notices that may be issued by the EPA, any regulatory infringements that may be imposed by the EPA, compensation that may be sought, any legal claims that may be made, and recommendations made by the inquiry.

At this stage, it is impractical to quantify the financial effects of these contingent liabilities.

## **Land remediation – environmental concerns**

In addition to properties for which remediation costs have been provided in the State's financial statements, certain other properties have been identified as potentially contaminated sites. The State does not admit any liability in respect of these sites. However, remedial expenditure may be incurred to restore the sites to an acceptable environmental standard in the event contamination is identified.

## **Native Title**

A number of claims have been filed in the Federal Court under the Commonwealth *Native Title Act 1993* that affect Victoria. It is not feasible at this time to quantify any future liability.

## **October–November 2022 flood event**

In October 2022, Victoria experienced significant rainfall which caused a major widespread flood event, resulting in loss and damage to many homes, farms, properties, community assets, roads and other infrastructure. These impacts have been, and continue to be felt, in many local government areas across regional Victoria and metropolitan Melbourne. The Victorian and Commonwealth governments are working cooperatively together on implementing relief and recovery initiatives to be cost shared under the Disaster Recovery Funding Arrangements (DRFA). The Victorian Government has also initiated a number of separate programs not eligible under the DRFA to support communities impacted by the flood event.

The State is insured by policies with the Victorian Managed Insurance Authority (VMIA) and may be able to recover certain costs that relate to flood repairs and recovery required to State owned assets and infrastructure through these policies.

At this stage it is not possible to accurately quantify the full financial effects of these events.

## **Per-fluoroalkyl and poly-fluoroalkyl substances (known as PFAS)**

Fire Rescue Victoria (FRV) has determined that there is per-fluoroalkyl and poly-fluoroalkyl substances contamination at specific FRV properties and adjoining surroundings. FRV continues to test exposure sites across all properties and adjoining surroundings. Due to the ongoing complexities of each site and adjoining surroundings together with the multiple stages of testing required to establish the degree of penetration, FRV is unable to estimate an underlying value for this liability. This is likely to include any remediation works which may be required to meet environmental and people health and safety obligations across all of its sites while this testing continues and a complete program of works to remediate related risks.

## **Planning scheme compensation**

Under section 98 of the *Planning and Environment Act 1987*, the owner or occupier of any land may claim compensation from the planning authority for financial loss suffered as the natural, direct and reasonable consequence of the land being reserved, or declared as reserved for a public purpose under a planning scheme.

The future liability depends on a number of factors and cannot be reliably quantified.



## **Public acquisition overlays for the future development of rail and road infrastructure**

Public acquisition overlays are in place to reserve certain areas of land for future development of rail and road infrastructure. Under section 98 of the *Planning and Environment Act 1987*, the State has a legislative responsibility to compensate eligible land and property owners who face either:

- loss on sale – an eligible landowner is entitled to compensation for the incremental loss on sale when a property affected by a public acquisition overlay is sold for less than its market value
- financial loss – the entitlement to financial loss compensation is triggered when a development permit is refused because the property is required for a public purpose.

Compensation and purchase claims occur as a result of claims by land owners. The future liability depends on factors, including the number of claims received and the prevailing value of land at the time the claim is made. As a result, the liability cannot be reliably quantified.

## **Public transport rail partnership agreements**

The Department of Transport and Planning (DTP) is party to contractual arrangements with franchisees to operate metropolitan rail transport services across the state, from 30 November 2017 until 30 November 2024. The major contingent liabilities arising in the event of early termination or expiry of the contract are:

- partnership assets – to maintain continuity of services, at early termination or expiry of the franchise contract, assets will revert to DTP or a successor. In the case of some assets, a reversion back to DTP would entail those assets being purchased
- unfunded superannuation – at the early termination or expiry of the contract, DTP will assume any unfunded superannuation amounts (apart from contributions the operator is required to pay over the contract term) to the extent that the State becomes the successor operator.

## **Royal Commission into the Management of Police Informants**

Since the conclusion of the Royal Commission into the Management of Police Informants (RCMPI), the State of Victoria (Victoria Police) has been served with a number of civil claims. These civil claims and a number of Court of Appeal criminal matters as well as ongoing disclosure work by Victoria Police will likely dictate whether further claims are received.

Given those circumstances, it is not possible to reliably quantify any contingent liabilities relating to potential matters arising from the conduct explored by the RCMPI.

## **Royal Melbourne Showgrounds redevelopment**

The State has entered into an agreement with the Royal Agricultural Society of Victoria (RASV) pursuant to which the State agrees to support certain payment obligations of RASV that may arise under the Non-Core Development Agreement subject to the RASV complying with certain obligations as set out in that Deed.

## **Southern Cross Station target capacity threshold**

The State has a possible liability relating to a claim from a contractor responsible for operating and maintaining Southern Cross Station. The claim relates to patronage levels at the station and the contract provides a process to assess whether modifications to the station, compensation to the contractor or changes to the service standards are required. The claim is being considered and the financial effect is yet to be determined.

## **Victorian Managed Insurance Authority – insurance cover**

The Victorian Managed Insurance Authority (VMIA) was established in 1996 as an insurer for state government departments, participating bodies as defined under the *Victorian Managed Insurance Authority Act 1996* and other entities as declared by the minister. The VMIA insures its clients for property, public and products liability, professional indemnity, medical indemnity, contract works and a range of other risks. The VMIA also provides domestic building insurance to Victorian residential builders.

The VMIA reinsures in the private market based on the likelihood and impact of events as well as the cost and availability of such cover. The risk of losses above what VMIA reinsures in the private market is borne by the State.

The State, under separate deeds of indemnity, has agreed to reimburse VMIA:

- if the costs of public sector medical indemnity claims for a policy year exceed the initial estimate, on which the risk premium was based, by more than 20 per cent
- for losses above a certain limit that VMIA may incur due to changes in the availability of reinsurance.

## **Yallourn Power Station safety net**

The Government has reached an agreement with EnergyAustralia (EA) to ensure an orderly transition as EA implements the closure of the Yallourn Power Station in June 2028.

The agreement includes, should it be needed, a safety net to avoid an unplanned exit of Yallourn.

As part of this safety net, under certain scenarios, the State agrees to provide partial support to EA in the event of exceptional costs incurred in the operation of the Yallourn Power Station.

This support will help to ensure Yallourn's workers and Victoria's energy system have sufficient time to plan for the plant's closure. The possible liability depends on a number of future events and cannot be reliably and readily quantified.

## APPENDIX A – PUBLIC ACCOUNT

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The Public Account is the Government's official bank account. The Public Account holds the cash balances of the Consolidated Fund and the Trust Fund. The State's financial transactions on the Public Account are recorded in the public ledger.

The *Financial Management Act 1994* (FMA), among other things, provides for:

- temporary advances from the Public Account for a number of purposes related to the needs of the Government
- investment of the Public Account in trustee securities
- temporary borrowings, should the balance in the Consolidated Fund be insufficient to meet commitments during a financial year.

### The Consolidated Fund

The Consolidated Fund, established by the FMA, is the Government's primary financial account and receives all consolidated revenue under the *Constitution Act 1975* from which payments, appropriated by Parliament, are made.

### The Trust Fund

Within the Public Account, the Trust Fund includes a range of specific purpose accounts from which funds may be expended without parliamentary appropriation. Examples include accounts to record specific purpose payments from the Commonwealth for on-passing by the State to third parties, suspense account balances for accounting purposes, working accounts for commercial and departmental service units, and accounts facilitating the receipt and disbursement of private funds held by the State in trust. Additional accounts may also be established within the Trust Fund to receive state revenues hypothecated to particular purposes (e.g. lotteries revenue for hospitals and charities).

## A.1 The Consolidated Fund

### Estimated receipts and payments for the year ending 30 June 2023 and 30 June 2024

(\$ million)

	2022-23 budget	2023-24 budget	Variation %
<b>Receipts</b>			
Taxation	31 042	34 573	11.4
Fines and regulatory fees	1 100	1 110	0.9
Grants received	26 731	27 263	2.0
Sales of goods and services (including section 29 FMA annotated) <sup>(a)</sup>	1 466	1 288	(12.1)
Interest received	478	1 002	109.5
Dividends, income tax equivalent and rate equivalent receipts	363	1 315	261.7
Other receipts <sup>(a)</sup>	4 108	640	(84.4)
<b>Total operating activities</b>	<b>65 288</b>	<b>67 191</b>	<b>2.9</b>
<b>Total cash inflows from investing and financing</b>	<b>20 294</b>	<b>30 655</b>	<b>51.1</b>
<b>Total receipts</b>	<b>85 582</b>	<b>97 845</b>	<b>14.3</b>
<b>Payments</b>			
Special appropriations	7 270	14 770	103.2
Appropriations <sup>(b)</sup>			
Provision of outputs	51 440	52 449	2.0
Additions to the net asset base	12 695	13 492	6.3
Payments made on behalf of the State	21 286	27 639	29.8
Receipts credited to appropriation			
Provision of outputs	2 638	2 624	(0.5)
Additions to the net asset base	1 900	1 548	(18.5)
<b>Sub total</b>	<b>97 228</b>	<b>112 522</b>	<b>15.7</b>
Appropriations remaining unspent <sup>(c)</sup>	(10 578)	(6 790)	(35.8)
<b>Total payments <sup>(c)</sup></b>	<b>86 650</b>	<b>105 732</b>	<b>22.0</b>
<b>Net receipts/(payments) <sup>(c)</sup></b>	<b>(1 068)</b>	<b>(7 886)</b>	<b>n.a.</b>
<b>Opening balance 1 July <sup>(d)</sup></b>	<b>(1 175)</b>	<b>11 282</b>	<b>(1060.2)</b>
<b>Estimated closing balance 30 June <sup>(c)</sup></b>	<b>(2 243)</b>	<b>3 396</b>	<b>(251.4)</b>

**Notes:**

(a) The 2022-23 sales of goods and services and other receipts line items have been disaggregated compared with that presented in the 2022-23 Budget.

(b) Includes unapplied appropriations carried over from the previous year.

(c) The 2022-23 Budget figures have been restated to correctly reflect the nature of the transactions.

(d) The opening balance of the consolidated fund for the 2023-24 Budget is based on the 2022-23 opening balances plus the estimated movements for the 2022-23 revised budget. See Note B.10.1 of Appendix B in this budget paper for further details.

## A.2 Consolidated Fund receipts

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Operating receipts</b>			
<b>Taxation</b>			
Payroll tax	8 240 586	8 985 477	9.0
COVID Debt Levy – Payroll \$10m+	..	999 915	..
Mental Health and Wellbeing Levy	983 034	1 075 906	9.4
Land tax	4 749 233	5 965 268	25.6
COVID Debt Levy – Landholdings	..	586 038	..
Fire Services Property Levy	800 240	846 785	5.8
Windfall gains tax	..	40 295	..
Congestion levy	108 369	121 967	12.5
Gambling taxes	2 368 548	2 566 306	8.3
Financial and capital transactions			
Land transfer duty	8 234 381	7 367 764	(10.5)
Other property duties	12	12	..
Growth areas infrastructure contribution	165 000	213 000	29.1
Metropolitan Planning Levy	19 998	21 529	7.7
Financial accommodation levy	183 513	171 770	(6.4)
Levies on statutory corporations	173 480	173 480	..
Insurance	1 829 009	2 011 058	10.0
Motor vehicle			
Registration fees pursuant to the <i>Road Safety Act</i> , No. 127 of 1986	2 006 598	2 118 681	5.6
Stamp duty on vehicle transfers	1 077 248	1 246 653	15.7
Liquor licence fees	26 039	29 539	13.4
Other taxes	76 319	31 209	(59.1)
<b>Total</b>	<b>31 041 605</b>	<b>34 572 653</b>	<b>11.4</b>
<b>Fines and regulatory fees</b>			
Fines	424 665	455 543	7.3
Regulatory fees	675 310	654 362	(3.1)
<b>Total</b>	<b>1 099 975</b>	<b>1 109 905</b>	<b>0.9</b>
<b>Grants received by department <sup>(a)</sup></b>			
Department of Education	..	6 500	..
Department of Energy, Environment and Climate Action	211	211	..
Department of Families, Fairness and Housing	586	14 669	2404.3
Department of Health	72 541	73 889	1.9
Department of Jobs, Skills, Industry and Regions	1 564	1 607	2.7
Department of Justice and Community Safety	582	..	(100.0)
Department of Transport and Planning	14 364	1 168	(91.9)
Department of Treasury and Finance	26 641 250	27 165 398	2.0
<b>Total</b>	<b>26 731 098</b>	<b>27 263 442</b>	<b>2.0</b>
<b>Sales of goods and services <sup>(b)</sup></b>	<b>1 465 605</b>	<b>1 287 942</b>	<b>(12.1)</b>
<b>Interest received</b>	<b>478 271</b>	<b>1 002 063</b>	<b>109.5</b>
<b>Dividends, income tax equivalent and rate equivalent receipts</b>			
Dividends	134 419	771 925	474.3
Income tax equivalent receipts	223 910	537 419	140.0
Local government tax equivalent receipts	5 090	5 312	4.4
<b>Total</b>	<b>363 418</b>	<b>1 314 656</b>	<b>261.7</b>

## A.2 Consolidated Fund receipts (*continued*)

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Other receipts <sup>(b)</sup></b>			
Land rent received	18 821	18 893	0.4
Royalties received	139 132	141 560	1.7
Other	3 949 898	479 646	(87.9)
<b>Total</b>	<b>4 107 851</b>	<b>640 099</b>	<b>(84.4)</b>
<b>Total operating activities</b>	<b>65 287 823</b>	<b>67 190 760</b>	<b>2.9</b>
<b>Cash inflows from investing and financing</b>			
Proceeds from sale of investments	(5 076 982)	3 953	(100.1)
Other loans	642	642	..
Return of capital – Government entities	250 700	727 314	190.1
Borrowings	25 119 509	29 922 821	19.1
<b>Total cash inflows from investing and financing</b>	<b>20 293 869</b>	<b>30 654 730</b>	<b>51.1</b>
<b>Total Consolidated Fund receipts</b>	<b>85 581 693</b>	<b>97 845 489</b>	<b>14.3</b>

*Notes:*

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023. See Note 1.7.4 of Chapter 1 of this budget paper for further details.

(b) The 2022-23 sales of goods and services and other receipts line items have been disaggregated compared with that presented in the 2022-23 Budget.

### A.3 Consolidated Fund appropriations – Summary <sup>(a)</sup>

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Education</b>			
Special appropriations	5 563	283	(94.9)
Annual appropriations	17 711 570	17 413 519	(1.7)
<b>Total</b>	<b>17 717 133</b>	<b>17 413 802</b>	<b>(1.7)</b>
<b>Energy, Environment and Climate Action</b>			
Special appropriations	193 872	2 278	(98.8)
Annual appropriations	3 398 035	3 198 030	(5.9)
<b>Total</b>	<b>3 591 907</b>	<b>3 200 308</b>	<b>(10.9)</b>
<b>Families, Fairness and Housing</b>			
Special appropriations	73 280	99 199	35.4
Annual appropriations	8 263 297	8 283 080	0.2
<b>Total</b>	<b>8 336 577</b>	<b>8 382 278</b>	<b>0.5</b>
<b>Government Services</b>			
Special appropriations	..	4 794	..
Annual appropriations	..	467 859	..
<b>Total</b>	<b>..</b>	<b>472 653</b>	<b>..</b>
<b>Health</b>			
Special appropriations	2 809 288	3 056 015	8.8
Annual appropriations	12 771 300	13 413 944	5.0
<b>Total</b>	<b>15 580 588</b>	<b>16 469 959</b>	<b>5.7</b>
<b>Jobs, Skills, Industry and Regions</b>			
Special appropriations	..	3 870	..
Annual appropriations	3 171 772	3 288 273	3.7
<b>Total</b>	<b>3 171 772</b>	<b>3 292 143</b>	<b>3.8</b>
<b>Justice and Community Safety</b>			
Special appropriations	154 782	178 817	15.5
Annual appropriations	9 839 676	9 597 637	(2.5)
<b>Total</b>	<b>9 994 458</b>	<b>9 776 454</b>	<b>(2.2)</b>
<b>Premier and Cabinet</b>			
Special appropriations	141 819	77 669	(45.2)
Annual appropriations	503 433	347 876	(30.9)
<b>Total</b>	<b>645 252</b>	<b>425 545</b>	<b>(34.0)</b>
<b>Transport and Planning</b>			
Special appropriations	672 496	954 003	41.9
Annual appropriations	14 857 706	16 282 344	9.6
<b>Total</b>	<b>15 530 202</b>	<b>17 236 346</b>	<b>11.0</b>
<b>Treasury and Finance</b>			
Special appropriations	2 874 577	10 038 299	249.2
Annual appropriations	18 418 555	24 306 463	32.0
<b>Total</b>	<b>21 293 133</b>	<b>34 344 762</b>	<b>61.3</b>

### A.3 Consolidated Fund appropriations – Summary *(continued)*

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Parliament</b>			
Special appropriations	56 457	55 239	(2.2)
Annual appropriations	306 384	316 136	3.2
<b>Total</b>	<b>362 841</b>	<b>371 375</b>	<b>2.4</b>
<b>Courts</b>			
Special appropriations	287 387	299 377	4.2
Annual appropriations	716 925	836 818	16.7
<b>Total</b>	<b>1 004 312</b>	<b>1 136 195</b>	<b>13.1</b>
<b>Total special appropriations</b>	<b>7 269 521</b>	<b>14 769 842</b>	<b>103.2</b>
<b>Total annual appropriations</b>	<b>89 958 653</b>	<b>97 751 979</b>	<b>8.7</b>
<b>Total appropriations <sup>(b)</sup></b>	<b>97 228 174</b>	<b>112 521 821</b>	<b>15.7</b>

Notes:

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023.

See Note 1.7.4 of Chapter 1 of this budget paper for further details.

(b) Includes receipts credited to appropriations and unapplied previous year appropriations carried over.



## A.4 Consolidated Fund payments – Special appropriations <sup>(a)(b)</sup>

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Education</b>			
<i>Education and Training Reform Act No. 24/26 of 2006, section 5.6.8 – Volunteer Workers Compensation</i>	283	283	..
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	5 280	..	(100.0)
<b>Total</b>	<b>5 563</b>	<b>283</b>	<b>(94.9)</b>
<b>Energy, Environment and Climate Action</b>			
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations (a)</i>	11 710	2 278	(80.5)
Payments to Building New Communities Fund pursuant to section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>	91 081	..	(100.0)
Payments to Growth Areas Public Transport Fund pursuant to section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>	91 081	..	(100.0)
<b>Total</b>	<b>193 872</b>	<b>2 278</b>	<b>(98.8)</b>
<b>Families, Fairness and Housing</b>			
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	8 045	23 664	194.1
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	1 300	11 600	792.3
<i>Gambling Regulation Act No. 114 of 2003, section 5.4.6 – Contribution to Hospitals and Charities Fund / Mental Health Fund</i>	63 935	63 935	..
<b>Total</b>	<b>73 280</b>	<b>99 199</b>	<b>35.4</b>
<b>Government Services</b>			
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	..	4 794	n.a.
<b>Total</b>	<b>..</b>	<b>4 794</b>	<b>n.a.</b>
<b>Health</b>			
<i>Casino Control Act No. 47 of 1991, section 114 – Hospitals and Charities Fund</i>	18 880	11 239	(40.5)
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	9 640	15 545	61.3
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	57 619	38 502	(33.2)
<i>Gambling Regulation Act No. 114 of 2003, section 3.6.11 – Hospitals and Charities Fund and Mental Health Fund</i>	941 780	1 096 561	16.4
<i>Gambling Regulation Act No. 114 of 2003, sections 4.4.11 and 4.6.8 – Hospitals and Charities Fund</i>	175 500	174 772	(0.4)
<i>Gambling Regulation Act No. 114 of 2003, section 5.4.6 – Hospitals and Charities Fund and Mental Health Fund</i>	613 615	630 415	2.7
<i>Gambling Regulation Act No. 114 of 2003, section 6A.4.4(1) – Contributions to Hospital and Charities Fund and Mental Health Fund</i>	9 220	13 075	41.8
<i>Mental Health Act 2014, section 365A – Contribution to mental health services funding</i>	983 034	1 075 906	9.4
<b>Total</b>	<b>2 809 288</b>	<b>3 056 015</b>	<b>8.8</b>
<b>Jobs, Skills, Industry and Regions</b>			
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	..	3 870	n.a.
<b>Total</b>	<b>..</b>	<b>3 870</b>	<b>n.a.</b>

## A.4 Consolidated Fund payments – Special appropriations (continued)

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Justice and Community Safety</b>			
<i>Crown Proceedings Act No. 6232</i>	6 206	6 361	2.5
<i>EastLink Project Act No. 39 of 2004, section 26 – Appropriation</i>	2 547	2 611	2.5
<i>Emergency Management Act No 30 of 1986, section 32 – Volunteer Workers Compensation</i>	383	393	2.6
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	1 935	3 000	55.0
<i>Financial Management Act No. 18 of 1994, section 23 – Departmental Working Accounts</i>	36 000	40 000	11.1
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	10 663	18 969	77.9
<i>Gambling Regulation Amendment (Wagering and Betting) Act 2018, section 4.6A.5</i>	..	19 138	n.a.
<i>Melbourne City Link, Act No. 107 of 1995, section 14(4)</i>	3 640	3 731	2.5
<i>National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018 Act No 21 of 2018 section 11(a): Payments to the Commonwealth</i>	84 688	79 041	(6.7)
<i>National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018 Act No 21 of 2018 section 11(b): Provision of Counselling and Psychological Services</i>	3 935	3 673	(6.7)
<i>National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018 Act No 21 of 2018 section 11(c): State Administration Costs</i>	3 488	571	(83.6)
<i>Victoria State Emergency Service Act No. 51 of 2005, section 52 – Volunteer Workers Compensation</i>	1 047	1 073	2.5
<i>Work Cover Authority Fund, Corrections Act 1986, part 9D, section 104ZW</i>	250	256	2.4
<b>Total</b>	<b>154 782</b>	<b>178 817</b>	<b>15.5</b>
<b>Premier and Cabinet</b>			
<i>Constitution Act No. 8750 – Executive Council</i>	50	50	..
<i>Constitution Act No. 8750 – Governor's Salary</i>	515	515	..
<i>Electoral Act No. 23 of 2002, section 215 – Electoral Entitlement</i>	18 330	12 760	(30.4)
<i>Electoral Act No. 23 of 2002, section 181 – Electoral Expenses</i>	122 924	48 144	(60.8)
<i>Treaty Authority and Other Treaty Elements Act 2022, section 16</i>	..	16 200	n.a.
<b>Total</b>	<b>141 819</b>	<b>77 669</b>	<b>(45.2)</b>
<b>Transport and Planning</b>			
<i>Business Franchise (Petroleum Products) Act, No.9272 of 1979, section 13</i>	613 545	693 454	13.0
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	56 951	22 094	(61.2)
<i>Payments to Building New Communities Fund pursuant to section 201V of the Planning and Environment Act No. 45 of 1987</i>	..	118 228	n.a.
<i>Payments to Growth Areas Public Transport Fund pursuant to section 201V of the Planning and Environment Act No. 45 of 1987</i>	..	118 228	n.a.
<i>Transport (Compliance and Miscellaneous) Act, section 213A(4)</i>	2 000	2 000	..
<b>Total</b>	<b>672 496</b>	<b>954 003</b>	<b>41.9</b>

## A.4 Consolidated Fund payments – Special appropriations (continued)

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Treasury and Finance</b>			
<i>Constitution Act No. 8750 – Governors Pension</i>	1 083	1 083	..
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	11 060	11 060	..
<i>County Court Act No. 6230 – Judges</i>	15 314	15 314	..
<i>Essential Services Commission Act No. 61 of 2001, section 540 – Refund of Penalty</i>	200	..	(100.0)
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	..	75 515	n.a.
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	10 018	775	(92.3)
<i>Financial Management Act No. 18 of 1994, section 39 – Interest on Advances</i>	20 000	20 000	..
<i>Gambling Regulation Act No. 114 of 2003, section 3.6.12 – Community Support Fund</i>	149 913	175 952	17.4
<i>Gambling Regulation Act No.114/2003 section 4.6A.5A – Anzac Day Proceeds Fund</i>	662	678	2.4
<i>Gambling Regulation Amendment (Wagering and Betting) Act 2018, section 4.6A.5</i>	84 819	86 653	2.2
<i>Liquor Control Reform Act No. 94 of 1998, section 177(2)</i>	3 500	3 500	..
<i>State Superannuation Act No. 50 of 1988, section 90(2) – Contributions</i>	1 046 908	318 328	(69.6)
<i>Taxation (Interest on Overpayments) Act No. 35 of 1986, section 11</i>	1 000	1 000	..
<i>Taxation Administration Act 1997, section 121</i>	529 400	1 000	(99.8)
<i>Treasury Corporation of Victoria Act No. 80 of 1992, section 38 – Debt Retirement</i>	1 000 700	1 000 700	..
<i>Victorian Future Fund Bill 2023</i>	..	8 326 740	n.a.
<b>Total</b>	<b>2 874 577</b>	<b>10 038 299</b>	<b>249.2</b>
<b>Parliament</b>			
<i>Audit Act No. 2 of 1994, section 79(3) – Audit of Auditor-Generals Office</i>	42	43	2.4
<i>Constitution Act No. 8750 – Clerk of the Parliaments</i>	2	2	..
<i>Constitution Act No. 8750 – Legislative Assembly</i>	550	550	..
<i>Constitution Act No. 8750 – Legislative Council</i>	200	200	..
<i>Constitution Act No. 8750, section 94A – Auditor-General's Salary</i>	631	647	2.5
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations <sup>(a)</sup></i>	6 367	2 355	(63.0)
<i>Ombudsman Act No. 8414</i>	607	643	5.9
<i>Parliamentary Salaries, Allowances and Superannuation Act, No.7723 of 1968 – Salaries and Allowances</i>	48 057	50 799	5.7
<b>Total</b>	<b>56 457</b>	<b>55 239</b>	<b>(2.2)</b>

## A.4 Consolidated Fund payments – Special appropriations (continued)

(\$ thousand)

	2022-23 budget	2023-24 budget	Variation %
<b>Courts</b>			
<i>Constitution Act No. 8750 – Chief Justice</i>	1 015	1 062	4.6
<i>Constitution Act No. 8750 – Judges Court of Appeal</i>	9 772	10 211	4.5
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	34 781	36 277	4.3
<i>Constitution Act No. 8750 – President Court of Appeal</i>	819	858	4.8
<i>Constitution Act No. 8750 – section 87AAT(5) – Judicial Commission investigating panel members</i>	236	245	4.0
<i>County Court Act No. 6230 – Judges</i>	48 960	49 531	1.2
<i>Juries Act No. 53 of 2000, section 59 – Compensation to Jurors</i>	36	40	10.3
<i>Magistrates Court Act No. 51 of 1989</i>	88 125	91 723	4.1
<i>Victims of Crime Assistance Act No. 81 of 1996, section 69 – Awards</i>	70 690	70 690	..
<i>Victims of Crime Assistance Act No. 81 of 1996, section 69 – Expenses</i>	5 392	10 065	86.6
<i>Victorian Civil and Administrative Tribunal Act 53 of 1998, section 17AA</i>	27 562	28 674	4.0
<b>Total</b>	<b>287 387</b>	<b>299 377</b>	<b>4.2</b>
<b>Total special appropriations</b>	<b>7 269 521</b>	<b>14 769 842</b>	<b>103.2</b>

Notes:

(a) Relates to previously applied appropriations.

(b) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023.  
See Note 1.7.4 of Chapter 1 of this budget paper for further details.

## A.5 Consolidated Fund payments – Total annual appropriations <sup>(a)</sup>

Details of total annual appropriations for 2023-24 are outlined below, including estimated amounts of unapplied 2022-23 appropriation carried forward pursuant to section 32 of the FMA and certain revenue and asset sales proceeds credited to appropriation pursuant to section 29 of the FMA. Estimates for the *2023-24 Budget* are in **bold**. Estimates for the *2022-23 Budget* in *italics* reflect amounts published in the 2022-23 Budget.

	(\$ thousand)			
	<i>Provision of outputs</i>	<i>Additions to net asset base</i>	<i>Payments made on behalf of the State</i>	<i>Total</i>
<b>Education</b>				
Appropriation <sup>(b)</sup>	<b>15 194 766</b>	<b>1 972 147</b>	..	<b>17 166 913</b>
	<i>15 199 343</i>	<i>1 929 280</i>	..	<i>17 128 623</i>
Receipts credited to appropriation <sup>(c)</sup>	<b>212 578</b>	<b>6 500</b>	..	<b>219 078</b>
	<i>582 947</i>	..	..	<i>582 947</i>
Unapplied previous year appropriation carried over <sup>(d)</sup>	<b>27 528</b>	..	..	<b>27 528</b>
	..	..	..	..
<b>Total appropriation</b>	<b>15 434 872</b>	<b>1 978 647</b>	..	<b>17 413 519</b>
	<i>15 782 290</i>	<i>1 929 280</i>	..	<i>17 711 570</i>
<b>Energy, Environment and Climate Action</b>				
Appropriation <sup>(b)</sup>	<b>1 790 430</b>	<b>234 976</b>	<b>735 324</b>	<b>2 760 730</b>
	<i>2 054 587</i>	<i>292 461</i>	<i>715 752</i>	<i>3 062 800</i>
Receipts credited to appropriation <sup>(c)</sup>	<b>363 215</b>	<b>74 085</b>	..	<b>437 300</b>
	<i>252 585</i>	<i>82 650</i>	..	<i>335 235</i>
Unapplied previous year appropriation carried over <sup>(d)</sup>	..	..	..	..
	..	..	..	..
<b>Total appropriation</b>	<b>2 153 645</b>	<b>309 061</b>	<b>735 324</b>	<b>3 198 030</b>
	<i>2 307 172</i>	<i>375 111</i>	<i>715 752</i>	<i>3 398 035</i>
<b>Families, Fairness and Housing</b>				
Appropriation <sup>(b)</sup>	<b>4 355 241</b>	<b>606 017</b>	<b>2 856 796</b>	<b>7 818 054</b>
	<i>4 247 602</i>	<i>784 818</i>	<i>2 740 966</i>	<i>7 773 386</i>
Receipts credited to appropriation <sup>(c)</sup>	<b>439 181</b>	<b>20 313</b>	..	<b>459 494</b>
	<i>462 790</i>	<i>27 121</i>	..	<i>489 911</i>
Unapplied previous year appropriation carried over <sup>(d)</sup>	<b>1 200</b>	<b>4 332</b>	..	<b>5 532</b>
	..	..	..	..
<b>Total appropriation</b>	<b>4 795 622</b>	<b>630 662</b>	<b>2 856 796</b>	<b>8 283 080</b>
	<i>4 710 391</i>	<i>811 939</i>	<i>2 740 966</i>	<i>8 263 297</i>
<b>Government Services</b>				
Appropriation <sup>(b)</sup>	<b>460 273</b>	..	..	<b>460 273</b>
	..	..	..	..
Receipts credited to appropriation <sup>(c)</sup>	<b>7 586</b>	..	..	<b>7 586</b>
	..	..	..	..
Unapplied previous year appropriation carried over <sup>(d)</sup>	..	..	..	..
	..	..	..	..
<b>Total appropriation</b>	<b>467 859</b>	..	..	<b>467 859</b>
	..	..	..	..

## A.5 Consolidated Fund payments – Total annual appropriations (continued)

(\$thousand)

	<i>Provision of outputs</i>	<i>Additions to net asset base</i>	<i>Payments made on behalf of the State</i>	<i>Total</i>
<b>Health</b>				
Appropriation <sup>(b)</sup>	12 570 085	419 139	..	12 989 224
	12 175 433	131 554	..	12 306 987
Receipts credited to appropriation <sup>(c)</sup>	355 367	53 994	..	409 361
	375 825	74 180	..	450 004
Unapplied previous year appropriation carried over <sup>(d)</sup>	15 359	..	..	15 359
	14 308	..	..	14 308
<b>Total appropriation</b>	<b>12 940 811</b>	<b>473 133</b>	<b>..</b>	<b>13 413 944</b>
	12 565 566	205 734	..	12 771 300
<b>Jobs, Skills, Industry and Regions</b>				
Appropriation <sup>(b)</sup>	2 769 493	41 831	..	2 811 324
	2 752 483	212 942	94 563	3 059 988
Receipts credited to appropriation <sup>(c)</sup>	476 949	..	..	476 949
	111 784	..	..	111 784
Unapplied previous year appropriation carried over <sup>(d)</sup>	..	..	..	..
	..	..	..	..
<b>Total appropriation</b>	<b>3 246 442</b>	<b>41 831</b>	<b>..</b>	<b>3 288 273</b>
	2 864 267	212 942	94 563	3 171 772
<b>Justice and Community Safety</b>				
Appropriation <sup>(b)</sup>	8 735 337	466 076	53 001	9 254 414
	8 613 485	874 988	53 001	9 541 474
Receipts credited to appropriation <sup>(c)</sup>	307 566	600	..	308 166
	281 833	600	..	282 433
Unapplied previous year appropriation carried over <sup>(d)</sup>	18 425	16 632	..	35 058
	15 769	..	..	15 769
<b>Total appropriation</b>	<b>9 061 328</b>	<b>483 308</b>	<b>53 001</b>	<b>9 597 637</b>
	8 911 087	875 588	53 001	9 839 676
<b>Premier and Cabinet</b>				
Appropriation <sup>(b)</sup>	344 537	1 000	..	345 537
	489 424	13 254	..	502 678
Receipts credited to appropriation <sup>(c)</sup>	..	..	..	..
	755	..	..	755
Unapplied previous year appropriation carried over <sup>(e)</sup>	2 339	..	..	2 339
	..	..	..	..
<b>Total appropriation</b>	<b>346 876</b>	<b>1 000</b>	<b>..</b>	<b>347 876</b>
	490 179	13 254	..	503 433
<b>Transport and Planning</b>				
Appropriation <sup>(b)</sup>	4 987 130	9 418 485	106 212	14 511 827
	4 557 392	8 130 844	..	12 688 236
Receipts credited to appropriation <sup>(c)</sup>	348 916	1 392 465	..	1 741 381
	454 462	1 715 008	..	2 169 470
Unapplied previous year appropriation carried over <sup>(d)</sup>	530	28 605	..	29 135
	..	..	..	..
<b>Total appropriation</b>	<b>5 336 576</b>	<b>10 839 556</b>	<b>106 212</b>	<b>16 282 344</b>
	5 011 854	9 845 852	..	14 857 706

## A.5 Consolidated Fund payments – Total annual appropriations (continued)

(\$thousand)

	<i>Provision of outputs</i>	<i>Additions to net asset base</i>	<i>Payments made on behalf of the State</i>	<i>Total</i>
<b>Treasury and Finance</b>				
Appropriation <sup>(b)</sup>	<b>403 019</b>	<b>10 286</b>	<b>23 887 416</b>	<b>24 300 721</b>
	555 941	172 403	17 681 665	18 410 009
Receipts credited to appropriation <sup>(c)</sup>	<b>5 742</b>	..	..	<b>5 742</b>
	8 546	..	..	8 546
Unapplied previous year appropriation carried over <sup>(d)</sup>	..	..	..	..
	..	..	..	..
<b>Total appropriation</b>	<b>408 761</b>	<b>10 286</b>	<b>23 887 416</b>	<b>24 306 463</b>
	564 487	172 403	17 681 665	18 418 555
<b>Parliament</b>				
Appropriation <sup>(e)</sup>	<b>273 282</b>	<b>4 470</b>	..	<b>277 752</b>
	256 452	12 287	..	268 739
Receipts credited to appropriation <sup>(c)</sup>	<b>31 872</b>	..	..	<b>31 872</b>
	30 766	..	..	30 766
Unapplied previous year appropriation carried over <sup>(d)</sup>	<b>6 032</b>	<b>480</b>	..	<b>6 512</b>
	6 879	..	..	6 879
<b>Total appropriation</b>	<b>311 186</b>	<b>4 950</b>	..	<b>316 136</b>
	294 097	12 287	..	306 384
<b>Courts</b>				
Appropriation <sup>(b)</sup>	<b>493 642</b>	<b>267 730</b>	..	<b>761 372</b>
	500 940	140 539	..	641 479
Receipts credited to appropriation <sup>(c)</sup>	<b>75 446</b>	..	..	<b>75 446</b>
	75 446	..	..	75 446
Unapplied previous year appropriation carried over <sup>(d)</sup>	..	..	..	..
	..	..	..	..
<b>Total appropriation</b>	<b>569 088</b>	<b>267 730</b>	..	<b>836 818</b>
	576 386	140 539	..	716 925

**Notes:**

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023.

See Note 1.7.4 of Chapter 1 of this budget paper for further details.

(b) Appropriation (2023-24) Bill.

(c) Financial Management Act 1994 section 29.

(d) Financial Management Act 1994 section 32.

(e) Appropriation (Parliament 2023-24) Bill.

## A.6 Appropriation of certain revenue and asset sale proceeds pursuant to Section 29 of the *Financial Management Act 1994*

Estimates for the 2023-24 Budget are in **bold**; estimates for the 2022-23 Budget are in *italics*.

(\$ thousand)

Department <sup>(a)</sup>	Outputs	Receipt source		Total
		Commonwealth	Other <sup>(b)</sup>	
Education	<b>71 241</b>	<b>141 337</b>	<b>6 500</b>	<b>219 078</b>
	<i>99 460</i>	<i>483 487</i>	<i>..</i>	<i>582 947</i>
Energy, Environment and Climate Action <sup>(c)</sup>	<b>104 102</b>	<b>333 198</b>	<b>..</b>	<b>437 300</b>
	<i>156 897</i>	<i>178 338</i>	<i>..</i>	<i>335 235</i>
Families, Fairness and Housing	<b>29 375</b>	<b>409 806</b>	<b>20 313</b>	<b>459 494</b>
	<i>56 075</i>	<i>427 586</i>	<i>6 250</i>	<i>489 911</i>
Government Services	<b>7 586</b>	<b>..</b>	<b>..</b>	<b>7 586</b>
	<i>..</i>	<i>..</i>	<i>..</i>	<i>..</i>
Health	<b>265 037</b>	<b>141 109</b>	<b>3 214</b>	<b>409 361</b>
	<i>287 342</i>	<i>159 483</i>	<i>3 180</i>	<i>450 004</i>
Jobs, Skills, Industry and Regions	<b>12 992</b>	<b>463 957</b>	<b>..</b>	<b>476 949</b>
	<i>95 281</i>	<i>16 503</i>	<i>..</i>	<i>111 784</i>
Justice and Community Safety	<b>205 994</b>	<b>101 572</b>	<b>600</b>	<b>308 166</b>
	<i>181 464</i>	<i>100 369</i>	<i>600</i>	<i>282 433</i>
Premier and Cabinet	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
	<i>755</i>	<i>..</i>	<i>..</i>	<i>755</i>
Transport and Planning	<b>92 045</b>	<b>1 644 168</b>	<b>5 168</b>	<b>1 741 381</b>
	<i>271 540</i>	<i>1 897 930</i>	<i>..</i>	<i>2 169 470</i>
Treasury and Finance	<b>5 742</b>	<b>..</b>	<b>..</b>	<b>5 742</b>
	<i>8 546</i>	<i>..</i>	<i>..</i>	<i>8 546</i>
Parliament	<b>31 872</b>	<b>..</b>	<b>..</b>	<b>31 872</b>
	<i>30 766</i>	<i>..</i>	<i>..</i>	<i>30 766</i>
Courts	<b>66 092</b>	<b>9 354</b>	<b>..</b>	<b>75 446</b>
	<i>66 092</i>	<i>9 354</i>	<i>..</i>	<i>75 446</i>

Notes:

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023.

See Note 1.7.4 of Chapter 1 of this budget paper for further details.

(b) Includes asset sales and contributions from local governments.

(c) The 2022-23 Budget estimates have been reclassified from Commonwealth to Outputs to more correctly reflect the nature of the items.



## A.7 The Trust Fund

(\$ thousand)

	2022-23 budget	2022-23 revised	2023-24 budget	Variation %
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
Taxation	656 308	649 590	664 867	1.3
Regulatory fees and fines	126 438	233 928	235 044	85.9
Grants received	19 468 841	21 041 133	20 580 020	5.7
Sale of goods and services	1 111 734	1 267 054	1 235 558	11.1
Interest received	54 797	138 470	148 814	171.6
Dividends received	95 087	102 869	191 771	101.7
Net transfers from Consolidated Fund	9 165 072	9 626 948	14 974 590	63.4
Other receipts	184 596	1 447 001	206 331	11.8
<b>Total receipts</b>	<b>30 862 874</b>	<b>34 506 994</b>	<b>38 236 995</b>	<b>23.9</b>
<b>Payments</b>				
Payments for employees	(287 593)	(363 753)	(245 387)	(14.7)
Superannuation	(23 168)	(30 347)	(23 484)	1.4
Interest paid	(106 531)	(131 611)	(117 463)	10.3
Grants and subsidies	(21 652 096)	(24 417 767)	(22 890 401)	5.7
Goods and services and other payments	(3 045 852)	(4 666 251)	(3 456 908)	13.5
<b>Total payments</b>	<b>(25 115 240)</b>	<b>(29 609 729)</b>	<b>(26 733 643)</b>	<b>6.4</b>
<b>Net cash flows from operating activities</b>	<b>5 747 634</b>	<b>4 897 266</b>	<b>11 503 352</b>	<b>100.1</b>
<b>Cash flows from investing activities</b>				
Purchases of non-financial assets	(5 269 074)	(3 058 116)	(900 554)	(82.9)
Sales of non-financial assets	63 677	65 157	58 907	(7.5)
Net proceeds from customer loans	437 868	130 448	25 887	(94.1)
Other investing activities	(620 229)	(1 516 022)	(10 812 182)	1643.3
<b>Net cash flows from investing activities</b>	<b>(5 387 759)</b>	<b>(4 378 533)</b>	<b>(11 627 942)</b>	<b>115.8</b>
<b>Cash flows from financing activities</b>				
Net borrowings	(547 135)	(493 300)	(257 648)	(52.9)
<b>Net cash flow from financing activities</b>	<b>(547 135)</b>	<b>(493 300)</b>	<b>(257 648)</b>	<b>(52.9)</b>
<b>Net cash inflow/(outflow)</b>	<b>(187 259)</b>	<b>25 432</b>	<b>(382 237)</b>	<b>104.1</b>
<b>Represented by:</b>				
Cash and cash equivalents held at beginning of reporting period	2 347 191	2 347 191	2 372 623	1.1
<b>Cash and cash equivalents held at end of reporting period</b>	<b>2 159 932</b>	<b>2 372 623</b>	<b>1 990 386</b>	<b>(7.8)</b>



## **APPENDIX B – 2022-23 BUDGET OUTCOME INCORPORATING THE FINANCIAL REPORT FOR THE MARCH QUARTER 2023**

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The financial statements included in this appendix estimate the budget outcomes for the 2022-23 financial year, taking into account government policy decisions and economic developments impacting on both income and expenses since the presentation of the *2022-23 Budget* to Parliament in May 2022. This appendix also presents the financial results for the Victorian general government sector for the nine months ended 31 March 2023, prepared in accordance with the *Financial Management Act 1994*.

### **FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR**

#### **Revised 2022-23 budget outcome and result for the period to 31 March 2023**

For the nine months to 31 March 2023, the general government sector recorded a net result from transactions deficit of \$2.9 billion. This result compares with a full-year revised budget deficit of \$10.3 billion.

The likely 2022-23 full year results cannot be extrapolated from the interim results due to seasonal and other factors impacting on the timing of activities and transactions. These include land tax and the Fire Services Property Levy, Commonwealth grants, and the timing of activity across departments.

## Revenue from transactions

Total revenue for the nine months ended 31 March 2023 was \$63.9 billion. This is 77 per cent of the full-year revised budget estimate and an increase of \$2.1 billion compared with the same period last year.

Taxation revenue was \$25.1 billion, or 79.7 per cent of the full-year revised budget estimate. Taxation revenue increased by \$2.1 billion when compared with the same period last year. This was largely due to an increase in land tax, due to the increase in property values in all sectors across the Victorian property market. Also driving the increase was higher taxes on employers' payroll and labour force, due to the strong labour market, and the introduction of the Mental Health and Wellbeing Levy which came into effect on 1 January 2022. The easing of public health restrictions on in-person gaming venues also contributed to an increase in gambling taxes. This was partially offset by a decrease in land transfer duty driven primarily by lower transaction volumes.

Grants revenue was \$30.5 billion, or 76.6 per cent of the full-year revised budget estimate. Compared with the same period last year, grants revenue was \$1.1 billion lower, primarily driven by a decrease in grants from the Commonwealth relating to the national partnership on support for COVID-19 impacted businesses. This was partially offset by an increase in Goods and Services Tax (GST) revenue resulting from a no-worse-off guarantee payment that the Commonwealth legislated in 2018 as part of a new system for distributing GST, along with an increase in the national GST pool following a recovery in economic activity following the pandemic.

Revenue from the sale of goods and services was \$4.6 billion, or 76 per cent of the full-year revised budget estimate. The sale of goods and services was \$658 million higher when compared with the same period last year, partly due to the upfront recognition of licence revenue from the VicRoads Modernisation for its right to deliver specific administrative and cash collection services. There was also an increase in revenue from fee for service activities by schools, higher fare box revenue and private patient fees following the easing of public health restrictions.

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

## Expenses from transactions

Total expenses to 31 March 2023 were \$66.8 billion, a decrease of \$4.4 billion (6.1 per cent) compared with the same period last year. This decrease primarily reflects the impact in 2021-22 of business support measures provided as part of the Government's response to COVID-19.

Total expenses were \$3.1 billion below pro rata at 71.6 per cent of the full-year revised budget estimate. The variance to the pro rata revised budget is primarily due to the timing of expenditure programs across departments.

## Other economic flows

Other economic flows that are not included in the net result from transactions reflected a gain of \$6.4 billion for the nine months to 31 March 2023. This was primarily due to the recognition and valuation of the registration and licensing database as required by AASB 1059 *Service Concession Arrangements: Grantors* following the VicRoads Modernisation. There was also a valuation gain on investments of the general government sector in other sector entities, primarily due to the net revaluation gain that arose due to the impact that increases in discount rates had on the value of TCV borrowings along with the combined impact of increases in the discount rates and inflation rates that are used to value the liabilities of the State's insurance agencies. These gains were partially offset by a remeasurement loss on the State's defined benefit superannuation liability of \$1.7 billion, which arose due to the combined impact of changes in valuation assumptions and higher-than-expected investment returns on superannuation assets.

## Balance sheet

Total assets increased by \$34.1 billion in the nine months ended 31 March 2023. This mainly reflects an increase in cash and deposits, primarily relating to the upfront proceeds received from the VicRoads Modernisation, which have been used to establish the Victorian Future Fund. The VicRoads Modernisation also resulted in an increase in total assets due to the recognition and valuation of the registration and licensing database and the recognition of the State's minority interest in the joint venture. Also driving the increase in total assets was the Government's infrastructure investment program, and an increase in receivables relating to land tax receivables with the majority of land tax assessments issued in the March quarter.

Total liabilities increased by \$30.5 billion to \$199.3 billion as at 31 March 2023. This increase was primarily due to an increase in payables resulting from the grant of a right to the operator liability recognised as part of the VicRoads Modernisation, and higher borrowings to fund the Government's infrastructure investment program.

Net debt increased by \$8.4 billion to \$108.4 billion as at 31 March 2023. This was driven mainly by an increase in borrowings for the reasons outlined above, partially offset by the upfront proceeds received from the VicRoads Modernisation.

## Cash flow statement

The table below 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 nine months ended 31 March 2023 was a surplus of \$5.1 billion largely reflecting the upfront proceeds received from the VicRoads Modernisation.

Application of cash resources for the general government sector <sup>(a)</sup>		(\$ million)
	2022-23 actual 31 Mar	2022-23 revised estimate
Net result from transactions – net operating balance	(2 924)	(10 326)
Add back: Non cash revenues and expenses (net) <sup>(b)</sup>	8 038	13 219
<b>Net cash flows from operating activities</b>	<b>5 114</b>	<b>2 892</b>
Less:		
<b>Net investment in fixed assets</b>		
Purchases of non-financial assets	11 436	16 559
Net cash flows from investments in financial assets for policy purposes	1 460	1 778
Sales of non-financial assets	(241)	(408)
<b>Net investment in fixed assets</b>	<b>12 654</b>	<b>17 929</b>
Leases and service concession arrangements	1 469	2 388
Other movements	(601)	(700)
<b>Decrease/(increase) in net debt <sup>(c)</sup></b>	<b>(8 409)</b>	<b>(16 725)</b>

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.

(c) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Energy, Environment and Climate Action (DEECA) to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## Government infrastructure investment

The State continues to deliver its infrastructure investment program to support economic activity and jobs, growing community needs and ongoing productivity improvement. Government infrastructure investment (GII), which includes general government net infrastructure investment (net of asset sales) and estimated construction-related cash outflows for Partnerships Victoria projects, totalled \$15.6 billion for the nine months ended 31 March 2023 or 69.5 per cent of the revised full-year budget (\$13 billion for the corresponding period in 2022). This reflects a commitment to a strong and sustainable infrastructure program and the highest GII recorded by the State for the first nine months of the financial year. The variance to the pro rata revised budget is primarily due to the timing of infrastructure planning and construction activity across departments and agencies.

### The Government's infrastructure scorecard as at 31 March 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
- Barwon Women's and Children's Hospital
- Best Start, Best Life: Infrastructure
- Big Housing Build
- Building a world class Geelong Performing Arts Centre
- City Loop fire and safety upgrade (stage 2) and intruder alarm
- Courts case management system
- E-Class Tram Infrastructure Program
- Enrolment Growth and New Schools (Land acquisition for new schools, New schools construction, Relocatable Buildings Program, School upgrades: established area growth)
- Forensic Mental Health Expansion Project Stage 1 and 2
- Frankston Hospital Redevelopment
- Geelong Convention and Exhibition Centre (part of Geelong City Deal)
- Geelong Fast Rail
- Gippsland Line Upgrade Stage 1
- Goulburn Valley Health redevelopment – planning and development
- High Capacity Metro Trains
- Homes Victoria Ground Lease Model Project 1
- Homes Victoria Ground Lease Model Project 2
- Hurstbridge Line upgrade Stage 2

**The Government's infrastructure scorecard as at 31 March 2023 (continued)**

- Kananook Train Maintenance Facility Stage 2
- Kardinia Park Stadium Stage 5 Redevelopment
- M80 Ring Road upgrade
- Melbourne Arts Precinct Transformation Phase One
- Men's prison system capacity
- Metro Tunnel
- Metropolitan Network Modernisation program
- Murray Basin Rail Project
- New Footscray Hospital
- New metropolitan trains
- New Melton Hospital
- New trains for Sunbury
- New Wyndham Law Court
- Next Generation Trams
- North East Link – Primary Package (Tunnels)
- North East Link (State and Freeway Packages)
- Princes Highway East Duplication – Stage 3
- Public housing renewal program
- Public Transport Ticketing Asset Renewal
- Redevelopment of Royal Melbourne Hospital and Royal Women's Hospital
- Royal Victorian Eye and Ear Hospital redevelopment
- Shepparton Line Upgrade – Stages 3
- South Dynon Train Maintenance Facility – Stages 1 and 2
- Suburban Rail Loop – Airport
- Suburban Rail Loop East – Development, Initial and Early Works
- Suburban Rail Loop East – Main Works
- 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
- Waurin Ponds Track Duplication – Stage 2
- West Gate Tunnel
- Western Highway duplication – Ballarat to Stawell
- Western Rail Plan



## B.1 CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 31 March

(\$ million)

2021-22 actual 31 Mar		Notes	2022-23 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
<b>Revenue and income from transactions</b>							
22 947	Taxation	B.6.1	25 096	31 501	30 488	1 013	3
395	Interest income		962	1 360	715	645	90
454	Dividends, income tax equivalent and rate equivalent income	B.6.2	292	756	602	155	26
3 951	Sales of goods and services	B.6.3	4 609	6 068	6 366	(298)	(5)
31 526	Grants	B.6.4	30 470	39 804	40 351	(547)	(1)
2 533	Other revenue and income	B.6.5	2 481	3 462	3 459	4	..
<b>61 807</b>	<b>Total revenue and income from transactions</b>		<b>63 909</b>	<b>82 952</b>	<b>81 980</b>	<b>972</b>	<b>1</b>
<b>Expenses from transactions</b>							
23 848	Employee expenses		24 661	33 850	33 087	763	2
361	Net superannuation interest expense	B.7.3	540	719	682	38	6
2 844	Other superannuation	B.7.3	2 787	3 459	3 768	(309)	(8)
3 190	Depreciation	B.8.2	3 338	4 813	4 650	163	4
2 043	Interest expense		2 808	4 071	3 899	172	4
19 582	Grant expense		13 389	18 992	17 391	1 601	9
19 331	Other operating expenses		19 310	27 373	26 367	1 006	4
<b>71 199</b>	<b>Total expenses from transactions</b>	B.7.4	<b>66 833</b>	<b>93 278</b>	<b>89 844</b>	<b>3 433</b>	<b>4</b>
<b>(9 392)</b>	<b>Net result from transactions – Net operating balance</b>		<b>(2 924)</b>	<b>(10 326)</b>	<b>(7 864)</b>	<b>(2 462)</b>	<b>31</b>
<b>Other economic flows included in net result</b>							
46	Net gain/(loss) on disposal of non-financial assets		125	34	52	(18)	(35)
34	Net gain/(loss) on financial assets or liabilities at fair value		69	71	76	(5)	(6)
..	Share of net profit/(loss) from associates/joint venture entities		5	26	4	22	534
9	Other gains/(losses) from other economic flows	B.11.1	(11)	(345)	(479)	134	(28)
<b>90</b>	<b>Total other economic flows included in net result</b>		<b>188</b>	<b>(214)</b>	<b>(347)</b>	<b>133</b>	<b>(38)</b>
<b>(9 302)</b>	<b>Net result</b>		<b>(2 736)</b>	<b>(10 541)</b>	<b>(8 212)</b>	<b>(2 329)</b>	<b>28</b>
<b>Other economic flows – Other comprehensive income</b>							
<b>Items that will not be reclassified to net result</b>							
463	Changes in non-financial assets revaluation surplus		4 799	4 611	5 940	(1 329)	(22)
3 068	Remeasurement of superannuation defined benefits plans	B.7.3	(1 738)	(1 529)	984	(2 514)	(255)
(20)	Other movements in equity		(312)	9	46	(36)	(79)

## B.1 CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT (CONTINUED)

For the period ended 31 March

(\$ million)

2021-22 actual 31 Mar		Notes	2022-23 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
	<b>Other economic flows –</b>						
	<b>Other comprehensive income</b>						
	<b>Items that will not be reclassified to net result</b>						
463	Changes in non-financial assets revaluation surplus		4 799	4 611	5 940	(1 329)	(22)
3 068	Remeasurement of superannuation defined benefits plans	B.7.3	(1 738)	(1 529)	984	(2 514)	(255)
(20)	Other movements in equity		(312)	9	46	(36)	(79)
	<b>Items that may be reclassified subsequently to net result</b>						
(79)	Net gain/(loss) on financial assets at fair value		134	3	3	..	..
(1 146)	Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		3 507	(3 383)	(3 869)	486	(13)
<b>2 287</b>	<b>Total other economic flows –</b>		<b>6 391</b>	<b>(288)</b>	<b>3 105</b>	<b>(3 393)</b>	<b>(109)</b>
	<b>Other comprehensive income</b>						
<b>(7 014)</b>	<b>Comprehensive result –</b>		<b>3 655</b>	<b>(10 829)</b>	<b>(5 107)</b>	<b>(5 722)</b>	<b>112</b>
	<b>Total change in net worth</b>						
	<b>KEY FISCAL AGGREGATES</b>						
<b>(9 392)</b>	<b>Net operating balance</b>		<b>(2 924)</b>	<b>(10 326)</b>	<b>(7 864)</b>	<b>(2 462)</b>	<b>31</b>
9 165	Less: Net acquisition of non-financial assets from transactions	B.7.5	8 539	11 356	6 504	4 852	75
<b>(18 557)</b>	<b>Net lending/(borrowing)</b>		<b>(11 463)</b>	<b>(21 682)</b>	<b>(14 368)</b>	<b>(7 314)</b>	<b>51</b>

The accompanying notes form part of these financial statements.

## B.2 CONSOLIDATED BALANCE SHEET

As at 31 March

(\$ million)

2021-22 actual 31 Mar	Notes	opening 1 Jul <sup>(a)</sup>	2022-23 actual 31 Mar	revised budget	published budget <sup>(b)</sup>	Opening to revised budget change	Opening to published budget change
<b>Assets</b>							
<b>Financial assets</b>							
13 573	Cash and deposits <sup>(c)</sup>	10 985	20 941	19 735	10 932	8 750	(53)
4 695	Advances paid	4 934	5 332	5 670	5 066	736	133
9 470	Receivables and contract assets	B.9.1 8 416	10 809	8 109	8 615	(308)	199
3 374	Investments, loans and placements	3 370	3 874	4 451	9 651	1 081	6 280
10	Investments accounted for using the equity method	10	1 223	1 219	10	1 209	..
73 576	Investments in other sector entities	89 162	94 739	89 002	92 092	(160)	2 931
<b>104 697</b>	<b>Total financial assets</b>	<b>116 876</b>	<b>136 918</b>	<b>128 185</b>	<b>126 366</b>	<b>11 309</b>	<b>9 490</b>
<b>Non-financial assets</b>							
1 154	Inventories	1 262	1 121	781	870	(481)	(392)
171	Non-financial assets held for sale	171	85	169	159	(2)	(12)
206 017	Land, buildings, infrastructure, plant and equipment	B.8.1 225 771	236 254	238 943	235 585	13 172	9 814
3 494	Other non-financial assets	B.8.7 3 313	7 140	7 372	7 178	4 059	3 865
<b>210 836</b>	<b>Total non-financial assets</b>	<b>230 516</b>	<b>244 599</b>	<b>247 264</b>	<b>243 792</b>	<b>16 748</b>	<b>13 275</b>
<b>315 533</b>	<b>Total assets</b>	<b>347 392</b>	<b>381 517</b>	<b>375 449</b>	<b>370 157</b>	<b>28 057</b>	<b>22 765</b>
<b>Liabilities</b>							
1 916	Deposits held and advances received	1 835	1 695	1 714	1 383	(120)	(452)
16 192	Payables	B.9.2 17 567	26 654	26 914	22 729	9 347	5 162
323	Contract liabilities	B.9.2 342	361	338	304	(4)	(38)
114 353	Borrowings	117 421	136 828	144 834	140 808	27 413	23 387
9 942	Employee benefits	B.7.2 9 859	9 827	10 099	10 179	240	320
24 566	Superannuation	19 756	21 804	21 778	19 244	2 022	(512)
1 457	Other provisions	2 082	2 161	2 071	2 090	(11)	8
<b>168 749</b>	<b>Total liabilities</b>	<b>168 861</b>	<b>199 331</b>	<b>207 747</b>	<b>196 736</b>	<b>38 886</b>	<b>27 875</b>
<b>146 784</b>	<b>Net assets</b>	<b>178 531</b>	<b>182 186</b>	<b>167 702</b>	<b>173 421</b>	<b>(10 829)</b>	<b>(5 110)</b>
52 271	Accumulated surplus/(deficit)	52 827	50 255	41 661	45 642	(11 166)	(7 185)
94 514	Reserves	125 704	131 931	126 041	127 779	337	2 075
<b>146 784</b>	<b>Net worth</b>	<b>178 531</b>	<b>182 186</b>	<b>167 702</b>	<b>173 421</b>	<b>(10 829)</b>	<b>(5 110)</b>

## B.2 CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 March

(\$ million)

2021-22 actual 31 Mar		Notes	opening 1 Jul <sup>(a)</sup>	2022-23 actual 31 Mar	revised budget	published budget <sup>(b)</sup>	Opening to revised budget change	Opening to published budget change
<b>FISCAL AGGREGATES</b>								
(64 052)	Net financial worth		(51 985)	(62 413)	(79 562)	(70 371)	(27 577)	(18 385)
137 628	Net financial liabilities		141 147	157 152	168 564	162 463	27 417	21 316
94 627	Net debt		99 968	108 376	116 693	116 542	16 725	16 575

The accompanying notes form part of these financial statements.

Notes:

- (a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.
- (b) Balances represent actual opening balances at 1 July 2022 plus 2022-23 budgeted movements.
- (c) The increase in cash and deposits from the 30 June 2022 closing balance is primarily due to the \$7.9 billion received from the VicRoads Modernisation Joint Venture, which has been used to establish the Victorian Future Fund.

## B.3 CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 March

(\$ million)

2021-22 actual 31 Mar		Notes	2022-23 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
	<b>Cash flows from operating activities</b>						
	<b>Receipts</b>						
21 318	Taxes received		22 140	32 179	30 770	1 409	5
32 348	Grants		30 455	39 822	40 319	(497)	(1)
4 351	Sales of goods and services <sup>(a)</sup>		5 099	6 667	6 920	(253)	(4)
391	Interest received		919	1 309	682	627	92
454	Dividends, income tax equivalent and rate equivalent receipts		627	804	596	208	35
1 513	Other receipts		9 573	10 217	6 873	3 344	49
<b>60 374</b>	<b>Total receipts</b>		<b>68 814</b>	<b>90 999</b>	<b>86 160</b>	<b>4 839</b>	<b>6</b>
	<b>Payments</b>						
(23 201)	Payments for employees		(24 702)	(33 616)	(32 772)	(844)	3
(2 788)	Superannuation		(3 017)	(3 686)	(3 977)	291	(7)
(1 862)	Interest paid		(2 519)	(3 769)	(3 588)	(181)	5
(19 891)	Grants and subsidies		(13 712)	(18 977)	(17 391)	(1 585)	9
(20 359)	Goods and services <sup>(a)</sup>		(19 070)	(26 635)	(25 845)	(789)	3
(755)	Other payments		(680)	(1 424)	(1 305)	(119)	9
<b>(68 855)</b>	<b>Total payments</b>		<b>(63 700)</b>	<b>(88 107)</b>	<b>(84 879)</b>	<b>(3 227)</b>	<b>4</b>
<b>(8 481)</b>	<b>Net cash flows from operating activities</b>		<b>5 114</b>	<b>2 892</b>	<b>1 281</b>	<b>1 612</b>	<b>126</b>
	<b>Cash flows from investing activities</b>						
	<b>Cash flows from investments in non-financial assets</b>						
(10 073)	Purchases of non-financial assets <sup>(b)</sup>		(11 436)	(16 559)	(15 138)	(1 421)	9
147	Sales of non-financial assets		241	408	693	(285)	(41)
<b>(9 926)</b>	<b>Net cash flows from investments in non-financial assets</b>		<b>(11 195)</b>	<b>(16 151)</b>	<b>(14 445)</b>	<b>(1 706)</b>	<b>12</b>
20	Net cash flows from investments in financial assets for policy purposes		(1 460)	(1 778)	(1 429)	(350)	24
(9 906)	Subtotal		(12 654)	(17 929)	(15 874)	(2 055)	13
(295)	Net cash flows from investments in financial assets for liquidity management purposes		(379)	(1 062)	(6 254)	5 193	(83)
<b>(10 201)</b>	<b>Net cash flows from investing activities</b>		<b>(13 033)</b>	<b>(18 991)</b>	<b>(22 129)</b>	<b>3 137</b>	<b>(14)</b>
	<b>Cash flows from financing activities</b>						
(1 162)	Advances received (net)		(155)	(120)	(448)	328	(73)
18 521	Net borrowings		18 015	24 969	21 253	3 716	17
287	Deposits received (net)		15	..	..	..	6
<b>17 646</b>	<b>Net cash flows from financing activities</b>		<b>17 875</b>	<b>24 849</b>	<b>20 805</b>	<b>4 044</b>	<b>19</b>
<b>(1 036)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9 956</b>	<b>8 750</b>	<b>(43)</b>	<b>8 793</b>	<b>(20 474)</b>
14 609	Cash and cash equivalents at beginning of reporting period <sup>(c)</sup>		10 985	10 985	10 974	10	..
<b>13 573</b>	<b>Cash and cash equivalents at end of the reporting period</b>	B.11.2	<b>20 941</b>	<b>19 735</b>	<b>10 931</b>	<b>8 803</b>	<b>81</b>

## B.3 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the period ended 31 March

(\$ million)

2021-22 actual 31 Mar		Notes	2022-23 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
<b>FISCAL AGGREGATES</b>							
(8 481)	Net cash flows from operating activities		5 114	2 892	1 281	1 612	126
(9 926)	Net cash flows from investments in non-financial assets		(11 195)	(16 151)	(14 445)	(1 706)	12
<b>(18 407)</b>	<b>Cash surplus/(deficit)</b>		<b>(6 081)</b>	<b>(13 259)</b>	<b>(13 164)</b>	<b>(94)</b>	<b>1</b>

The accompanying notes form part of these financial statements.

Notes:

- (a) These items are inclusive of goods and services tax.
- (b) Previous March quarterly financial reports have included disaggregated information for this line item, however, due to the complexity of the recent Machinery of government arrangements a disaggregation has not been included for this publication. This item will be disaggregated in the 2022-23 Financial Report for the State of Victoria.
- (c) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## B.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March

(\$ million)

	Accumulated surplus/(deficit)	Non-financial assets revaluation surplus	Investment in other sector entities revaluation surplus	Other reserves	Total
<b>2021-22 (actual)</b>					
Balance at 1 July 2021	58 642	61 017	32 981	1 159	153 799
Net result for the year	(9 302)	..	..	..	(9 302)
Other comprehensive income for the year	2 930	463	(1 146)	40	2 287
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Total equity as at 31 March 2022</b>	<b>52 271</b>	<b>61 480</b>	<b>31 835</b>	<b>1 199</b>	<b>146 784</b>
<b>2022-23 (actual)</b>					
Balance at 1 July 2022 <sup>(a)</sup>	52 827	79 719	44 815	1 170	178 531
Net result for the year	(2 736)	..	..	..	(2 736)
Other comprehensive income for the year	(2 046)	4 799	3 507	131	6 391
Transfer to/(from) accumulated surplus	2 210	(2 210)	..	..	..
<b>Total equity as at 31 March 2023</b>	<b>50 255</b>	<b>82 309</b>	<b>48 322</b>	<b>1 300</b>	<b>182 186</b>
<b>2022-23 (revised)</b>					
Balance at 1 July 2022 <sup>(a)</sup>	52 827	79 719	44 815	1 170	178 531
Net result for the year	(10 541)	..	..	..	(10 541)
Other comprehensive income for the year	(1 520)	4 611	(3 383)	3	(288)
Transfer to/(from) accumulated surplus	895	(895)	..	..	..
<b>Budget equity as at 30 June 2023</b>	<b>41 661</b>	<b>83 436</b>	<b>41 432</b>	<b>1 173</b>	<b>167 702</b>
<b>2022-23 (budget)</b>					
Balance at 1 July 2022	52 824	79 719	44 815	1 170	178 528
Net result for the year	(8 212)	..	..	..	(8 212)
Other comprehensive income for the year	1 030	5 940	(3 869)	3	3 105
Transfer to/(from) accumulated surplus	..	..	..	..	..
<b>Budget equity as at 30 June 2023</b>	<b>45 642</b>	<b>85 660</b>	<b>40 946</b>	<b>1 173</b>	<b>173 421</b>

The accompanying notes form part of these financial statements.

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## **B.5 ABOUT THIS REPORT**

### **Basis of preparation**

This March Quarterly Financial Report presents the unaudited financial report for the general government sector for the nine months ended 31 March 2023.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2021-22 Financial Report* for the State of Victoria.

This quarterly financial report does not include all the notes normally included with the annual financial report and should be read in conjunction with the *2021-22 Financial Report*.

### **Statement of compliance**

These financial statements have been prepared in accordance with section 26 of the *Financial Management Act 1994*, having regard to the recognition and measurement principles of the applicable Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Where applicable, those paragraphs of AAS applicable to not-for-profit entities have been applied.

### **Basis of accounting and measurement**

The accrual basis of accounting has been applied where assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

### **Reporting entity**

The general government sector includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of entities in the general government sector is to provide public services (outputs), which are mainly non-market in nature, for the collective consumption of the community, and involve the transfer or redistribution of revenue, which is financed mainly through taxes and other compulsory levies.

The general government sector is not a separate entity but represents a sector within the State of Victoria reporting entity. Unless otherwise noted, accounting policies applied by the State of Victoria apply equally to the general government sector.

### **Basis of consolidation**

The March Quarterly Financial Report includes all reporting entities in the general government sector that are controlled by the State. Information on entities consolidated for the general government sector is included in Note 1.7.4 of Chapter 1 of this budget paper. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.



## B.6 HOW FUNDS ARE RAISED

### Introduction

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

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

B.6.1 Taxation		(\$ million)	
2021-22 actual 31 Mar		2022-23 actual 31 Mar	revised budget
	<b>TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE</b>		
4 937	Payroll tax	5 363	7 150
156	Mental Health and Wellbeing Levy	678	874
<b>5 093</b>	<b>Total taxes on employers' payroll and labour force</b>	<b>6 040</b>	<b>8 024</b>
	<b>TAXES ON IMMOVABLE PROPERTY</b>		
3 500	Land tax	4 896	5 289
751	Fire Services Property Levy	782	800
107	Congestion levy	108	117
197	Metropolitan improvement levy	203	206
<b>4 554</b>	<b>Total taxes on property</b>	<b>5 989</b>	<b>6 413</b>
	<b>TAXES ON THE PROVISION OF GOODS AND SERVICES</b>		
	<b>Gambling taxes <sup>(a)</sup></b>		
493	Public lotteries	468	639
599	Electronic gaming machines	1 037	1 365
94	Casino	137	182
219	Racing and other sports betting	215	290
7	Other	13	17
	<b>Financial and capital transactions</b>		
7 743	Land transfer duty	6 586	8 217
17	Metropolitan planning levy	16	22
113	Financial accommodation levy	117	160
208	Growth areas infrastructure contribution	186	300
<b>128</b>	<b>Levies on statutory corporations</b>	<b>128</b>	<b>173</b>
<b>1 303</b>	<b>Taxes on insurance</b>	<b>1 421</b>	<b>1 877</b>
<b>10 924</b>	<b>Total taxes on the provision of goods and services</b>	<b>10 324</b>	<b>13 241</b>
	<b>TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES</b>		
	<b>Motor vehicle taxes</b>		
1 176	Vehicle registration fees	1 435	1 965
792	Duty on vehicle registrations and transfers	892	1 193
<b>24</b>	<b>Liquor licence fees</b>	<b>20</b>	<b>27</b>
<b>384</b>	<b>Other</b>	<b>395</b>	<b>637</b>
<b>2 376</b>	<b>Total taxes on the use of goods and performance of activities</b>	<b>2 743</b>	<b>3 823</b>
<b>22 947</b>	<b>Total taxation</b>	<b>25 096</b>	<b>31 501</b>

Note:

(a) The Public lotteries, electronic gaming machines and casino taxes include gambling licence revenue in the nine months to 31 March 2023 of \$132 million (31 March 2022: \$118 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.

**B.6.2 Dividends, income tax equivalent and rate equivalent income (\$ million)**

<i>2021-22 actual 31 Mar</i>		<i>2022-23 actual 31 Mar</i>		<i>revised budget</i>
139	Dividends from PFC sector	8		8
82	Dividends from PNFC sector	52		104
29	Dividends from non-public sector	40		140
<b>251</b>	<b>Dividends</b>	<b>100</b>		<b>252</b>
8	Income tax equivalent income from PFC sector	16		289
191	Income tax equivalent income from PNFC sector	171		210
<b>199</b>	<b>Income tax equivalent income</b>	<b>187</b>		<b>499</b>
5	Local government rate equivalent income	5		5
<b>454</b>	<b>Total dividends, income tax equivalent and rate equivalent income</b>	<b>292</b>		<b>756</b>

**Dividends by entity (\$ million)**

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
	Public financial corporations		
..	Transport Accident Commission	..	..
132	Treasury Corporation of Victoria	..	..
8	Victorian Funds Management Corporation	8	8
139	Dividends from PFC sector	8	8
	Public non-financial corporations		
6	Greater Western Water	..	20
7	Melbourne Water Corporation	10	18
25	South East Water Corporation	15	22
28	Yarra Valley Water Corporation	23	41
16	Development Victoria	4	4
82	Dividends from PNFC sector	52	104

### B.6.3 Sales of goods and services (\$ million)

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
	Amount recognised as revenue from contracts with customers (AASB 15)		
61	Sale of goods	70	93
3 115	Provision of services <sup>(a)</sup>	3 784	4 877
	Amounts recognised as income of not-for-profit entities (AASB 1058)		
228	Motor vehicle regulatory fees	188	299
483	Other regulatory fees	505	707
2	Refunds and reimbursements	2	..
	Amounts recognised as lease income (AASB 16)		
61	Rental	60	92
3 951	Total sales of goods and services	4 609	6 068

Note:

(a) Further disclosure on the provision of services is available on the Department of Treasury and Finance's website. This further disclosure is not subject to review by the Victorian Auditor-General's Office.

### B.6.4 Grants <sup>(a)</sup> (\$ million)

2021-22 actual 31 Mar		2022-23 actual 31 Mar    revised budget	
13 240	General purpose grants	14 758	19 167
4 506	Specific purpose grants for on-passing	4 699	4 775
13 651	Specific purpose grants	10 969	15 664
<b>31 397</b>	<b>Total</b>	<b>30 426</b>	<b>39 606</b>
129	Other contributions and grants	44	198
<b>31 526</b>	<b>Total grants</b>	<b>30 470</b>	<b>39 804</b>

Note:

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

**B.6.5 Other revenue and income** (\$ million)

2021-22 actual 31 Mar		2022-23	
		actual 31 Mar	revised budget
	<b>Amounts recognised as revenue from contracts with customers (AASB 15)</b>		
111	Royalties	106	140
183	Other revenue – health	195	248
641	Other miscellaneous revenue	578	845
	<b>Amounts recognised as income of not-for-profit entities (AASB 1058)</b>		
373	Fair value of assets received free of charge or for nominal consideration	295	382
614	Fines	532	734
116	Donations and gifts <sup>(a)</sup>	175	218
278	Other income – education	235	386
	<b>Amounts recognised as lease income (AASB 16)</b>		
18	Other non-property rental	21	26
	<b>Revenue items accounted for under AASB 1059</b>		
199	Revenue related to economic service concession arrangements	343	483
<b>2 533</b>	<b>Total other revenue and income</b>	<b>2 481</b>	<b>3 462</b>

Note:

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

# B.7    HOW FUNDS ARE SPENT

## Introduction

This section accounts for the major components of expenditure incurred by the general government sector towards the delivery of services and on capital or infrastructure projects during the period, as well as any related employee benefit obligations outstanding as at 31 March 2023.

### B.7.1        Employee expenses and provision for outstanding employee benefits

#### Employee expenses (Operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. Greater than 95 per cent of employee expenses in the operating statement are salaries and wages. 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 any benefit payments. The table below shows the key components of this provision as at 31 March 2023.

**B.7.2 Employee benefits (Balance sheet)**

(\$ million)

2021-22		2022-23		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
<b>Current</b>				
817	Accrued salaries and wages	772	745	787
166	Other employee benefits	209	130	141
2 469	Annual leave	2 563	2 434	2 582
5 119	Long service leave	5 240	5 372	5 386
<b>8 571</b>	<b>Total current employee benefits and on-costs</b>	<b>8 785</b>	<b>8 681</b>	<b>8 897</b>
<b>Non-current</b>				
1 371	Long service leave	1 074	1 146	1 202
<b>1 371</b>	<b>Total non-current employee benefits and on-costs</b>	<b>1 074</b>	<b>1 146</b>	<b>1 202</b>
<b>9 942</b>	<b>Total employee benefits and on-costs</b>	<b>9 859</b>	<b>9 827</b>	<b>10 099</b>

**B.7.3 Superannuation (Operating statement)**

(\$ million)

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
<b>Defined benefit plans</b>			
361	Net superannuation interest expense	540	719
1 013	Current service cost	743	988
Remeasurements:			
(986)	Expected return on superannuation assets excluding interest income	(628)	(836)
1 423	Other actuarial (gain)/loss on superannuation assets	(678)	(678)
(3 505)	Actuarial and other adjustments to unfunded superannuation liability	3 043	3 043
<b>(1 694)</b>	<b>Total expense recognised in respect of defined benefit plans</b>	<b>3 020</b>	<b>3 237</b>
<b>Defined contribution plans</b>			
1 765	Employer contributions to defined contribution plans	1 983	2 404
66	Other (including pensions)	62	67
<b>1 831</b>	<b>Total expense recognised in respect of defined contribution plans</b>	<b>2 045</b>	<b>2 471</b>
<b>136</b>	<b>Total superannuation (gain)/expense recognised in operating statement</b>	<b>5 065</b>	<b>5 708</b>
<b>Represented by:</b>			
361	Net superannuation interest expense	540	719
2 844	Other superannuation	2 787	3 459
<b>3 205</b>	<b>Superannuation expense from transactions</b>	<b>3 327</b>	<b>4 178</b>
<b>(3 068)</b>	<b>Remeasurement recognised in other comprehensive income</b>	<b>1 738</b>	<b>1 529</b>
<b>136</b>	<b>Total superannuation costs recognised in operating statement</b>	<b>5 065</b>	<b>5 708</b>

**B.7.4 Total expenses by classification of the functions of government (COFOG) and by portfolio department**

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

2021-22		2022-23	
actual		actual	revised
31 Mar <sup>(a)</sup>		31 Mar	budget
4 497	General public services	4 932	7 631
8 422	Public order and safety	8 397	11 996
9 118	Economic affairs	2 567	5 514
862	Environmental protection	830	1 199
1 625	Housing and community amenities	1 187	2 116
20 699	Health	20 940	29 040
879	Recreation, culture and religion	884	1 337
14 934	Education	16 057	20 954
5 272	Social protection	5 559	7 844
5 428	Transport	5 763	7 867
(537)	Not allocated by function <sup>(b)</sup>	(283)	(2 220)
<b>71 199</b>	<b>Total expenses from transactions</b>	<b>66 833</b>	<b>93 278</b>

Notes:

(a) The March 2022 figures have been reclassified between various expenses by COFOG classifications to more correctly reflect the nature of the transactions.

(b) Not allocated by function for expenses represents eliminations and adjustments.

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

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
<b>Expenses from transactions</b>			
15 522	Education	16 270	20 133
2 788	Energy, Environment and Climate Action	3 007	5 377
5 519	Families, Fairness and Housing	5 646	7 871
..	Government Services	308	953
20 953	Health	21 326	28 958
9 980	Jobs, Skills, Industry and Regions	2 798	5 676
7 866	Justice and Community Services	7 550	10 824
660	Premier and Cabinet	610	839
5 577	Transport and Planning	6 075	8 409
7 993	Treasury and Finance	8 976	11 063
232	Parliament	246	354
563	Courts	600	873
2 394	Regulatory bodies and other part funded agencies <sup>(b)</sup>	2 450	3 454
<b>80 047</b>	<b>Total expenses by department</b>	<b>75 863</b>	<b>104 785</b>
<b>(8 848)</b>	<b>Less eliminations and adjustments <sup>(c)</sup></b>	<b>(9 030)</b>	<b>(11 507)</b>
<b>71 199</b>	<b>Total expenses from transactions</b>	<b>66 833</b>	<b>93 278</b>

Notes:

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023.

See Note 1.7.4 of Chapter 1 of this budget paper for further details.

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

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

**B.7.5 Net acquisition of non-financial assets from transactions (\$ million)**

<i>2021-22 actual 31 Mar</i>		<i>2022-23 actual 31 Mar</i>	<i>revised budget</i>
10 303	Purchases of non-financial assets (including change in inventories)	11 290	16 079
(147)	Less: Sales of non-financial assets	(241)	(408)
(3 190)	Less: Depreciation and amortisation	(3 338)	(4 813)
2 200	Plus/(less): Other movements in non-financial assets	828	498
<b>9 165</b>	<b>Total net acquisition of non-financial assets from transactions</b>	<b>8 539</b>	<b>11 356</b>



## B.8 MAJOR ASSETS AND INVESTMENTS

### Introduction

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

#### B.8.1 Total land, buildings, infrastructure, plant and equipment <sup>(a)</sup> (\$ million)

2021-22		2022-23		
actual 31 Mar		opening 1 Jul	actual 31 Mar	revised budget
48 193	Buildings	52 468	54 011	54 878
78 124	Land and national parks	93 099	93 809	93 682
19 240	Infrastructure systems	19 826	24 530	26 039
5 033	Plant, equipment and vehicles	5 360	5 868	6 264
38 855	Roads and road infrastructure	38 019	41 146	41 388
10 027	Earthworks	10 231	10 231	10 035
6 546	Cultural assets	6 768	6 658	6 657
<b>206 017</b>	<b>Total land, buildings, infrastructure, plant and equipment</b>	<b>225 771</b>	<b>236 254</b>	<b>238 943</b>

Note:

(a) The balances for each class of assets includes those related to service concession arrangement assets and right-of-use assets.

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

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

2021-22		2022-23		
actual 31 Mar		opening 1 Jul	actual 31 Mar	revised budget
8 615	Buildings	8 573	8 360	8 279
1	Infrastructure systems	1	..	1
451	Plant, equipment and vehicles	489	389	405
<b>9 067</b>	<b>Total right-of-use assets: land, buildings, infrastructure, plant and equipment</b>	<b>9 063</b>	<b>8 749</b>	<b>8 685</b>

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

2021-22		2022-23		
actual 31 Mar		opening 1 Jul	actual 31 Mar	revised budget
1 969	Buildings	1 965	1 917	1 918
2 876	Land and national parks	3 353	3 353	3 353
6 614	Infrastructure systems	6 929	8 240	8 521
1 019	Plant, equipment and vehicles	1 151	1 413	1 441
12 469	Roads and road infrastructure	13 129	14 784	15 380
924	Earthworks	916	916	916
<b>25 873</b>	<b>Total service concession assets: land, buildings, infrastructure, plant and equipment</b>	<b>27 444</b>	<b>30 623</b>	<b>31 529</b>

## B.8.2 Depreciation (\$ million)

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
1 640	Buildings	1 818	2 578
33	Infrastructure systems	35	53
588	Plant, equipment and vehicles	586	895
719	Roads and road infrastructure	704	973
15	Cultural assets	11	14
195	Intangible produced assets <sup>(a)</sup>	185	300
<b>3 190</b>	<b>Total depreciation of buildings, infrastructure, plant and equipment</b>	<b>3 338</b>	<b>4 813</b>

Note:

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

The following two tables are subsets of total depreciation expense.

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

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
503	Buildings	476	765
..	Infrastructure systems	1	..
88	Plant, equipment and vehicles	88	127
<b>591</b>	<b>Total depreciation of right-of-use assets</b>	<b>564</b>	<b>893</b>

### Depreciation of service concession assets (\$ million)

2021-22		2022-23	
actual		actual	revised
31 Mar		31 Mar	budget
49	Buildings	49	47
17	Plant, equipment and vehicles	19	28
166	Roads and road infrastructure	154	199
..	Intangible produced assets	..	1
<b>231</b>	<b>Total depreciation of service concession assets</b>	<b>223</b>	<b>276</b>

**B.8.3 Land and buildings (\$ million)**

2021-22 actual 31 Mar		2022-23 opening 1 Jul <sup>(a)</sup> actual 31 Mar    revised budget		
54 345	Buildings	56 666	59 816	61 661
(6 152)	Accumulated depreciation	(4 198)	(5 805)	(6 783)
<b>48 193</b>	<b>Buildings (net carrying amount)</b>	<b>52 468</b>	<b>54 011</b>	<b>54 878</b>
76 456	Land	91 089	91 800	91 681
1 667	National parks and other 'land only' holdings	2 010	2 010	2 000
<b>78 124</b>	<b>Land and national parks</b>	<b>93 099</b>	<b>93 809</b>	<b>93 682</b>
<b>126 317</b>	<b>Total land and buildings</b>	<b>145 567</b>	<b>147 820</b>	<b>148 560</b>

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

**B.8.4 Plant, equipment, vehicles, and infrastructure systems (\$ million)**

2021-22 actual 31 Mar		2022-23 opening 1 Jul <sup>(a)</sup> actual 31 Mar    revised budget		
19 807	Infrastructure systems	20 380	25 120	26 647
(567)	Accumulated depreciation	(554)	(589)	(608)
<b>19 240</b>	<b>Infrastructure systems (net carrying amount)</b>	<b>19 826</b>	<b>24 530</b>	<b>26 039</b>
10 660	Plant, equipment and vehicles	11 074	11 971	12 679
(5 627)	Accumulated depreciation	(5 714)	(6 103)	(6 415)
<b>5 033</b>	<b>Plant, equipment and vehicles (net carrying amount)</b>	<b>5 360</b>	<b>5 868</b>	<b>6 264</b>
<b>24 272</b>	<b>Total plant, equipment and vehicles, and infrastructure systems</b>	<b>25 186</b>	<b>30 398</b>	<b>32 304</b>

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

**B.8.5 Roads, road infrastructure and earthworks (\$ million)**

2021-22 actual 31 Mar		2022-23 opening 1 Jul    actual 31 Mar    revised budget		
40 695	Roads and roads infrastructure	40 098	43 931	44 448
(1 840)	Accumulated depreciation	(2 080)	(2 785)	(3 060)
<b>38 855</b>	<b>Roads and roads infrastructure (net carrying amount)</b>	<b>38 019</b>	<b>41 146</b>	<b>41 388</b>
<b>10 027</b>	<b>Earthworks</b>	<b>10 231</b>	<b>10 231</b>	<b>10 035</b>
<b>48 882</b>	<b>Total roads, roads infrastructure and earthworks</b>	<b>48 250</b>	<b>51 377</b>	<b>51 423</b>

**B.8.6 Cultural assets** (\$ million)

<i>2021-22 actual 31 Mar</i>		<i>opening 1 Jul</i>	<i>2022-23 actual 31 Mar</i>	<i>revised budget</i>
6 781	Cultural assets	6 952	6 765	6 768
(235)	Accumulated depreciation	(184)	(107)	(111)
<b>6 546</b>	<b>Total cultural assets</b>	<b>6 768</b>	<b>6 658</b>	<b>6 657</b>

**B.8.7 Other non-financial assets** (\$ million)

<i>2021-22 actual 31 Mar</i>		<i>opening 1 Jul</i>	<i>2022-23 actual 31 Mar</i>	<i>revised budget</i>
3 003	Intangible produced assets	3 035	3 122	3 289
(1 624)	Accumulated depreciation	(1 634)	(1 818)	(1 918)
485	Service concession assets – Intangible produced	512	4 612	4 612
..	Accumulated depreciation	..	..	(1)
112	Intangible non-produced assets	78	78	80
(55)	Accumulated amortisation	(55)	(59)	(60)
<b>1 919</b>	<b>Total intangibles</b>	<b>1 936</b>	<b>5 936</b>	<b>6 002</b>
304	Investment properties	320	198	302
2	Biological assets	5	5	7
1 268	Other assets	1 052	1 000	1 061
<b>3 494</b>	<b>Total other non-financial assets</b>	<b>3 313</b>	<b>7 140</b>	<b>7 372</b>

## B.9 OTHER ASSETS AND LIABILITIES

### Introduction

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

#### B.9.1 Receivables and contract assets (\$ million)

2021-22 actual 31 Mar		opening 1 Jul	2022-23 actual 31 Mar	revised budget
	<b>Contractual</b>			
992	Sales of goods and services <sup>(a)</sup>	741	879	738
6	Accrued investment income	18	48	20
1 539	Other receivables	1 725	1 423	1 186
(184)	Allowance for impairment of contractual receivables	(202)	(208)	(200)
	<b>Statutory</b>			
9	Sales of goods and services	11	11	11
6 250	Taxes receivable	5 156	7 739	5 275
3 025	Fines and regulatory fees	2 728	2 606	2 715
442	GST input tax credits recoverable <sup>(a)</sup>	607	488	610
(2 609)	Allowance for impairment of statutory receivables	(2 368)	(2 178)	(2 247)
	<b>Other</b>			
..	Contract assets	1	..	1
<b>9 470</b>	<b>Total receivables and contract assets <sup>(a)</sup></b>	<b>8 416</b>	<b>10 809</b>	<b>8 109</b>
	<b>Represented by:</b>			
8 968	Current receivables and contract assets <sup>(a)</sup>	7 902	10 284	7 597
502	Non-current receivables and contract assets	514	525	512

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

**B.9.2. Payables and contract liabilities**

(\$ million)

2021-22 actual 31 Mar		2022-23		
		opening 1 Jul	actual 31 Mar	revised budget
	<b>Contractual</b>			
593	Accounts payable <sup>(a)</sup>	838	977	838
4 281	Accrued expenses <sup>(a)</sup>	5 152	4 738	4 812
10 098	Grant of a right to the operator liability	10 305	19 600	19 702
1 179	Unearned income	1 203	1 274	1 486
	<b>Statutory</b>			
42	Accrued taxes payable <sup>(a)</sup>	69	65	76
	<b>Other</b>			
323	Contract liabilities	342	361	338
<b>16 515</b>	<b>Total payables and contract liabilities <sup>(a)</sup></b>	<b>17 909</b>	<b>27 015</b>	<b>27 251</b>
	<b>Represented by:</b>			
6 058	Current payables and contract liabilities <sup>(a)</sup>	7 260	7 337	7 180
10 456	Non-current payables and contract liabilities	10 649	19 678	20 072

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## B.10 PUBLIC ACCOUNT

### Introduction

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

#### B.10.1 Consolidated fund receipts and payments (\$ million)

2021-22 actual 31 Mar		2022-23	
		actual 31 Mar	revised budget
	<b>Receipts</b>		
21 645	Taxation	22 449	32 474
735	Fines and regulatory fees	910	959
20 644	Grants received	18 907	26 787
796	Sales of goods and services	1 045	1 461
336	Interest received	779	1 175
425	Dividends, income tax equivalent and rate equivalent receipts	693	664
612	Other receipts	8 299	8 450
<b>45 194</b>	<b>Total operating activities</b>	<b>53 082</b>	<b>71 969</b>
23 267	Total inflows from investing and financing	18 467	30 760
<b>68 460</b>	<b>Total receipts</b>	<b>71 549</b>	<b>102 729</b>
	<b>Payments to departments <sup>(a)</sup></b>		
11 417	Education	12 175	16 709
2 275	Energy, Environment and Climate Action	2 586	4 699
5 963	Families, Fairness and Housing	6 479	8 434
..	Government Services	97	296
13 230	Health	13 399	16 839
9 928	Jobs, Skills, Industry and Regions	2 695	4 855
8 271	Justice and Community Safety	7 986	11 048
419	Premier and Cabinet	729	904
12 177	Transport and Planning	12 710	18 523
5 851	Treasury and Finance	5 195	11 082
230	Parliament	251	349
620	Courts	692	1 008
<b>70 381</b>	<b>Sub total</b>	<b>64 995</b>	<b>94 747</b>
..	Appropriations remaining unspent	..	(3 300)
<b>70 381</b>	<b>Total payments</b>	<b>64 995</b>	<b>91 447</b>
<b>(1 920)</b>	<b>Net receipts/(payments)</b>	<b>6 554</b>	<b>11 282</b>

Note:

(a) On 5 December 2022, the Premier announced various machinery of government changes effective 1 January 2023. See Note 1.7.4 of Chapter 1 of this budget paper for further details.

**B.10.2 Trust fund cash flow statement**

(\$ million)

2021-22		2022-23	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
406	Taxation	496	650
74	Regulatory fees and fines	175	234
19 117	Grants received	18 328	21 041
644	Sale of goods and services	1 135	1 267
24	Interest received	101	138
16	Dividends received	31	103
6 973	Net transfers from Consolidated Fund	6 639	9 627
225	Other receipts	1 367	1 447
<b>27 478</b>	<b>Total receipts</b>	<b>28 272</b>	<b>34 507</b>
<b>Payments</b>			
(446)	Payments for employees	(334)	(364)
(36)	Superannuation	(29)	(30)
(56)	Interest paid	(86)	(132)
(19 217)	Grants and subsidies	(18 776)	(24 418)
(4 006)	Goods and services	(3 548)	(4 666)
<b>(23 760)</b>	<b>Total payments</b>	<b>(22 773)</b>	<b>(29 610)</b>
<b>3 718</b>	<b>Net cash flows from operating activities</b>	<b>5 499</b>	<b>4 897</b>
<b>Cash flows from investing activities</b>			
(56)	Purchases of property, plant and equipment	(28)	(3 058)
64	Proceeds from sale of property, plant and equipment	66	65
849	Net proceeds from customer loans	511	130
(3 012)	Other investing activities	(2 336)	(1 516)
<b>(2 155)</b>	<b>Net cash flows from investing activities</b>	<b>(1 787)</b>	<b>(4 379)</b>
<b>Cash flows from financing activities</b>			
234	Net proceeds/(repayments) from borrowings	(427)	(493)
<b>234</b>	<b>Net cash flows from financing activities</b>	<b>(427)</b>	<b>(493)</b>
<b>1 797</b>	<b>Net cash inflow/(outflow)</b>	<b>3 285</b>	<b>25</b>



### B.10.3 Reconciliation of cash flows to balances held (\$ million)

	Balances held at 30 Jun 2022	Mar movement YTD	Balances held at 31 Mar 2023
<b>Cash and deposits</b>			
Cash and balances outside of the Public Account	(1)	1	(1)
Deposits held with the Public Account – Specific trusts	1 024	346	1 370
Other balances held in the Public Account	3 353	9 403	12 756
<b>Total cash and deposits</b>	<b>4 376</b>	<b>9 749</b>	<b>14 125</b>
<b>Investments</b>			
Investments held with the Public Account – Specific trusts	1 485	87	1 572
<b>Total investments</b>	<b>1 485</b>	<b>87</b>	<b>1 572</b>
<b>Total fund balances</b>	<b>5 861</b>	<b>9 837</b>	<b>15 698</b>
<b>Less funds held outside the public account</b>			
Cash	(1)	1	(1)
<b>Total fund balances held outside the Public Account</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>
<b>Total fund balances held in the Public Account <sup>(a)</sup></b>	<b>5 862</b>	<b>9 836</b>	<b>15 698</b>

Note:

(a) See Note B.10.4 for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

### B.10.4 Details of securities held (\$ million)

2021-22 actual 31 Mar <sup>(a)</sup>		2022-23 opening 1 Jul <sup>(b)</sup> actual 31 Mar	
2 639	Amounts invested on behalf of specific trust accounts	2 519	2 943
5 883	General account balances	3 353	12 756
<b>8 522</b>	<b>Total Public Account</b>	<b>5 872</b>	<b>15 698</b>
<b>Represented by:</b>			
7 802	Stock, securities, cash and investments	5 012	14 358
Add cash advanced for:			
720	Advances pursuant to sections 36 and 37 of the Financial Management Act 1994	859	1 340
<b>8 522</b>	<b>Total Public Account</b>	<b>5 872</b>	<b>15 698</b>

Notes:

(a) Certain 2021-22 comparatives figures have been restated to reflect more current information.

(b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DEECA to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## B.11 OTHER DISCLOSURES

### Introduction

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

#### B.11.1 Other gains/(losses) from other economic flows (\$ million)

2021-22		2022-23	
		actual	revised
		31 Mar	budget
(44)	Net (increase)/decrease in allowances for credit losses	276	84
(3)	Amortisation of intangible non-produced assets	(3)	(7)
(9)	Bad debts written off	(247)	(398)
65	Other gains/(losses)	(37)	(25)
<b>9</b>	<b>Total other gains/(losses) from other economic flows</b>	<b>(11)</b>	<b>(345)</b>

#### B.11.2 Reconciliation of cash and cash equivalents (\$ million)

2021-22		2022-23	
		actual	revised
		31 Mar	budget
994	Cash	4 294	3 225
12 579	Deposits at call	16 647	16 510
<b>13 573</b>	<b>Cash and cash equivalents</b>	<b>20 941</b>	<b>19 735</b>
..	Bank overdraft	..	..
<b>13 573</b>	<b>Balances as per cash flow statement</b>	<b>20 941</b>	<b>19 735</b>

#### B.11.3 Controlled entities

Note 9.8 Controlled entities in the *2021-22 Financial Report* for the State of Victoria lists significant controlled entities, which have been consolidated for the purposes of the financial report.

Reference should be made to Note 1.7.4 of Chapter 1 of this budget paper for changes to general government sector entities since 1 July 2022.

#### B.11.4 Glossary of technical terms

Note 9.9 in the *2021-22 Financial Report* for the State of Victoria contains a summary of the major technical terms used in this report.

## B.12 RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

### Introduction

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

#### B.12.1 Consolidated comprehensive operating statement for the past five quarters (\$ million)

	2021-22		2022-23		
	Mar	Jun	Sep	Dec	Mar
<b>Revenue and income from transactions</b>					
Taxation	9 994	7 599	7 842	6 539	10 716
Interest income	130	162	259	331	371
Dividends, income tax equivalent and rate equivalent income	64	430	88	146	59
Sales of goods and services	1 394	1 694	1 696	1 503	1 411
Grants	10 604	10 279	9 265	10 494	10 712
Other revenue and income	856	1 053	751	1 007	723
<b>Total revenue and income from transactions</b>	<b>23 042</b>	<b>21 216</b>	<b>19 900</b>	<b>20 019</b>	<b>23 990</b>
<b>Expenses from transactions</b>					
Employee expenses	7 740	8 391	8 361	8 383	7 916
Net superannuation interest expense	119	120	172	191	177
Other superannuation	952	1 068	1 039	835	913
Depreciation	1 063	1 118	1 085	1 093	1 160
Interest expense	658	826	822	991	995
Grant expense	4 955	5 481	4 021	4 287	5 081
Other operating expenses	6 967	8 612	5 814	7 024	6 471
<b>Total expenses from transactions</b>	<b>22 454</b>	<b>25 615</b>	<b>21 315</b>	<b>22 804</b>	<b>22 714</b>
<b>Net result from transactions – Net operating balance</b>	<b>588</b>	<b>(4 399)</b>	<b>(1 415)</b>	<b>(2 785)</b>	<b>1 276</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on disposal of non-financial assets	10	(31)	32	18	75
Net gain/(loss) on financial assets or liabilities at fair value	52	121	(7)	16	60
Share of net profit/(loss) from associates/ joint venture entities	..	5	3	2	..
Other gains/(losses) from other economic flows	60	105	(5)	101	(107)
<b>Total other economic flows included in net result</b>	<b>123</b>	<b>200</b>	<b>23</b>	<b>137</b>	<b>28</b>
<b>Net result</b>	<b>710</b>	<b>(4 200)</b>	<b>(1 392)</b>	<b>(2 648)</b>	<b>1 304</b>
<b>Other economic flows – Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in non-financial assets revaluation surplus	110	18 240	4 393	148	258
Remeasurement of superannuation defined benefits plans	3 233	4 723	1 284	138	(3 160)
Other movements in equity	(6)	(33)	(437)	84	41

**B.12.1 Consolidated comprehensive operating statement for the past five quarters (*continued*)**  
(\$ million)

	2021-22	2022-23			
	Mar	Jun	Sep	Dec	Mar
<b>Items that may be reclassified subsequently to net result</b>					
Net gain/(loss) on financial assets at fair value	(59)	34	87	46	..
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	48	12 980	..	3 507	..
<b>Total other economic flows – Other comprehensive income</b>	<b>3 326</b>	<b>35 943</b>	<b>5 328</b>	<b>3 923</b>	<b>(2 861)</b>
<b>Comprehensive result – Total change in net worth</b>	<b>4 036</b>	<b>31 743</b>	<b>3 936</b>	<b>1 275</b>	<b>(1 557)</b>
<b>KEY FISCAL AGGREGATES</b>					
<b>Net operating balance</b>	<b>588</b>	<b>(4 399)</b>	<b>(1 415)</b>	<b>(2 785)</b>	<b>1 276</b>
Less: Net acquisition of non-financial assets from transactions	2 976	1 583	2 692	4 224	1 624
<b>Net lending/(borrowing)</b>	<b>(2 388)</b>	<b>(5 982)</b>	<b>(4 106)</b>	<b>(7 009)</b>	<b>(347)</b>

**B.12.2 Consolidated balance sheet at the end of the past five quarters (\$ million)**

	2021-22		2022-23		
	Mar	Jun	Sep	Dec	Mar
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	13 573	10 974	22 544	21 468	20 941
Advances paid	4 695	4 929	5 025	5 227	5 332
Receivables and contract assets	9 470	8 406	8 041	7 717	10 809
Investments, loans and placements	3 374	3 370	3 472	3 619	3 874
Investments accounted for using the equity method	10	10	1 221	1 223	1 223
Investments in other sector entities	73 576	89 162	89 414	93 525	94 739
<b>Total financial assets</b>	<b>104 697</b>	<b>116 851</b>	<b>129 716</b>	<b>132 779</b>	<b>136 918</b>
<b>Non-financial assets</b>					
Inventories	1 154	1 262	1 130	1 118	1 121
Non-financial assets held for sale	171	171	154	82	85
Land, buildings, infrastructure, plant and equipment	206 017	225 770	229 316	233 161	236 254
Other non-financial assets	3 494	3 313	7 859	7 668	7 140
<b>Total non-financial assets</b>	<b>210 836</b>	<b>230 516</b>	<b>238 459</b>	<b>242 029</b>	<b>244 599</b>
<b>Total assets</b>	<b>315 533</b>	<b>347 367</b>	<b>368 175</b>	<b>374 809</b>	<b>381 517</b>
<b>Liabilities</b>					
Deposits held and advances received	1 916	1 831	1 762	1 727	1 695
Payables	16 192	17 551	27 048	26 006	26 654
Contract liabilities	323	342	358	407	361
Borrowings	114 353	117 420	125 758	132 754	136 828
Employee benefits	9 942	9 857	9 911	9 582	9 827
Superannuation	24 566	19 756	18 845	18 629	21 804
Other provisions	1 457	2 082	2 026	1 962	2 161
<b>Total liabilities</b>	<b>168 749</b>	<b>168 839</b>	<b>185 707</b>	<b>191 066</b>	<b>199 331</b>
<b>Net assets</b>	<b>146 784</b>	<b>178 528</b>	<b>182 468</b>	<b>183 743</b>	<b>182 186</b>
Accumulated surplus/(deficit)	52 271	52 824	52 290	49 863	50 255
Reserves	94 514	125 704	130 178	133 879	131 931
<b>Net worth</b>	<b>146 784</b>	<b>178 528</b>	<b>182 468</b>	<b>183 743</b>	<b>182 186</b>
<b>FISCAL AGGREGATES</b>					
Net financial worth	(64 052)	(51 988)	(55 991)	(58 287)	(62 413)
Net financial liabilities	137 628	141 149	145 405	151 812	157 152
Net debt	94 627	99 978	96 479	104 167	108 376

**B.12.3 Consolidated cash flow statement for the past five quarters (\$ million)**

	2021-22		2022-23		
	Mar	Jun	Sep	Dec	Mar
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Taxes received	7 614	8 970	7 962	7 213	6 965
Grants	10 653	10 373	9 307	10 417	10 731
Sales of goods and services <sup>(a)</sup>	1 412	1 930	2 097	1 235	1 768
Interest received	130	157	235	319	365
Dividends, income tax equivalent and rate equivalent receipts	72	96	88	140	399
Other receipts	396	393	8 171	1 163	239
<b>Total receipts</b>	<b>20 276</b>	<b>21 919</b>	<b>27 859</b>	<b>20 487</b>	<b>20 468</b>
<b>Payments</b>					
Payments for employees	(7 540)	(8 133)	(8 282)	(8 662)	(7 758)
Superannuation	(1 020)	(1 275)	(838)	(1 104)	(1 075)
Interest paid	(620)	(728)	(724)	(880)	(915)
Grants and subsidies	(4 957)	(4 729)	(4 190)	(4 445)	(5 077)
Goods and services <sup>(a)</sup>	(7 082)	(7 110)	(6 033)	(7 243)	(5 793)
Other payments	(182)	(320)	(240)	(200)	(241)
<b>Total payments</b>	<b>(21 401)</b>	<b>(22 294)</b>	<b>(20 307)</b>	<b>(22 534)</b>	<b>(20 859)</b>
<b>Net cash flows from operating activities</b>	<b>(1 124)</b>	<b>(376)</b>	<b>7 552</b>	<b>(2 047)</b>	<b>(391)</b>
<b>Cash flows from investing activities</b>					
<b>Cash flows from investments in non-financial assets</b>					
Purchases of non-financial assets	(3 304)	(5 095)	(3 500)	(4 781)	(3 155)
Sales of non-financial assets	58	128	73	128	40
<b>Net cash flows from investments in non-financial assets</b>	<b>(3 246)</b>	<b>(4 967)</b>	<b>(3 426)</b>	<b>(4 653)</b>	<b>(3 115)</b>
Net cash flows from investments in financial assets for policy purposes	(7)	28	(391)	(682)	(387)
<b>Sub-total</b>	<b>(3 253)</b>	<b>(4 939)</b>	<b>(3 818)</b>	<b>(5 335)</b>	<b>(3 502)</b>
Net cash flows from investments in financial assets for liquidity management purposes	1 891	(33)	(71)	(100)	(207)
<b>Net cash flows from investing activities</b>	<b>(1 361)</b>	<b>(4 972)</b>	<b>(3 889)</b>	<b>(5 435)</b>	<b>(3 709)</b>
<b>Cash flows from financing activities</b>					
Advances received (net)	(260)	232	(111)	(5)	(39)
Net borrowings	3 060	2 834	7 968	6 441	3 605
Deposits received (net)	140	(317)	38	(29)	6
<b>Net cash flows from financing activities</b>	<b>2 939</b>	<b>2 750</b>	<b>7 896</b>	<b>6 407</b>	<b>3 573</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>454</b>	<b>(2 598)</b>	<b>11 559</b>	<b>(1 076)</b>	<b>(527)</b>
Cash and cash equivalents at beginning of the reporting period <sup>(b)</sup>	13 119	13 573	10 985	22 544	21 468
<b>Cash and cash equivalents at end of the reporting period</b>	<b>13 573</b>	<b>10 974</b>	<b>22 544</b>	<b>21 468</b>	<b>20 941</b>
<b>FISCAL AGGREGATES</b>					
Net cash flows from operating activities	(1 124)	(376)	7 552	(2 047)	(391)
Net cash flows from investments in non-financial assets	(3 246)	(4 967)	(3 426)	(4 653)	(3 115)
<b>Cash surplus/(deficit)</b>	<b>(4 371)</b>	<b>(5 343)</b>	<b>4 126</b>	<b>(6 700)</b>	<b>(3 506)</b>

Notes:

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

(b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Energy, Environment, and Climate Action (DEECA) to form a business unit within DEECA, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

# APPENDIX C – COMPLIANCE INDEX: REQUIREMENTS OF THE *FINANCIAL MANAGEMENT ACT 1994*

The budget papers comply with the provisions of the *Financial Management Act 1994*. Table C.1 details these requirements together with appropriate references in the document.

**Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2023-24 Budget**

Relevant section of the Act and corresponding requirement	Location
Sections 23E-G of the <i>Financial Management Act 1994</i>	
Statement of financial policy objectives and strategies for the year including the short- and long-term financial objectives, key financial measures, the relationship to the principles of sound financial management and any temporary financial policy actions.	<p>Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i></p> <p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i></p>
Sections 23H-J of the <i>Financial Management Act 1994</i>	
Estimated general government sector financial statements for the year comprising:	<p>Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i></p> <p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i></p>
<ul style="list-style-type: none"> <li>an estimated statement of financial performance</li> <li>an estimated statement of financial position at the end of the year</li> <li>an estimated statement of cash flows for the year</li> <li>a statement of the accounting policies on which these statements are based and explanatory notes.</li> </ul>	
<p>The estimated financial statements take into account Government decisions and other circumstances that may have a material effect on the estimated financial statements and are prepared on a basis consistent with the current financial policy objectives, strategies statement and have regard to appropriate financial reporting frameworks.</p>	

**Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2023-24 Budget (continued)**

Relevant section of the Act and corresponding requirement	Location
<p>Section 23K of the <i>Financial Management Act 1994</i></p> <p>Accompanying statements which take into account Government decisions and other circumstances that may have a material effect on each set of estimated financial statements comprising:</p>	
<ul style="list-style-type: none"> <li>a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements</li> </ul>	<p>Budget Paper No. 2, Chapter 2 <i>Economic context</i></p> <p>Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i></p> <p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i></p>
<ul style="list-style-type: none"> <li>a discussion of the sensitivity of the estimated financial statements to changes in those economic and other assumptions</li> </ul>	<p>Budget Paper No. 2, Appendix A <i>Sensitivity Analysis</i></p> <p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i></p>
<ul style="list-style-type: none"> <li>an overview of the estimated tax expenditures for the financial years covered by the estimated financial statements</li> </ul>	<p>Budget Paper No. 5, Chapter 5 <i>Tax expenditures and concessions</i></p>
<ul style="list-style-type: none"> <li>a statement of risks that may have a material effect on the estimated financial statements including contingent liabilities and publicly announced Government commitments that are not yet included in the estimated financial statements.</li> </ul>	<p>Budget Paper No. 2, Chapter 2 <i>Economic context</i></p> <p>Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i></p> <p>Budget Paper No. 5, Chapter 6 <i>Contingent assets and contingent liabilities</i></p>
<p>Section 26(1) of the <i>Financial Management Act 1994</i></p>	
<p>A quarterly general government sector financial report for each quarter of each financial year comprising:</p>	<p>Budget Paper No. 5, Appendix B <i>2022-23 Budget outcome incorporating the financial report for the March quarter 2023</i></p>
<ul style="list-style-type: none"> <li>a statement of financial performance</li> <li>a statement of financial position</li> <li>a statement of cash flows</li> <li>a statement of the accounting policies.</li> </ul>	



**Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2023-24 Budget (continued)**

<i>Relevant section of the Act and corresponding requirement</i>		<i>Location</i>
Section 40 of the <i>Financial Management Act 1994</i>		
A statement of information under departmental headings setting out:		
<ul style="list-style-type: none"> <li>a description of the goods and services to be produced or provided by each department during the period to which the statement relates, together with comparative information for the preceding financial year</li> </ul>		Budget Paper No. 3, Chapter 2 <i>Department performance statements</i>
<ul style="list-style-type: none"> <li>a description of the amount available or to be available to each department during the period to which the statement relates, whether appropriated by the Parliament for that purpose or otherwise received or to be received by the department, together with comparative figures for the preceding financial year</li> </ul>		Budget Paper No. 3, Chapter 2, <i>Department performance statements</i>  Budget Paper No. 5, Chapter 3 <i>Departmental financial statements</i>
<ul style="list-style-type: none"> <li>the estimated amount of the receipts and receivables of each department during the period to which the statement relates, together with comparative figures for the preceding financial year.</li> </ul>		Budget Paper No. 3, Chapter 2 <i>Department performance statements</i>
Section 19 of the <i>Audit Act 1994</i>		
The Auditor-General reviews and reports on the estimated financial statements to ensure they are consistent with accounting policies and targets and that the methodologies and assumptions used are reasonable.		Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i>



# STYLE CONVENTIONS

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

The notation used in the tables and charts is as follows:

n.a. or na	not available or not applicable
1 billion	1 000 million
1 basis point	0.01 per cent
..	zero, or rounded to zero
tbc	to be confirmed
ongoing	continuing output, program, project etc.
(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](http://dtf.vic.gov.au) for additional terms and references.

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**Victorian Budget**  
2023/24

Statement of Finances  
(incorporating Quarterly  
Financial Report No. 3)  
Budget Paper No. 5

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