



Victorian Budget
2026/27

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Statement of Finances

(incorporating Quarterly Financial Report No. 3)

BUDGET PAPER NO. 5

Presented by Jaclyn Symes MP
Treasurer of the State of Victoria



ACKNOWLEDGEMENT OF COUNTRY

The Victorian Department of Treasury and Finance acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history. We proudly acknowledge Victoria's Aboriginal communities and recognise the value and ongoing contribution of Aboriginal people and communities to Victorian life. We pay our respect to Elders past and present and emerging.

As we work to ensure Victorian Aboriginal communities continue to thrive, the Government acknowledges the invaluable contributions of generations that have come before us, who have fought tirelessly for the rights of their people and communities towards self-determination. We reflect on the continuing impact of government policies and practices and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples towards improved cultural, social and economic outcomes.



'lim-ba nindee thana warn-ga-ilee'
(Preserve our Dreaming Lore) – Gunnai Language
Bitja (Dixon Patten Jnr) Yorta Yorta, Gunnai,
Gunditjmara and Dhudhuroa of Bayila Creative

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Budget Paper No. 1 – Treasurer's Speech
Budget Paper No. 2 – Strategy and Outlook
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

2026-27



Presented by

Jaclyn Symes 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

The following Estimated Financial Statements and accompanying explanatory notes set out the forecast financial results for the Victorian general government sector for the period 2026-27 to 2029-30.

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. The Victorian economy is expected to continue to deliver solid economic growth, although risks to Victoria's economic outlook have increased in recent months and are elevated. These include risks associated with the Middle East conflict, including to global and national economic growth, and uncertainty around the outlook for domestic inflation, and hence for interest rates. 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.

Report Certifications	Review report of the Auditor-General	Page 3
	Certification by the Treasurer and the Secretary of the Department of Treasury and Finance	Page 7
Estimated Financial Statements	Estimated consolidated general government sector comprehensive operating statement	Page 8
	Estimated consolidated general government sector balance sheet	Page 10
	Estimated consolidated general government sector cash flow statement	Page 11
	Estimated consolidated general government sector statement of changes in equity	Page 13
Notes to the Estimated Financial Statements	1.1 About this report	Page 14
	<i>Basis of preparation including key judgements, estimates and assumptions</i>	
	<i>Compliance information</i>	
	1.2 How funds are raised	Page 22
	<i>Revenue and income recognised from taxes, grants, sales of goods and services, receivables, other liabilities and other sources</i>	
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<i>Operating and capital expenses incurred to deliver public services including associated employee benefit obligations, superannuation liability and payables</i>		
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<i>Land, buildings, infrastructure, plant and equipment, other non-financial assets and investments in other sectors</i>		
1.5 Financing operations	Page 48	
<i>Borrowings, interest expense, and investments held</i>		
1.6 Other disclosures	Page 51	
<i>Additional disclosures to assist with understanding the Estimated Financial Statements</i>		

REVIEW 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.

Scope	<p>I have reviewed the Estimated Financial Statements for the Victorian General Government Sector which comprise the:</p> <ul style="list-style-type: none">• estimated comprehensive operating statement for the year ending 30 June 2027 and estimated comprehensive operating statement for the three forward years ending 30 June 2028, 2029 and 2030• estimated balance sheet as at 30 June 2027 and estimated balance sheet for the three forward years as at 30 June 2028, 2029 and 2030• estimated cash flow statement for the year ending 30 June 2027 and estimated cash flow statement for the three forward years ending 30 June 2028, 2029 and 2030• estimated statement of changes in equity for the year ending 30 June 2027 and estimated statement of changes in equity for the three forward years ending 30 June 2028, 2029 and 2030• notes to the Estimated Financial Statements including significant accounting policies, judgements, economic and other assumptions, and other explanatory information• certification by the Treasurer and the Secretary of the Department of Treasury and Finance. <p>The stated basis of preparation used for the Estimated Financial Statements is set out in Note 1.1 to the Estimated Financial Statements.</p> <p>The Estimated Financial Statements are included in Chapter 1 of <i>Budget Paper 5: Statement of Finances</i> of the 2026–27 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 2026–27 State Budget.</p>
Conclusion	<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">• 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• 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• 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• do not use reasonable methodologies to determine those assumptions.

Basis for conclusion

I have conducted my review in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*. 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.

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.

The Treasurer has prepared the Estimated Financial Statements that set out the projected financial performance of the Victorian General Government Sector for 2026–27 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.

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.

The limited assurance conclusion expressed in this report has been formed on the above basis.

My independence is established by the *Constitution Act 1975*. 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 Code of Ethics for Professional Accountants* (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.

My responsibilities under the *Audit Act 1994* and ASAE 3450 are further described in *My responsibilities for the review of the Estimated Financial Statements* section of this report.

Emphasis of matters I draw attention to Note 1.1 About this Report, which explains key matters relevant to the preparation of the Estimated Financial Statements.

The note highlights the heightened uncertainty affecting Victoria’s economic outlook, including the impacts of conflict in the Middle East and ongoing domestic inflationary pressures. These conditions influence the key assumptions used to prepare the Estimated Financial Statements.

The note also outlines significant judgements, assumptions and estimates applied by the government relating to wage and workforce outcomes, the receipt of Commonwealth capital funding, policy decisions to pursue asset optimisation opportunities, and planned savings initiatives. The estimated financial impacts of the judgements and assumptions applied by the government are reflected in the Estimated Financial Statements and remain dependent on future government decisions and economic conditions.

These matters are fundamental to the government achieving the forecast financial results for the 2026–27 budget year and the forward estimate years and are important to users’ understanding of the Estimated Financial Statements.

My conclusion is not modified in respect of these matters.

Other information The Treasurer of Victoria is responsible for the other information included in the remaining chapters of Budget Paper 5 and Budget Papers 1 through 4 of the 2026–27 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.

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 2026–27 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.

The Treasurer’s responsibilities for the Estimated Financial Statements The Treasurer of Victoria is responsible for the preparation of the Estimated Financial Statements in accordance with sections 23H–23K of the *Financial Management Act 1994*, and for such internal control as is determined necessary to enable the preparation of the Estimated Financial Statements.

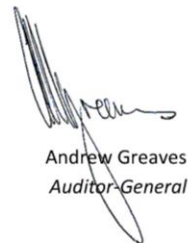
My responsibilities for the review of the Estimated Financial Statements

As required by the *Audit Act 1994*, my responsibility is to state whether, on the basis of my review, anything has come to my attention that would cause me to believe:

- 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
- 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
- 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 *Financial Management Act 1994*, and as contained in the notes to the Estimated Financial Statements
- the methodologies used to determine those assumptions are not reasonable.

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.

MELBOURNE
1 May 2026



Andrew Greaves
Auditor-General

CERTIFICATION BY THE TREASURER AND THE SECRETARY OF 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 for the Victorian general government sector, which comprise the estimated 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 2027 and the three forward years ending 30 June 2028, 2029 and 2030:

- 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.



Jaclyn Symes MP

Treasurer



Chris Barrett

Secretary

1 May 2026

ESTIMATED FINANCIAL STATEMENTS

**ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR
COMPREHENSIVE OPERATING STATEMENT**

For the financial year ending 30 June

(\$ million)

	Notes	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Revenue and income from transactions					
Taxation	1.2.1	43 179	46 345	47 960	50 175
Interest income		1 636	1 474	1 455	1 446
Dividends and income tax equivalent income	1.2.2	2 173	1 155	2 051	2 012
Sales of goods and services: ^(a)					
Insurance revenue ^(b)		170	185	197	207
Other sales of goods and services	1.2.3	8 137	8 546	8 602	8 767
Grants	1.2.4	56 366	55 679	57 030	58 946
Other revenue and income	1.2.5	3 903	3 675	3 726	3 806
Total revenue and income from transactions		115 564	117 059	121 022	125 358
Expenses from transactions					
Employee expenses	1.3.1	41 134	42 874	44 402	45 504
Superannuation:					
Net superannuation interest expense	1.3.2	806	792	733	672
Other superannuation	1.3.2	4 656	4 854	5 003	5 138
Depreciation	1.4.2	6 497	6 597	6 741	6 949
Interest expense	1.5.2	8 904	9 672	10 660	11 820
Grant expense	1.3.4	19 466	18 434	18 772	19 262
Other operating expenses: ^(a)					
Insurance expense ^(b)		135	141	146	152
Other operating expenses	1.3.5	32 917	31 831	32 628	33 888
Total expenses from transactions	1.3.7	114 516	115 194	119 085	123 386
Net result from transactions – Net operating balance		1 048	1 864	1 936	1 972
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		20	20	20	19
Net gain/(loss) on financial assets or liabilities at fair value		282	299	343	387
Share of net profit/(loss) from associates/joint venture entities		(45)	(12)	(12)	(12)
Other gains/(losses) from other economic flows	1.6.1	(412)	(220)	(442)	(450)
Total other economic flows included in net result		(155)	86	(91)	(55)
Net result		892	1 950	1 846	1 916
Other economic flows – Other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus		8 226	11 364	18 193	9 935
Remeasurement of superannuation defined benefit plans	1.3.2	353	348	360	373
Other movements in equity		(26)	(18)	(26)	(23)
Items that may be reclassified subsequently to net result					
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	1.4.6	(2 730)	(5 327)	(4 370)	(3 343)
Total other economic flows – Other comprehensive income		5 825	6 370	14 160	6 946
Comprehensive result – Total change in net worth		6 717	8 320	16 005	8 862

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR COMPREHENSIVE OPERATING STATEMENT (CONTINUED)

For the financial year ending 30 June

(\$ million)

		2026-27	2027-28	2028-29	2029-30
	Notes	budget	estimate	estimate	estimate
KEY FISCAL AGGREGATES ^(c)					
Net operating balance		1 048	1 864	1 936	1 972
Less: Net acquisition/(disposal) of non-financial assets from transactions	1.3.9	5 337	1 882	4 241	5 330
Net lending/(borrowing)		(4 290)	(17)	(2 305)	(3 358)

The accompanying notes form part of these Estimated Financial Statements.

Notes:

- (a) This line is disaggregated from 2026-27 onwards following the application of AASB 17 Insurance Contracts, which is effective from 1 July 2026.
- (b) Refer to Note 1.1 Basis of preparation and Note 1.6.5 Glossary of technical terms for further information on this item.
- (c) The fiscal aggregates are defined in Note 8.9 of the 2024-25 Financial Report.

ESTIMATED FINANCIAL STATEMENTS

**ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR
BALANCE SHEET**

As at 30 June

(\$ million)

	Notes	2026 revised	2027 budget	2028 estimate	2029 estimate	2030 estimate
Assets						
Financial assets						
Cash and deposits		13 467	13 390	13 383	13 849	14 430
Advances paid	1.5.3	6 228	6 223	6 167	6 113	6 056
Receivables and contract assets	1.2.6	10 443	11 035	11 563	12 110	12 680
Investments, loans and placements	1.5.3	19 550	20 816	22 215	23 661	25 147
Investments accounted for using equity method		1 322	1 245	657	721	701
Investments in PNFC and PFC sector entities	1.4.6	109 677	112 196	113 511	113 002	112 664
Total financial assets		160 687	164 905	167 496	169 456	171 678
Non-financial assets						
Inventories		325	344	315	319	322
Non-financial assets held for sale		145	138	130	123	115
Land, buildings, infrastructure, plant and equipment	1.4.1, 1.4.3	274 640	288 252	301 492	323 840	339 296
Other non-financial assets	1.4.4	7 021	6 947	6 870	6 868	6 657
Total non-financial assets		282 131	295 682	308 808	331 150	346 391
Total assets	1.4.5	442 818	460 587	476 304	500 606	518 069
Liabilities						
Deposits held and advances received		1 546	1 547	1 548	1 559	1 570
Payables	1.3.6	6 822	6 345	6 342	6 337	6 335
Borrowings	1.5.1	203 044	214 442	223 387	233 189	243 368
Employee benefits	1.3.1	12 329	12 290	12 666	13 046	13 431
Superannuation	1.3.3	16 111	16 297	15 182	14 001	12 815
Other provisions ^(a)		4 201	3 433	3 395	3 506	3 586
Insurance contract liabilities ^(b)			852	897	936	971
Other liabilities ^(a)	1.2.7	22 514	22 411	21 597	20 737	19 836
Total liabilities		266 565	277 617	285 014	293 311	301 911
Net assets		176 252	182 970	191 290	207 295	216 158
Equity						
Accumulated surplus/(deficit)		45 036	46 255	48 535	50 715	53 162
Reserves		131 216	136 714	142 755	156 581	162 995
Net worth		176 252	182 970	191 290	207 295	216 158
FISCAL AGGREGATES^(c)						
Net financial worth		(105 879)	(112 712)	(117 518)	(123 855)	(130 234)
Net financial liabilities		215 556	224 908	231 029	236 857	242 898
Net debt		165 345	175 560	183 170	191 126	199 306

The accompanying notes form part of these Estimated Financial Statements.

Notes:

- (a) Insurance contract liabilities is disaggregated from Other provisions and Other liabilities from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.
- (b) Refer to Note 1.1 Basis of preparation and 1.6.5 Glossary of technical terms for further information on this item.
- (c) The fiscal aggregates are defined in Note 3.9 of the 2024-25 Financial Report.

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT

For the financial year ending 30 June

(\$ million)

	Notes	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Cash flows from operating activities					
Receipts					
Taxes received		43 888	45 906	47 448	49 570
Grants		56 365	55 679	57 030	58 945
Sales of goods and services ^(a)		9 027	9 547	9 619	9 807
Interest received		1 459	1 272	1 236	1 225
Dividends and income tax equivalent receipts		2 200	1 158	2 054	2 015
Other receipts		2 680	2 444	2 471	2 541
Total receipts		115 619	116 006	119 858	124 104
Payments					
Payments for employees		(41 185)	(42 510)	(44 034)	(45 132)
Superannuation		(4 923)	(6 413)	(6 557)	(6 623)
Interest paid		(8 852)	(9 573)	(10 559)	(11 789)
Grants and subsidies		(19 560)	(18 352)	(18 697)	(19 152)
Goods and services ^(a)		(33 170)	(31 742)	(32 384)	(33 644)
Other payments		(1 452)	(1 124)	(1 175)	(1 227)
Total payments		(109 142)	(109 714)	(113 407)	(117 566)
Net cash flows from operating activities		6 477	6 291	6 451	6 538
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	1.3.8	(14 952)	(14 368)	(14 955)	(15 738)
Sales of non-financial assets		771	957	923	1 126
Net cash flows from investments in non-financial assets		(14 181)	(13 410)	(14 033)	(14 612)
Net cash flows from investments in financial assets for policy purposes ^(b)		(2 636)	(326)	(272)	(49)
Subtotal		(16 817)	(13 736)	(14 304)	(14 661)
Net cash flows from investment in financial assets for liquidity management purposes		(1 010)	(1 022)	(1 001)	(973)
Net cash flows from investing activities		(17 827)	(14 759)	(15 305)	(15 635)
Cash flows from financing activities					
Advances received (net)		(11)	(10)	..	..
Net borrowings		11 273	8 459	9 309	9 667
Deposits received (net)		11	11	11	11
Net cash flows from financing activities		11 274	8 460	9 320	9 678
Net increase/(decrease) in cash and cash equivalents		(77)	(7)	466	581
Cash and cash equivalents at beginning of reporting period		13 467	13 390	13 383	13 849
Cash and cash equivalents at end of reporting period		13 390	13 383	13 849	14 430

ESTIMATED FINANCIAL STATEMENTS

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT (CONTINUED)

For the financial year ending 30 June

(\$ million)

	2026-27	2027-28	2028-29	2029-30
Notes	budget	estimate	estimate	estimate
FISCAL AGGREGATES ^(c)				
Net cash flows from operating activities	6 477	6 291	6 451	6 538
Net cash flows from investments in non-financial assets	(14 181)	(13 410)	(14 033)	(14 612)
Cash surplus/(deficit)	(7 704)	(7 119)	(7 582)	(8 074)

The accompanying notes form part of these Estimated Financial Statements.

Notes:

- (a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.
- (b) This line item includes cashflows for the general government sectors contributions (equity injections) to PNFC and PFC sector entities as well as the withdrawal of capital (capital repatriations) including savings and efficiency initiatives by PNFC and PFC sector entities that were announced in the 2023-24 Budget, and other distributions to government that ensure government businesses operate with an efficient capital structure. Refer to Appendix A – Public Account of this budget paper for forecast capital repatriations in the 2026-27 budget year.
- (c) The fiscal aggregates are defined in Note 8.9 of the 2024-25 Financial Report.

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>
2026-27 budget					
Balance at 1 July 2026	45 036	109 225	20 357	1 633	176 252
Net result for the year	892				892
Other comprehensive income for the year	327	8 226	(2 730)	3	5 825
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 30 June 2027	46 255	117 451	17 627	1 636	182 970
2027-28 estimate					
Balance at 1 July 2027	46 255	117 451	17 627	1 636	182 970
Net result for the year	1 950				1 950
Other comprehensive income for the year	329	11 364	(5 327)	3	6 370
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 30 June 2028	48 535	128 815	12 300	1 639	191 290
2028-29 estimate					
Balance at 1 July 2028	48 535	128 815	12 300	1 639	191 290
Net result for the year	1 846				1 846
Other comprehensive income for the year	334	18 193	(4 370)	3	14 160
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 30 June 2029	50 715	147 008	7 931	1 642	207 295
2029-30 estimate					
Balance at 1 July 2029	50 715	147 008	7 931	1 642	207 295
Net result for the year	1 916				1 916
Other comprehensive income for the year	351	9 935	(3 343)	3	6 946
Transfer to/(from) accumulated surplus	181	(181)	..	..	..
Total equity as at 30 June 2030	53 162	156 762	4 588	1 645	216 158

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 2026-27 budget year, and the three forward years, are consistent with those in the *2024-25 Financial Report* for the State of Victoria (the State) 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 *2025-26 Financial Report*, with the exception of AASB 17 *Insurance Contracts* and AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*, which have been applied for the first time in these Estimated Financial Statements from 2026-27 onwards. Within the general government sector, the only insurance-related entity is the Building and Plumbing Commission which relates to the Domestic Building Insurance function which was transferred from the Victorian Managed Insurance Authority in the Public Financial Corporations sector to the new Building and Plumbing Commission from 1 July 2026. The estimated financial impacts of AASB 17 and AASB 2022-9 on the estimated financial statements is not material.

The audited 30 June 2025 asset and liability balances, as reported in the *2024-25 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:

- general government sector investments in other sector entities, which are measured at net asset value
- non-financial physical assets including service concession arrangement assets that, 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
- certain liabilities, most notably unfunded superannuation and insurance claim provisions, 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 the net result.

For assets and liabilities measured at fair value in the estimated balance sheet, the principles of AASB 13 *Fair Value Measurement* have been applied. In December 2022, the Australian Accounting Standards Board published AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* clarifying the application of AASB 13 in the context of the public sector. AASB 2022-10 clarified the application of the ‘highest and best use’ concept in the valuation of assets and added a new Appendix F providing additional guidance on the application of several AASB 13 principles. In accordance with FRD 103 *Non-financial physical assets*, the departments and their portfolio agencies apply Appendix F of AASB 13 prospectively as part of the next scheduled formal or interim asset valuations (whichever is earlier) over the five-year revaluation cycle to 30 June 2029.

In accordance with the updated requirements under FRD 104 *Leases*, the State has made a change in accounting policy to change the measurement basis from the revaluation model to the cost model for the subsequent measurement of right-of-use (ROU) assets arising from market leases. The State has applied a modified retrospective approach in transitioning to the cost model. The approach takes the ROU asset’s carrying amounts recorded under the revaluation model as at 30 June 2025 as the ROU asset’s opening balances on application of the cost model. ROU assets measured using the cost model are held at cost less accumulated depreciation and impairment and any adjustments for remeasurement of lease liability. The impact of this change on the estimated financial statement is not material.

As required by AASB 1049, 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 settled in cash or in kind (for example, 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 assets, including service concession arrangement assets, and intangible assets
- remeasurement arising from defined benefit superannuation plans
- fair value changes of financial instruments
- gain and losses on equity investments in other sector entities at proportional share of the carrying amount of net assets.

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.

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 is less than zero (before consolidation), the carrying amount is not included in the general government sector, but the net liabilities will be consolidated at the state level. Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner 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. However, there were no adjustments required to these Estimated Financial Statements resulting from general government entities adopting dissimilar accounting policies.

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

Except as stated in Note 1.6.4, the significant entities consolidated within the sector comprise those general government sector entities listed in Note 8.8 of Chapter 4 of the *2024-25 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 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, including all known Commonwealth Government funding decisions, including those related to infrastructure grants, based on information available to the State, as at 23 April 2026.

Key financial measures

During the COVID-19 pandemic the Government prioritised the use of its balance sheet to support the Victorian community, Victorian households and the economy. While Victoria's 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 *2026-27 Budget* are that:

- the net operating balance will return to a surplus by 2025-26 and will be maintained over the budget and forward estimates
- an operating cash surplus will be maintained over the budget and forward estimates period
- net debt as a share of GSP will stabilise and begin to decline by the end of the forward estimates period.

The Government's long-term financial management objectives and fiscal measures and targets for the *2026-27 Budget* are set out in Budget Paper No. 2, Chapter 1 *Economic and fiscal overview*.

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. For example:

- Employee expenses are forecast to include the expected financial impact of previous and current budget decisions, which may increase or reduce staffing levels, and approved wage outcomes in line with the Government's Wages Policy. Other factors contributing to projected employee expenses include the anticipated composition and profile of the workforce, including those resulting from the recommendations which the Government accepted from the Independent Review of the Victorian Public Service.
- Professional judgements are applied to account for the Commonwealth capital funding including the expected receipt, amount and phasings in the estimates. Budget Paper No. 4 *State Capital Program* provides information on those projects.
- The estimated financial statements are prepared in line with the State's policy to optimise the value of its assets and evaluate governance models to ensure service delivery provides maximum public benefit. This involves exploring various structures and opportunities to support the achievement of State priorities and enhance the efficiency of government functions. The estimated financial impact of anticipated opportunities are reflected within the government's key fiscal aggregates in a manner consistent with the requirements of relevant accounting standards as appropriate. The estimates remain contingent upon future Government decisions and evolving economic conditions.
- The Government remains committed to delivering responsible savings and improving the efficiency of public services while ensuring Victorians continue to have access to essential services. Building on the Government's Response to the Independent Review of Victoria's Public Service, published in December 2025, further savings and efficiencies are being implemented across government. Most recently, this includes those announced in the *2025-26 Budget Update* from the Independent Review of the Public Service Final Report. These savings from the Independent Review are in addition to the savings and efficiencies of \$3.3 billion included in the *2025-26 Budget*. These savings have largely been allocated to departments to implement, with implementation plans presented to the Budget and Finance Committee of Cabinet and strategic oversight and governance for implementation from the Victorian Secretaries Board. Chapter 3 *Department Financial Statements* of this Budget Paper also refers to some of the impacts of the savings on individual departments' finances. These savings initiatives are in addition to long-standing fiscal management measures and practices, such as the General Efficiency Dividend, which reduces department funding for back-office functions, as well as reprioritisations of existing departmental resources and revenue offsets which generate additional budget capacity for current government priorities.

Risks to Victoria’s economic outlook have increased in recent months and remain elevated. These include risks associated with the Middle East conflict, including to global and national economic growth, and uncertainty around the outlook for domestic inflation and hence interest rates. This means that these estimates are subject to a higher than usual 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 Chapter 6 *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.

Economic assumptions

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

Economic assumptions

	2025-26 forecast	2026-27 forecast	2027-28 forecast	2028-29 projection	2029-30 projection
					(\$ billion)
Nominal gross state product	670.7	704.0	737.6	775.9	816.3
					(percentage change) ^(a)
Real gross state product	1.75	1.50	2.00	2.50	2.50
Employment	1.50	1.25	1.50	1.75	1.75
Unemployment rate ^(b)	4.75	4.75	4.75	4.75	4.75
Consumer price index ^(c)	3.50	3.50	2.75	2.50	2.50
Wage price index ^(d)	3.25	3.25	3.25	3.00	3.00
Population ^(e)	1.70	1.70	1.70	1.70	1.70

Notes:

(a) *Percentage change in year-average terms compared with the 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 and an Australian dollar trade-weighted index of 64.8. Oil prices (West Texas Intermediate) are assumed to average US\$100/barrel in the June quarter 2026. Prices then gradually decline to around US\$70/barrel by December 2026 and to around US\$65/barrel by June 2027, broadly in line with 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

Chapter 6 *Sensitivity analysis* contained in Budget Paper No. 2 *Strategy and Outlook* explores the effects of variations in the macroeconomic outlook on key fiscal aggregates using two alternative approaches. The first approach quantifies the fiscal effects of given scenarios involving simultaneous variations in economic parameters that represent key risks to the economic outlook. Under this approach, two key risks outlined in Budget Paper No. 2, Chapter 2 *Economic context* are modelled: a downside scenario of weaker growth in domestic demand, due to a more persistent Middle East conflict and resulting higher global oil prices, and an upside scenario where a lower trend unemployment rate results in higher economic growth in the long run. The second approach considers the fiscal effects of independent variations in major macroeconomic parameters, holding all parameters other than the indicator of interest constant.

Material events impacting on this report

There are risks to Victoria's economic outlook and the forecasts are subject to a higher degree of uncertainty than in recent years.

The current Middle East conflict, which began on 28 February 2026, has introduced significant new economic and fiscal uncertainties. The conflict is already having an impact on the Australian economy due to higher global energy prices, which are directly adding to consumers' cost of living and adding to businesses' input costs. This will lead to higher global and national inflation, which will weigh on economic growth. However, the broader impacts on the global, Australian and Victorian economies will ultimately depend on the duration and extent of the conflict. A prolonged conflict could weigh heavily on national and global economic activity.

Beyond global energy market developments, the outlook for overall domestic inflationary pressure, and hence the outlook for interest rates, remains another key source of uncertainty. The re-emergence of inflation pressures in Australia led the Reserve Bank of Australia (RBA) to raise interest rates twice in early 2026, and at least one further rate increase in 2026 is widely expected. Inflation pressures were emerging even before the start of the Middle East conflict and the resulting spike in energy costs. If inflation rises more than expected, the RBA could raise rates further than currently assumed in the formation of the economic forecasts. The stance of monetary policy will affect the outlook for economic activity and employment growth, impacting revenue and expenditure. For example, GST revenue, land transfer duty revenue and interest expense are significantly linked to changes in economic growth, inflation and/or interest rates.

The following key assumptions are reflected in the economic forecasts:

- Oil prices (West Texas Intermediate) are assumed to average US\$100 per barrel in the June quarter 2026, then gradually decline to around US\$70 per barrel by December 2026 and to around US \$65/barrel by June 2027.
- Victorian petrol prices are assumed to average \$2.30 per litre in the June quarter 2026, gradually declining to around \$2.00 per litre by the end of 2026. This incorporates Commonwealth, state and territory government initiatives to lower the retail price of petrol, notably by reducing fuel excise duty from 1 April to 30 June 2026.
- The RBA is expected to raise the cash rate by a further 25 basis points, to 4.35 per cent, by mid-2026. The cash rate is expected to remain at that level throughout 2026-27, then gradually decline to 3.50 per cent by late 2028.

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 of revenue and income and the related receivables and other liabilities 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)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE				
Payroll tax	10 077	10 571	11 088	11 628
COVID Debt Levy – Payroll \$10m+	1 231	1 298	1 369	1 443
Mental Health and Wellbeing Levy	1 231	1 298	1 369	1 443
Total taxes on employers' payroll and labour force	12 539	13 167	13 825	14 515
TAXES ON IMMOVABLE PROPERTY				
Land tax	6 456	6 651	7 039	7 475
COVID Debt Levy – Landholdings	1 197	1 233	1 302	1 382
Emergency Services and Volunteers Fund ^(a)	1 609	1 755	1 755	1 755
Congestion levy	218	224	230	236
Metropolitan improvement levy	228	228	228	228
Windfall gains tax	97	106	111	116
Total taxes on immovable property	9 805	10 197	10 665	11 191
TAXES ON THE PROVISION OF GOODS AND SERVICES				
Gambling taxes^(b)				
Public lotteries	642	689	730	756
Electronic gaming machines	1 567	1 604	1 592	1 455
Casino	206	208	209	211
Racing and other sports betting	421	429	436	443
Other	19	19	20	21
Financial and capital transactions				
Land transfer duty	10 009	11 002	11 743	12 404
Metropolitan planning levy	27	28	30	31
Financial accommodation levy	241	259	284	312
Growth areas infrastructure contributions	225	225	225	225
Infrastructure Contributions ^(c)	7	98	99	140
Levies on statutory corporations^(d)	177	177	..	..
Taxes on insurance	2 350	2 460	2 574	2 692
Total taxes on the provision of goods and services	15 890	17 198	17 942	18 690
TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES				
Motor vehicle taxes				
Vehicle registration fees	2 471	2 632	2 800	2 983
Duty on vehicle registrations and transfers	1 398	1 484	1 559	1 637
Liquor licence fees	37	39	40	42
Other	1 038	1 629	1 128	1 117
Total taxes on the use of goods and performance of activities	4 945	5 784	5 528	5 779
Total taxation	43 179	46 345	47 960	50 175

Notes:

- (a) The increase in comparison to the 2025-26 Budget Update reflects forecast dwelling price growth and assumes no change in variable rates for 2026-27. The Emergency Services and Volunteers Fund is forecast on a no-policy change basis which includes the deferral of the fixed charge amendments as announced at 2025-26 Budget Update.
- (b) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue forecasts of \$215 million in 2026-27, \$223 million in 2027-28, \$241 million in 2028-29 and \$241 million in 2029-30, recognised under AASB 15. The balance of these items is recognised under AASB 1058.
- (c) Infrastructure Contributions will be implemented from 1 January 2027 as a charge on property development in the 10 pilot Train and Tram Zone (TTZ) Activity Centres and expanded to 48 additional TTZ Activity Centres from 1 July 2027. All revenue raised will be provided for state and local infrastructure for Train and Tram Zone Activity Centres.
- (d) The sixth tranche of the environmental contribution levy commenced on 1 July 2024 for a period of four years concluding on 30 June 2028.

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 business conditions and confidence. The forecasts also incorporate the impact of policy changes on the 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 and income tax equivalent income (\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Dividends from PFC sector	1 210	112	810	714
Dividends from PNFC sector	59	83	131	145
Dividends from non-public sector	773	835	902	975
Dividends	2 042	1 030	1 844	1 833
Income tax equivalent income from PFC sector	4	5	5	6
Income tax equivalent income from PNFC sector	121	113	195	167
Income tax equivalent income	125	118	201	173
Local government rate equivalent income	6	6	6	7
Total dividends and income tax equivalent income	2 173	1 155	2 051	2 012

Dividends and income tax equivalent income include dividends from the PNFC, PFC and non-public sectors. Dividend income from the PNFC and PFC sectors is forecast based on the State's dividend policy and expected profitability as forecast by PNFC and PFC entities at the time of the budget. The majority of non-public sector dividend income is earned by the Victorian Future Fund, which is managed by the Victorian Funds Management Corporation. The forecast investment returns and associated dividend distributions to the Victorian Future Fund are informed by the performance of the underlying investments and conditions of global and domestic markets.

While most government departments and agencies are exempt from Commonwealth income tax arrangements, 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 by uniformly applying income tax laws to NTER entities and their privately held counterparts.

Dividends by entity

(\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Public financial corporations				
Victorian Managed Insurance Authority	2	2	2	2
Transport Accident Commission	1 108	8	708	608
Treasury Corporation of Victoria	92	93	91	94
State Trustees Ltd	2	2	2	2
Victorian Funds Management Corporation	6	7	7	8
Others	..	..	..	..
Dividends from PFC sector	1 210	112	810	714
Public non-financial corporations				
Greater Western Water	..	..	41	52
Melbourne Water Corporation	1	11	9	..
South East Water Corporation	8	7	15	28
Yarra Valley Water Corporation	3	10	17	17
Development Victoria	..	8	..	..
Others/not allocated ^(a)	47	47	48	48
Dividends from PNFC sector	59	83	131	145

Note:

(a) This includes additional dividends that are payable by entities in the PNFC sector to reflect savings and efficiency initiatives that were announced in the 2023-24 Budget.

1.2.3 Other sales of goods and services

(\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Amounts recognised as revenue from contracts with customers (AASB 15)				
Sale of goods	96	101	104	95
Provision of services ^(a)	6 839	7 218	7 185	7 356
Amounts recognised as income of not-for-profit entities (AASB 1058)				
Motor vehicle regulatory fees	284	292	319	319
Other regulatory fees	814	831	890	892
Refund and reimbursements	1	..	..	..
Amounts recognised as lease income (AASB 16)				
Rental	103	103	103	104
Total other sales of goods and services	8 137	8 546	8 602	8 767

Note:

(a) Further disclosure on the provision of services is available on the Department of Treasury and Finance's website (www.dtf.vic.gov.au/aggregate-financial-statements#consolidated-comprehensive-operating-statement). 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 ^(a)

(\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Grants from the Commonwealth				
General purpose grants	29 175	28 854	28 549	29 592
Specific purpose grants for on-passing	6 842	7 141	7 447	7 629
Specific purpose grants	19 919	19 206	20 651	21 490
Total grants from the Commonwealth	55 935	55 201	56 647	58 711
Other contributions and grants	431	477	383	235
Total grants	56 366	55 679	57 030	58 946

Note:

(a) Grants predominantly relate to grants from the Commonwealth Government, which are recognised under AASB 1058. The State has not recognised any material grant revenue under AASB 15 over the budget and forward estimates.

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 have been able to be fully assessed.

Forecast goods and services tax (GST) – or general-purpose grants – are based on Victoria’s assessment of the national GST pool. For 2026-27, Victoria’s forecast is informed by the ‘no worse off’ guarantee relativity for Victoria in 2026-27 as recommended by the Commonwealth Grants Commission in its *2026 Update GST Relativities 2026-27*, 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 forecast GST revenue.

Beyond 2026-27, 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 the population of each state and territory. 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)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Amounts recognised as revenue from contracts with customers (AASB 15)				
Royalties	152	156	122	124
Other revenue – health	261	261	261	261
Other miscellaneous revenue	1 137	859	866	931
Amounts recognised as income of not-for-profit entities (AASB 1058)				
Fair value of assets received free of charge or for nominal consideration	1	1	1	1
Fines	866	885	976	997
Donations and gifts ^(a)	218	219	221	221
Other income – Education	333	342	349	358
Other miscellaneous income ^(b)	75	95	75	58
Amounts recognised as lease income (AASB 16)				
Other non-property rental	32	28	26	26
Revenue items accounted for under AASB 1059				
Revenue related to economic service concession arrangements	827	830	830	830
Total other revenue and income	3 903	3 675	3 726	3 806

Notes:

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

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

Other revenue and income are received from a variety of sources and are 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 1.2.7) by applying AASB 1059.

1.2.6 Receivables and contract assets

(\$ million)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Contractual					
Sales of goods and services	631	735	772	808	842
Accrued investment income	72	73	74	76	77
Other receivables	2 723	2 781	2 848	2 908	2 970
Allowance for impairment losses of contractual receivables	(142)	(142)	(142)	(142)	(142)
Statutory					
Sales of goods and services	1	1	1	1	1
Taxes receivable	6 427	6 819	7 210	7 623	8 059
Fines and regulatory fees	2 547	2 529	2 533	2 594	2 672
GST input tax credits recoverable	542	543	544	545	546
Allowance for impairment losses of statutory receivables	(2 360)	(2 306)	(2 278)	(2 304)	(2 347)
Other					
Contract assets	2	2	2	2	2
Total receivables and contract assets	10 443	11 035	11 563	12 110	12 680
Represented by:					
Current other receivables and contract assets	9 399	9 995	10 526	11 077	11 651
Non-current other receivables and contract assets	1 044	1 040	1 036	1 033	1 029

Contractual receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Contractual receivables are classified as financial instruments.

Statutory receivables are recognised and measured similarly to contractual receivables but are not classified as financial instruments because they do not arise from contracts.

Allowance for impairment losses: the State applies the simplified approach under AASB 9 for all contractual receivables and statutory receivables to measure expected credit losses using a lifetime expected loss allowance based on assumptions about risk of default and expected loss rates. The expected loss rate is based on historical observation, existing market conditions as well as forward-looking estimates at the end of the financial year.

1.2.7 Other liabilities

(\$ million)

	2026	2027	2028	2029	2030
	<i>revised</i>	<i>budget</i>	<i>estimate</i>	<i>estimate</i>	<i>estimate</i>
Contract liabilities	438	438	438	438	438
Unearned income and grant of a right to the operator liability	22 076	21 974	21 160	20 299	19 398
Total other liabilities	22 514	22 411	21 597	20 737	19 836
Represented by:					
Current other liabilities	2 298	1 918	1 944	1 941	1 940
Non-current other liabilities	20 216	20 494	19 653	18 796	17 896

Other liabilities consist of contract liabilities and unearned income including deferred income from service concession arrangements and licences.

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.

1.3 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, as well as related obligations.

Structure

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1.3.1 Employee expenses and provision for 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 previous and current budget decisions and approved wage outcomes in line with the Government's Wages Policy, which applies to all Victorian public sector enterprise agreements. Forecast employee expenses also reflect the estimated impact of budget decisions that affect employee expense levels. More 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.

Provision for employee benefits (balance sheet)	(\$ million)				
	<i>2026 revised</i>	<i>2027 budget</i>	<i>2028 estimate</i>	<i>2029 estimate</i>	<i>2030 estimate</i>
Current					
Accrued salaries and wages	890	493	508	523	538
Other employee benefits	144	144	144	144	144
Annual leave	3 368	3 405	3 440	3 474	3 506
Long service leave	6 650	6 800	6 948	7 093	7 235
Total current employee benefits and on-costs	11 053	10 841	11 040	11 233	11 423
Non-current					
Long service leave	1 276	1 449	1 626	1 812	2 008
Total non-current employee benefits and on-costs	1 276	1 449	1 626	1 812	2 008
Total employee benefits	12 329	12 290	12 666	13 046	13 431

1.3.2 Superannuation expense (operating statement) (\$ million)

	<i>2026-27 budget</i>	<i>2027-28 estimate</i>	<i>2028-29 estimate</i>	<i>2029-30 estimate</i>
Defined benefit plans				
Net superannuation interest expense	806	792	733	672
Current service cost	949	1 020	1 092	1 162
Remeasurements:				
Expected return on superannuation assets excluding interest income	(353)	(348)	(360)	(373)
Total expense recognised in respect of defined benefit plans	1 403	1 465	1 465	1 460
Defined contribution plans				
Employer contributions to defined contribution plans	3 595	3 719	3 794	3 856
Other (including pensions)	112	115	117	120
Total expense recognised in respect of defined contribution plans	3 707	3 834	3 911	3 977
Total superannuation (gain)/expense recognised in operating statement	5 110	5 298	5 376	5 437
Represented by:				
Net superannuation interest expense	806	792	733	672
Other superannuation	4 656	4 854	5 003	5 138
Superannuation expense from transactions	5 463	5 646	5 736	5 810
Remeasurements recognised in other comprehensive income	(353)	(348)	(360)	(373)
Total superannuation expense recognised in operating statement	5 110	5 298	5 376	5 437

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 that 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 may result in material variations in the superannuation liability reported in the financial statements.

Superannuation assumptions

The superannuation assumptions are determined in accordance with AASB 119 *Employee Benefits*.

	(per cent)
Underlying assumptions for all listed plans ^(a)	
Discount rate ^(b)	5.2
Wages growth ^(c)	3.3
Inflation rate ^(c)	2.5
Expected return on assets ^(d)	
Emergency Services and State Super	6.7
Health Super Fund Defined Benefit Scheme	4.5
Constitutionally protected schemes ^(e)	n.a.

Notes:

- (a) All rates are nominal annual rates and are applicable to all of 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 plan along with long-term economic and market indicators.
- (d) The expected return on assets stated is gross of tax. Estimated tax payments are explicitly allowed for in the calculation process.
- (e) 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.

1.3.3 Superannuation liability (balance sheet)

Reconciliation of the superannuation liabilities (\$ million)

	2026	2027	2028	2029	2030
	revised	budget	estimate	estimate	estimate
Emergency Services and State Super					
Defined benefit obligation	36 813	36 772	36 790	36 860	36 994
Tax liability ^(a)	2 047	2 054	1 857	1 643	1 424
Plan assets	(23 577)	(23 399)	(24 373)	(25 451)	(26 596)
Net liability/(asset)	15 283	15 428	14 273	13 052	11 823
Other plans ^(b)					
Defined benefit obligation	1 649	1 668	1 687	1 711	1 739
Tax liability ^(a)	..	..	..	..	..
Plan assets	(821)	(798)	(778)	(762)	(747)
Net liability/(asset)	828	869	909	949	992
Total superannuation					
Defined benefit obligation	38 462	38 440	38 477	38 571	38 733
Tax liability ^(a)	2 047	2 054	1 857	1 643	1 424
Plan assets	(24 398)	(24 197)	(25 151)	(26 213)	(27 342)
Superannuation liability	16 111	16 297	15 182	14 001	12 815
Represented by:					
Current superannuation liability	550	1 885	1 925	1 900	1 947
Non-current superannuation liability	15 561	14 412	13 257	12 101	10 867
Total superannuation liability	16 111	16 297	15 182	14 001	12 815

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 plans include constitutionally protected schemes and the State's share of liabilities of the defined benefit scheme of the Health Super Fund (which is now part of Aware Super).

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

	2026	2027	2028	2029	2030
	revised	budget	estimate	estimate	estimate
Opening balance of defined benefit obligation ^(a)	43 783	40 509	40 494	40 333	40 214
Current service cost	1 027	949	1 020	1 092	1 162
Interest expense	1 872	2 011	2 004	1 994	1 988
Contributions by plan participants	233	226	230	235	239
Remeasurements					
Actuarial (gain)/(loss) arising from changes in financial assumptions	(2 896)	..	..	..	..
Actuarial (gain)/(loss) due to other experience	(20)	..	..	..	..
Benefits paid (including tax paid)	(3 490)	(3 201)	(3 415)	(3 440)	(3 445)
Closing balance of defined benefit obligation	40 509	40 494	40 333	40 214	40 157

Note:

(a) The Opening balance of defined benefit obligation has been valued based on assumptions set out in Note 1.3.2 from 30 June 2026.

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

	2026	2027	2028	2029	2030
	<i>revised</i>	<i>budget</i>	<i>estimate</i>	<i>estimate</i>	<i>estimate</i>
Opening balance of plan assets	25 499	24 398	24 197	25 151	26 213
Interest income	1 088	1 205	1 212	1 262	1 316
Return on plan assets not included in interest income	(115)	353	348	360	373
Employer contributions	1 183	1 216	2 580	2 646	2 647
Contributions by plan participants	233	226	230	235	239
Benefits paid (including tax paid)	(3 490)	(3 201)	(3 415)	(3 440)	(3 445)
Closing balance of plan assets	24 398	24 197	25 151	26 213	27 342

Superannuation liability – Differences in valuation approach

In accordance with AASB 119, the discount rate used to determine the superannuation liability reported in the general government estimated financial statements is based on Commonwealth government bond yields.

This differs from the discount rate used for the superannuation plans' reporting under AASB 1056 *Superannuation Entities*, which is based on the expected return on assets. The expected return on assets is also allowed for when determining superannuation funding requirements.

As shown in the superannuation assumptions table in Note 1.3.2, the discount rate adopted to value the superannuation liability under AASB 119 is currently lower than the expected return on assets. This results in the State reporting a higher liability than that recognised by the relevant plans. The State's, and employers', funding obligations are also based on a lower liability than that reported by the State under AASB 119. The Government plans to fully fund the State's unfunded superannuation liability by 2035 (see Budget Paper No. 2, Chapter 4 *Budget Position and Outlook*).

1.3.4 Grant expense

(\$ million)

	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Current grant expense				
Commonwealth Government	3 791	3 727	3 991	4 191
Local government (including grants for on-passing)	1 357	1 121	1 117	1 000
Private sector and not-for-profit on-passing	5 993	6 248	6 457	6 717
Other private sector and not-for-profit	4 960	4 748	4 654	4 804
Grants within the Victorian government	2 605	2 071	2 034	2 116
Grants to other state governments	123	97	97	97
Total current grant expense	18 829	18 012	18 350	18 925
Capital grant expense				
Commonwealth Government	8	..	..	..
Local government (including grants for on-passing)	241	188	191	216
Private sector and not-for-profit on-passing	347	216	215	104
Grants within the Victorian government	30	1	8	..
Other grants	11	17	9	16
Total capital grant expense	637	422	422	337
Total grant expense	19 466	18 434	18 772	19 262

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 PNFs 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.

1.3.5 Other operating expenses (\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Purchase of supplies and consumables ^(a)	7 809	8 121	9 053	9 711
Cost of goods sold	253	84	42	42
Finance expenses and fees ^(b)	95	105	108	111
Purchase of services ^(a)	21 259	20 070	19 873	20 361
Insurance claims expense	587	470	475	482
Maintenance	1 819	1 770	1 790	1 839
Short-term and low-value lease expense	93	93	98	104
Other	1 001	1 118	1 189	1 240
Total other operating expenses	32 917	31 831	32 628	33 888

Notes:

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

(b) Includes items such as bank fees and associated costs involved in entering into loan transactions, and credit card and corporate card charges.

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)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Medicinal pharmacy and medical supplies	2 550	2 547	2 561	2 607
Office supplies and consumables	234	234	235	239
Specialised operational supplies and consumables	301	346	341	332
Other purchase of supplies and consumables	4 724	4 994	5 916	6 534
Total purchase of supplies and consumables	7 809	8 121	9 053	9 711

Purchase of services (\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Service contracts	12 246	11 704	11 576	11 886
Accommodation/occupancy	1 339	1 334	1 348	1 367
Medical and client care services	510	508	509	518
Staff related expenses (non-labour related)	374	373	376	380
Other purchase of services	6 789	6 152	6 065	6 211
Total purchase of services	21 259	20 070	19 873	20 361

1.3.6 Payables

(\$ million)

	2026	2027	2028	2029	2030
	<i>revised</i>	<i>budget</i>	<i>estimate</i>	<i>estimate</i>	<i>estimate</i>
Contractual					
Accounts payable	1 315	1 322	1 316	1 309	1 304
Accrued expenses	5 062	4 952	4 954	4 956	4 959
Statutory					
Accrued taxes payable	445	71	71	72	72
Total payables	6 822	6 345	6 342	6 337	6 335
Represented by:					
Current payables	6 651	6 175	6 173	6 169	6 168
Non-current payables	170	169	168	168	167

Payables consist of accounts payable, accrued taxes such as GST and fringe benefits tax.

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

1.3.7 Total expenses from transactions by portfolio department and by classification of the functions of government

Total expenses from transactions by portfolio department (\$ million)

	2026-27	2027-28	2028-29	2029-30
	<i>budget</i>	<i>estimate</i>	<i>estimate</i>	<i>estimate</i>
Education	24 624	24 025	24 427	24 945
Energy, Environment and Climate Action	3 433	2 851	2 580	2 432
Families, Fairness and Housing	8 806	8 447	8 440	8 590
Government Services	2 259	2 049	2 051	1 948
Health	34 633	34 894	35 292	35 984
Jobs, Skills, Industry and Regions	4 466	3 553	3 197	3 036
Justice and Community Safety	10 626	10 436	10 367	10 473
Premier and Cabinet	544	401	362	364
Transport and Planning	10 408	9 461	9 493	9 499
Treasury and Finance ^(a)	17 003	17 919	19 174	20 631
Parliament	420	417	421	430
Courts	905	908	885	911
Regulatory bodies and other part funded agencies ^(b)	5 291	5 067	4 832	4 844
Output contingencies not allocated to departments ^(c)	5 236	8 451	11 054	12 824
Total expenses by department	128 654	128 880	132 577	136 910
<i>Less eliminations and adjustments ^(d)</i>	<i>(14 138)</i>	<i>(13 686)</i>	<i>(13 492)</i>	<i>(13 524)</i>
Total expenses from transactions	114 516	115 194	119 085	123 386

Notes:

(a) The increase over the forward estimates is primarily driven by an increase in interest expense associated with the increase in borrowings and interest rates over the forward estimates.

(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 ^(a) (\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Output milestone ^(b)	4 612	6 190	6 380	7 006
Future growth allocation ^(c)	524	2 161	4 574	5 717
Provision for unforeseen circumstances ^(d)	100	100	100	100
Total general government output contingencies	5 236	8 451	11 054	12 824

Notes:

(a) This table sets out the key components of output funding provisions, including from the Advance to Treasurer in 2026-27 as set out in the annual appropriation bill at the time of this publication.

(b) A provision to account for release of contingency funding upon conditions being met, including when milestone(s) are reached.

(c) A provision not yet allocated to meet additional price and demand growth for sectors such as health and education. This can include other provisions, decisions made but not yet announced, or a provision which otherwise cannot be appropriately classified in the other categories.

(d) An unallocated provision, not allocated to specific purposes but specifically set aside for urgent and unforeseen circumstances.

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

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
General public services	12 199	12 754	13 767	15 034
Public order and safety ^(a)	12 700	11 979	11 543	11 720
Economic affairs ^(a)	3 949	2 840	2 633	2 504
Environmental protection ^(a)	1 592	1 283	1 105	1 065
Housing and community amenities ^(a)	3 014	2 835	2 740	2 684
Health	34 822	35 297	36 593	37 735
Recreation, culture and religion ^(a)	1 291	889	837	823
Education	27 347	27 830	29 237	30 065
Social protection ^(a)	9 188	8 834	9 118	9 434
Transport ^(a)	10 068	9 326	9 416	9 542
Not allocated by function ^(b)	(1 653)	1 327	2 097	2 780
Total expenses from transactions	114 516	115 194	119 085	123 386

Notes:

(a) The variation in this classification over the forward estimates is driven by the funding profile of fixed-term initiatives.

(b) Mainly comprises the provision for future demand growth, departmental underspending, eliminated purchases of supplies and consumables between government entities, and items not yet formalised at the time of publication.

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

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

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Education	2 432	842	393	219
Energy, Environment and Climate Action	220	136	119	100
Families, Fairness and Housing	73	79	52	47
Government Services	96	94	100	106
Health	2 104	1 267	437	173
Jobs, Skills, Industry and Regions	114	44	35	26
Justice and Community Safety	364	133	112	93
Premier and Cabinet	12	14	14	14
Transport and Planning	9 403	5 339	3 467	2 311
Treasury and Finance	10	6	5	5
Parliament	4	11	4	3
Courts	68	4	13	13
Regulatory bodies and other part funded agencies ^(a)	266	207	88	152
Asset contingencies not allocated to departments ^(b)	4 061	6 868	7 940	9 055
Adjustments ^(c)	(4 274)	(676)	2 176	3 422
Total purchases of non-financial assets	14 952	14 368	14 955	15 738

Notes:

- (a) Other general government sector agencies not allocated to departmental portfolios.
(b) The following table provides a breakdown of the general government sector asset contingencies not allocated to departments.
(c) 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 ^(a) (\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Asset milestone ^(b)	5 054	7 285	7 913	7 562
Future growth allocation ^(c)	1	1 076	1 185	1 933
Total general government asset contingencies ^(d)	5 055	8 361	9 098	9 495

Notes:

- (a) This table sets out the key components of asset funding provisions, including from the Advance to Treasurer in 2026-27 as set out in the annual appropriation bill at the time of this publication.
(b) A provision to account for release of contingency funding upon a report back delivered or project milestone(s) being reached.
(c) A provision for future growth not yet allocated to specific projects. This can include other provisions, decisions made but not yet announced, or a provision which otherwise cannot be appropriately classified in the other categories.
(d) 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.

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

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
General public services	115	121	119	125
Public order and safety	708	351	257	221
Economic affairs	84	99	67	10
Environmental protection	172	125	34	91
Housing and community amenities	51	45	43	58
Health	2 127	1 677	953	525
Recreation, culture and religion	49	34	41	25
Education	2 690	982	943	1 015
Social protection	187	167	126	77
Transport	12 469	9 917	8 492	7 964
Not allocated by function ^(a)	(3 700)	850	3 880	5 626
Total purchases of non-financial assets	14 952	14 368	14 955	15 738

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.

1.3.9 Net acquisition/(disposal) of non-financial assets from transactions (\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Purchases of non-financial assets (including change in inventories)	14 955	14 372	14 959	15 742
Less: Sales of non-financial assets	(771)	(957)	(923)	(1 126)
Less: Depreciation	(6 497)	(6 597)	(6 741)	(6 949)
Less: Other movements in non-financial assets ^{(a)(b)}	(2 350)	(4 936)	(3 054)	(2 337)
Total net acquisition/(disposal) of non-financial assets from transactions	5 337	1 882	4 241	5 330

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 new Melton Hospital.

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 ^(a) (\$ million)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Buildings	72 185	73 775	76 942	80 613	80 936
Land and national parks	92 365	99 201	99 370	113 246	115 390
Infrastructure	15 157	20 034	21 702	26 074	30 806
Plant, equipment and vehicles	7 620	7 382	6 989	5 062	4 644
Roads and road infrastructure	65 207	65 689	74 284	76 613	84 271
Earthworks	14 415	14 427	14 439	14 451	14 463
Cultural assets	7 692	7 745	7 767	7 781	8 786
Total land, buildings, infrastructure, plant and equipment	274 640	288 252	301 492	323 840	339 296

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 consistent with the requirements of AASB 13 *Fair Value Measurement*. Refer to Note 1.1 Basis of Preparation of this chapter for the details of the AASB 13 application in the budget and forward estimates. They have been estimated based on forecasts of future revaluations indices using the historical average annual growth of government land and historical Building Construction Price Index data for building and roads 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)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Buildings	8 493	7 853	7 185	6 549	5 924
Infrastructure	2	3	3	4	4
Plant, equipment and vehicles	807	709	613	512	413
Total right-of-use assets: buildings, infrastructure, plant and equipment	9 303	8 565	7 801	7 064	6 341

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* of this budget paper for the details of the PNFC sector and the NFPS.

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

(\$ million)

	<i>2026 revised</i>	<i>2027 budget</i>	<i>2028 estimate</i>	<i>2029 estimate</i>	<i>2030 estimate</i>
Buildings	2 414	2 369	2 308	2 423	2 544
Land	2 979	2 979	2 979	2 979	2 979
Infrastructure	480	496	526	541	555
Plant, equipment and vehicles	486	510	550	624	749
Roads and road infrastructure	19 866	17 431	16 637	17 269	18 508
Earthworks	913	913	913	913	913
Total service concession assets: land, buildings, infrastructure, plant and equipment	27 138	24 698	23 912	24 749	26 247

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)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Buildings ^(a)	3 623	3 668	3 766	3 906
Infrastructure	61	63	65	65
Plant, equipment and vehicles	856	863	863	870
Roads and road infrastructure ^(a)	1 730	1 775	1 832	1 897
Cultural assets	10	10	10	11
Intangible produced assets ^(b)	217	217	205	200
Total depreciation	6 497	6 597	6 741	6 949

Notes:

(a) Includes estimated depreciation on amounts not yet allocated to projects in 2026-27 to 2029-30. This relates to the provision for future growth not yet allocated to specific projects as outlined in Table 1.3.8 Purchases of non-financial assets by portfolio department and by classification of the functions of government.

(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)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Buildings	826	822	820	807
Plant, equipment and vehicles	109	109	109	109
Total depreciation of right-of-use assets	935	931	930	916

Depreciation of service concession assets

(\$ million)

	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Buildings	76	76	71	71
Plant, equipment and vehicles	38	36	33	40
Roads and road infrastructure	504	498	493	484
Intangible produced assets	1	1	1	1
Total depreciation of service concession assets	620	612	600	597

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 *2024-25 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 ^(a)

(\$ million)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Carrying amount at the start of the year	288 244	274 640	288 252	301 492	323 840
Additions of self-owned assets ^(b)	15 918	15 108	14 509	14 806	15 715
Additions of right-of-use assets	572	129	100	123	116
Additions of service concession arrangement assets	843	82	79	281	344
Disposals at written-down value	(250)	(732)	(926)	(890)	(1 106)
Revaluations	1 684	8 226	11 364	18 193	9 935
Asset transfers ^(c)	(26 346)	(2 921)	(5 508)	(3 628)	(2 799)
Depreciation expense	(6 025)	(6 280)	(6 380)	(6 536)	(6 748)
Carrying amount at the end of the year	274 640	288 252	301 492	323 840	339 296

Notes:

- (a) The reconciliation of movements comprises land and buildings, infrastructure, 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. The value in 2025-26 includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.

1.4.4 Other non-financial assets

(\$ million)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Intangible produced assets	3 432	3 536	3 612	3 658	3 657
Accumulated depreciation	(2 079)	(2 278)	(2 478)	(2 664)	(2 846)
Service concession assets – Intangible produced	4 006	4 086	4 160	4 327	4 327
Accumulated depreciation	(1)	(3)	(4)	(6)	(7)
Intangible non-produced assets	76	77	78	79	80
Accumulated amortisation	(67)	(65)	(64)	(63)	(61)
Total intangibles	5 367	5 352	5 304	5 331	5 150
Investment properties	269	253	253	253	253
Other assets	1 384	1 342	1 313	1 284	1 255
Total other non-financial assets	7 021	6 947	6 870	6 868	6 657

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 2025, 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)

	2025 <i>revised</i>	2026 <i>budget</i>	2027 <i>estimate</i>	2028 <i>estimate</i>	2029 <i>estimate</i>
General public services	2 677	2 531	2 281	2 050	1 901
Public order and safety	16 249	16 758	16 238	15 631	15 390
Economic affairs	2 318	2 277	2 436	2 637	3 647
Environmental protection	17 784	17 634	17 666	20 391	20 661
Housing and community amenities	4 097	4 000	3 962	3 926	3 901
Health	33 702	34 459	34 475	37 774	36 124
Recreation, culture and religion	9 803	9 757	9 698	9 647	9 587
Education	48 575	52 267	55 845	55 771	55 770
Social protection	2 737	2 975	3 070	3 499	3 501
Transport	145 333	158 199	168 358	182 174	194 008
Not allocated by function ^(a)	159 544	159 729	162 276	167 108	173 579
Total assets	442 818	460 587	476 304	500 606	518 069

Note:

(a) 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 PNFC and PFC sector entities.

1.4.6 Investments in PNFC and PFC sector entities (\$ million)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Balance of investment in PNFC and PFC sectors at beginning of period	96 401	109 677	112 196	113 511	113 002
Net contributions to other sectors by owner ^(a)	30 723	5 249	6 642	3 861	3 005
Revaluation gain/(loss) for period ^(b)	(17 447)	(2 730)	(5 327)	(4 370)	(3 343)
Investments in PNFC and PFC sector entities at end of period	109 677	112 196	113 511	113 002	112 664

Notes:

(a) The value in 2025-26 includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.

(b) The value in 2025-26 includes the derecognition of completed Metro Tunnel assets transferred to VicTrack, as required under AASB 16 Leases.

Investments in other sector entities are estimated based on their audited net assets as at 30 June 2025, adjusted by management estimates of subsequent operating results, capital investments, distributions and returns of capital.

1.5 FINANCING 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

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1.5.3	Advances paid and investments, loans and placements	50

1.5.1 Borrowings

(\$ million)

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Current borrowings					
Domestic borrowings ^(a)	20 639	16 221	16 180	16 027	15 960
Lease liabilities	660	539	417	313	253
Service concession arrangement liabilities	427	1 470	225	241	183
Derivative financial instruments	1	1	1	1	1
Total current borrowings	21 727	18 231	16 822	16 582	16 397
Non-current borrowings					
Domestic borrowings	169 126	185 886	196 855	207 374	218 121
Lease liabilities	6 700	6 164	5 658	5 139	4 620
Service concession arrangement liabilities	5 307	4 015	3 944	4 026	4 199
Derivative financial instruments	184	146	107	69	31
Total non-current borrowings	181 317	196 211	206 564	216 607	226 971
Total borrowings	203 044	214 442	223 387	233 189	243 368

Note:

(a) The decline in current domestic borrowings in 2026-27 is due to the forecast repayment of part of the Central Banking System (CBS) borrowings. This would be funded by TCV long-term borrowings. This does not have an impact on overall borrowings.

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

Service concession arrangement 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 finance expenditure requirements of government.

1.5.2 Interest expense

(\$ million)

	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Interest on interest-bearing liabilities and deposits	8 111	8 936	9 945	11 105
Interest on lease liabilities	395	392	390	392
Interest on service concession liabilities	373	321	301	299
Discount interest on payables	25	24	24	24
Total interest expense	8 904	9 672	10 660	11 820

Interest expense estimates are based on the forecast of outstanding general government sector 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 2026.

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

	<i>2026 revised</i>	<i>2027 budget</i>	<i>2028 estimate</i>	<i>2029 estimate</i>	<i>2030 estimate</i>
Current advances paid and investments, loans and placements					
Loans and advances paid	193	155	120	107	100
Equities and managed investment schemes	865	882	898	914	930
Australian dollar term deposits	248	249	250	252	253
Debt securities	2	2	2	2	2
Derivative financial instruments	119	117	112	118	148
Total current advances paid and investments, loans and placements	1 428	1 405	1 382	1 392	1 434
Non-current advances paid and investments, loans and placements					
Loans and advances paid	6 035	6 068	6 047	6 006	5 955
Equities and managed investment schemes	18 289	19 540	20 926	22 349	23 787
Australian dollar term deposits	3	3	3	3	3
Debt securities	23	23	23	23	23
Derivative financial instruments	1	1	1	1	1
Total non-current advances paid and investments, loans and placements	24 350	25 634	27 000	28 382	29 769
Total advances paid and investments, loans and placements	25 778	27 039	28 382	29 774	31 203
Represented by:					
Advances paid	6 228	6 223	6 167	6 113	6 056
Investments, loans and placements	19 550	20 816	22 215	23 661	25 147

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.

1.6 OTHER DISCLOSURES

Introduction

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

Structure

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

	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Net (increase)/decrease in allowances for credit losses	20	(7)	(60)	(78)
Amortisation of intangible non-produced assets	(1)	(1)	(1)	(1)
Bad debts written off	(390)	(362)	(335)	(323)
Other gains/(losses)	(42)	149	(46)	(48)
Total other gains/(losses) from other economic flows	(412)	(220)	(442)	(450)

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 remeasurements of certain assets and liabilities for variables such as movements in discount rates used to value these items.

1.6.2 Reconciliation of Government Finance Statistics and Australian Accounting Standards

The estimated financial statements have been prepared on the basis of 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 by the PNFC and PFC sectors only).
- **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>
AASB 16 Leases			
	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"> • Cash surplus/deficit • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth
AASB 1059 Service concession arrangements			
	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 as well as the associated operating statement impacts.	<ul style="list-style-type: none"> • Cash surplus/ deficit • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth
AASB 15 Revenue from Contracts with Customers AASB 1058 Income of Not-for-Profit Entities			
	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 is recognised consistent with the Commonwealth's treatment of receipts. 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"> • Cash surplus/deficit • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth

<i>Convergence difference</i>	<i>AASB 1049 Treatment</i>	<i>ABS GFS Treatment</i>	<i>Fiscal aggregate impact</i>
Port of Melbourne lease transaction			
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"> • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth
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"> • Cash surplus/deficit • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth
PNFC/PFC dividends			
	Dividends are classified as after-profit distributions to owners.	<p>Under GFS, dividends paid/payable are recognised as an expense from transactions on the operating statement.</p> <p>Where the dividends paid/payable are considered by the ABS to be in excess of the recent level of dividends and earnings, these are treated as super dividends which reflect a withdrawal of owner's equity.</p>	<ul style="list-style-type: none"> • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth
Doubtful receivables			
	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"> • Comprehensive result – Total change in net worth • Net worth

<i>Convergence difference</i>	<i>AASB 1049 Treatment</i>	<i>ABS GFS Treatment</i>	<i>Fiscal aggregate impact</i>
Provisions			
	Provisions recognised under AASB 137 <i>Provisions, Contingent Assets and Contingent Liabilities</i> are recorded when there is a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.	The act of creating provisions is not considered an economic event and is therefore not included on the balance sheet. The associated expense is not recognised on the operating statement.	<ul style="list-style-type: none"> • Comprehensive result – Total change in net worth • Net lending/borrowing • Net result from transactions – Net operating balance • Net worth
Investment in other sector entities			
	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"> • Comprehensive result – Total change in net worth • Net worth

1.6.3 Prospective accounting and reporting changes

New and revised accounting standards have been issued that are not effective for the 2026-27 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 18 *Presentation and Disclosure in Financial Statements*:
 - AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of comprehensive income.
 - AASB 18 applies to annual reporting periods beginning on or after 1 January 2027 for for-profit entities and applies to annual reporting periods beginning on or after 1 January 2028 for not-for-profit public sector entities. The one-year deferral allows the AASB to consult with stakeholders and consider potential modifications for not-for-profit public sector entities as proposed in its Exposure Draft ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*.

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.

1.6.4 Controlled entities

Note 8.8 in Chapter 4 of the *2024-25 Financial Report* contains a list of significant controlled entities, which have been consolidated for the purposes of the financial report.

The following are changes to entities from 1 July 2025 which have been consolidated for the purposes of the financial report.

General government sector

Department of Education

Victorian Early Childhood Regulatory Authority ^(a)

Department of Energy, Environment and Climate Action ^{(b)(c)}

Safe Food Victoria ^(d)

VicGrid ^(e)

Yity Yity Land Management Board ^(f)

Department of Health

Bayside Health ^(g)

Oral Health Victoria ^(h)

Western District Health Service ⁽ⁱ⁾

Department of Jobs, Skills, Industry and Regions

Outdoor Recreation Victoria ^(j)

Northern Victorian Institute of TAFE ^(k)

Department of Transport and Planning ^(l)

Department of Treasury and Finance

Workforce Inspectorate Victoria ^(m)

Public non-financial corporations sector

Department of Energy, Environment, and Climate Action

SEC Victoria Pty Ltd

- Delburn Wind Farm Pty Ltd (Delburn) as trustee for the Delburn Wind Farm Project Trust ⁽ⁿ⁾
- ESCO Solar Farm 7 Pty Ltd as trustee for the ESCO Solar Farm 7 Trust ^(o)

Public financial corporations sector

Department of Jobs, Skills, Industry and Regions

New Co ^(p)

Notes:

- (a) On 1 January 2026, the Victorian Early Childhood Regulatory Authority was established as the new independent regulator for early childhood safety and quality, following the passage of the Victorian Early Childhood Regulatory Authority Act 2025.
- (b) On 15 April 2026, Mine Land Rehabilitation Authority (MLRA) was abolished by the commencement of the Entities Legislation Amendment (Consolidation and Other Matters) Act 2026. The functions of this authority are now overseen by the Department of Energy, Environment and Climate Action.
- (c) On 30 June 2026, the operations of Sustainability Victoria will be wound up with some functions transferring to DEECA.
- (d) Safe Food Victoria (SFV) will be established under the Safe Food Victoria Act, expected to commence on 1 July 2026, consolidating food safety regulation in Victoria. The Act will abolish existing regulators (PrimeSafe and Dairy Food Safety Victoria) and transfer food safety functions from the Department of Health and Department of Energy, Environment and Climate Action to SFV, creating a single statutory authority to manage food safety risks and streamline the regulatory framework.

Notes (continued):

- (e) *VicGrid was established as a State Body under the State Owned Enterprises Act 1992 on 15 April 2025. On passage of the National Electricity (Victoria) Amendment (VicGrid Stage 2 Reform) Act 2025, from 1 November 2025, VicGrid has transitioned to a State Business Corporation (SBC) and taken over from the Australian Energy Market Operator (AEMO) the declared network functions in Victoria and will plan and deliver the transmission augmentations needed for Victoria.*
- (f) *The Yity Yity Land Management Board was established on 13 December 2025 by the Minister for Environment under section 82B of the Conservation, Forests and Lands Act 1987.*
- (g) *Effective from 1 January 2026, the Governor in Council under the Health Services Act 1988 has approved the change in name of Peninsula Health to Bayside Health, and ordered the transfer of all property, rights and liabilities of Alfred Health, Bass Coast Health, Gippsland Southern Health Service and Kooweerup Regional Health Service to Bayside Health.*
- (h) *On 1 July 2025, the Governor in Council under the Health Services Act 1988 has approved the change in name of Dental Health Services Victoria to Oral Health Victoria.*
- (i) *Effective from 1 April 2026, the Governor in Council under the Health Services Act 1988 has ordered the transfer of all property, rights and liabilities of Casterton Memorial Hospital to Western District Health Service.*
- (j) *The Outdoor Recreation Victoria Bill 2026 will establish a new statutory body Outdoor Recreation Victoria (ORV). ORV will merge the Victorian Fisheries Authority (VFA) and the Game Management Authority (GMA) commencing 1 July 2026.*
- (k) *Goulburn Ovens Institute of TAFE ceased to exist from 1 January 2026 and was amalgamated into Wodonga Institute of TAFE. The new merged entity was renamed Northern Victorian Institute of TAFE (NVIT).*
- (l) *The Cladding Safety Victoria Repeal Bill 2026 is currently being debated within Parliament to repeal the Cladding Safety Victoria Act 2020 and abolish Cladding Safety Victoria, providing for the transfer of its property, rights and liabilities to the Building and Plumbing Commission and to make related amendments to the Building Act 1993. This includes amendments to provide for an amount of building permit levy in respect of non-regional buildings to replace the amount payable in connection with the cladding rectification program. The planned commencement date for this transfer is the earlier of proclamation date or 1 July 2027.*
- (m) *On 2 September 2025 the former Wage Inspectorate Victoria was renamed to Workforce Inspectorate Victoria following proclamation of the Wage Theft Amendment Act 2025, effective from 12 December 2025.*
- (n) *On 15 December 2025, SEC Victoria via its wholly owned subsidiary, SEC Infrastructure Pty Ltd, acquired 100 per cent share ownership in Delburn Wind Farm Pty Ltd (Delburn) as trustee for the Delburn Wind Farm Project Trust to construct the Delburn Wind Farm. For the purposes of the 2026-27 Budget, Delburn has been included within the PNFC sector consistent with other SEC subsidiaries.*
- (o) *On 5 September 2024, SEC Victoria via its wholly owned subsidiary, SEC Infrastructure Pty Ltd, acquired 100 per cent share ownership in ESCO Solar Farm 7 Pty Ltd as trustee for the ESCO Solar Farm 7 Trust to construct the Horsham Renewable Energy Park (HREP). For the purposes of the 2026-27 Budget, ESCO has been included within the PNFC sector consistent with other SEC subsidiaries.*
- (p) *On 5 December 2025, the Victorian Government announced that Launch Victoria Pty Ltd and Breakthrough Victoria Pty Ltd will merge into a single entity. The interim name for this new entity is New Co. This new entity is aimed to be operational in the second half of 2026. The sector classification for New Co has yet to be determined by the ABS and hence, for the purposes of the 2026-27 Budget, New Co has been included within the public financial corporations sector pending final classification.*

1.6.5 Glossary of technical terms

The *2024-25 Financial Report* Note 8.9 contains a summary of the major technical terms used in this report., with the exception of the following new terms introduced due to the first-time application of AASB 17 *Insurance Contracts* in these Estimated Financial Statements from 2026-27 onwards.

Gains/(losses) from insurance financing represents any gains or losses arising from the impact of the change in discount rates, assumptions or revaluations on the value of the outstanding insurance claim liabilities.

Insurance contract liabilities consist of outstanding insurance claims liabilities and unearned premium income received.

Insurance expense represents expenses arising from insurance contracts issued, comprising incurred claims, and other incurred insurance service as per AASB 17 *Insurance*.

Insurance finance expense represents the expense due to the unwinding the effect of the discounting of the claims liability to present value as the claims get one year closer to expected settlement.

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 ^(a) (\$ million)

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Revenue and income from transactions					
Interest income	145	115	100	107	113
Dividend income	34	31	32	35	35
Sales of goods and services	8 847	9 246	9 757	10 504	11 315
Grants	2 784	2 685	2 113	2 083	2 108
Other revenue and income	658	712	765	815	870
Total revenue and income from transactions	12 468	12 788	12 767	13 545	14 440
Expenses from transactions					
Employee expenses	2 294	2 391	2 356	2 402	2 485
Superannuation:					
Net superannuation interest expense	4	4	4	4	4
Other superannuation	243	255	259	265	272
Depreciation	2 540	2 526	2 565	2 794	3 017
Interest expense	1 225	1 477	1 638	1 953	2 296
Grant expense	614	715	486	499	524
Other operating expenses	6 357	6 344	5 979	6 203	6 579
Other property expenses	171	116	118	201	176
Total expenses from transactions	13 449	13 829	13 406	14 320	15 353
Net result from transactions – Net operating balance	(981)	(1 040)	(638)	(776)	(913)
Net gain/(loss) on disposal of non-financial assets	30	56	93	93	105
Net gain/(loss) on financial assets or liabilities at fair value	(32)	22	26	(40)	(69)
Share of net profit/(loss) from associates/joint venture entities	16	26	24	25	25
Other gains/(losses) from other economic flows ^(b)	(25 589)	(2 281)	(5 050)	(3 216)	(2 306)
Total other economic flows included in net result	(25 575)	(2 178)	(4 906)	(3 138)	(2 244)
Net result	(26 557)	(3 218)	(5 545)	(3 914)	(3 157)
Other economic flows – Other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	1 275	12	37	36	6
Remeasurement of superannuation defined benefit plans	11	..	..	..	..
Other movements in equity	(11)	(2)	(2)	(2)	(2)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	4	..	..	..	..
Total other economic flows – Other comprehensive income	1 278	10	35	34	3
Comprehensive result – Total change in net worth	(25 279)	(3 208)	(5 509)	(3 880)	(3 154)

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

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
KEY FISCAL AGGREGATES					
Net operating balance	(981)	(1 040)	(638)	(776)	(913)
Less: Net acquisition of non-financial assets from transactions ^(c)	33 133	11 824	10 115	7 756	5 605
Net lending/(borrowing)	(34 115)	(12 865)	(10 753)	(8 531)	(6 519)

Notes:

- (a) *Savings and efficiency initiatives introduced in the 2023-24 Budget will continue to be implemented by the public non-financial corporations sector. The impact of these initiatives is reflected over the budget and forward estimates.*
- (b) *The movement in 2025-26 primarily reflects the derecognition of completed Metro Tunnel assets transferred to VicTrack, as required under AASB 16 Leases.*
- (c) *The movement in 2025-26 primarily reflects the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.*

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

	2026 <i>revised</i>	2027 <i>budget</i>	2028 <i>estimate</i>	2029 <i>estimate</i>	2030 <i>estimate</i>
Assets					
Financial assets					
Cash and deposits	2 324	1 287	1 201	1 246	1 317
Advances paid	48	48	27	26	25
Receivables and contract assets	2 386	2 208	2 185	2 238	2 266
Investments, loans and placements	1 295	1 401	1 457	1 436	1 387
Investments accounted for using equity method	275	289	303	318	332
Total financial assets	6 328	5 232	5 173	5 263	5 327
Non-financial assets					
Inventories	1 461	2 130	2 015	1 992	2 053
Non-financial assets held for sale	25	24	24	24	24
Land, buildings, infrastructure, plant and equipment	139 834	148 293	153 322	157 658	160 635
Other non-financial assets	3 859	4 226	4 617	5 021	5 388
Total non-financial assets	145 179	154 673	159 979	164 695	168 100
Total assets	151 507	159 905	165 152	169 958	173 427
Liabilities					
Deposits held and advances received	2 968	3 109	3 150	3 259	3 375
Payables	1 966	1 922	2 133	2 287	2 389
Borrowings	30 846	37 113	40 707	44 907	48 531
Employee benefits	650	672	701	732	763
Superannuation	..	1	..	..	..
Other provisions	23 905	23 814	23 778	23 759	23 723
Other liabilities	8 941	8 716	9 023	8 908	8 760
Total liabilities	69 275	75 347	79 493	83 850	87 542
Net assets	82 232	84 558	85 659	86 108	85 884
Equity					
Accumulated surplus/(deficit)	(73 434)	(77 651)	(83 282)	(87 338)	(90 644)
Reserves	155 666	162 209	168 941	173 446	176 529
Net worth	82 232	84 558	85 659	86 108	85 884
FISCAL AGGREGATES					
Net financial worth	(62 948)	(70 115)	(74 320)	(78 587)	(82 215)
Net financial liabilities	62 948	70 115	74 320	78 587	82 215
Net debt	30 147	37 487	41 173	45 458	49 177

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

(\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Cash flows from operating activities					
Receipts					
Grants	2 790	2 685	2 112	2 082	2 107
Sales of goods and services ^(a)	9 229	9 901	11 012	11 341	12 275
Interest received	152	90	71	111	113
Dividend receipts	34	31	32	35	35
Other receipts	286	565	413	384	364
Total receipts	12 492	13 272	13 640	13 954	14 894
Payments					
Payments for employees	(2 282)	(2 372)	(2 329)	(2 374)	(2 457)
Superannuation	(236)	(259)	(264)	(270)	(276)
Interest paid	(1 153)	(1 405)	(1 583)	(1 901)	(2 243)
Grants and subsidies	(372)	(451)	(272)	(248)	(293)
Goods and services ^(a)	(7 474)	(7 258)	(6 843)	(7 117)	(7 585)
Other payments	(445)	(374)	(369)	(469)	(444)
Total payments	(11 961)	(12 120)	(11 660)	(12 379)	(13 298)
Net cash flows from operating activities	530	1 152	1 980	1 574	1 595
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(7 865)	(10 554)	(6 542)	(6 529)	(5 532)
Sales of non-financial assets	326	272	350	234	246
Net cash flows from investments in non-financial assets	(7 538)	(10 282)	(6 192)	(6 295)	(5 286)
Net cash flows from investments in financial assets for policy purposes	(51)	12	30	11	8
Subtotal	(7 590)	(10 270)	(6 162)	(6 284)	(5 277)
Net cash flows from investment in financial assets for liquidity management purposes	32	(49)	(32)	(16)	(21)
Net cash flows from investing activities	(7 557)	(10 320)	(6 195)	(6 301)	(5 298)
Cash flows from financing activities					
Advances received (net)	100	104	108	113	118
Net borrowings	2 457	5 263	2 837	3 811	3 382
Deposits received (net)	12	38	(67)	(4)	(2)
Other financing (net)	3 679	2 614	1 102	702	131
Net cash flows from financing activities	6 248	8 018	3 980	4 621	3 629
Net increase/(decrease) in cash and cash equivalents	(779)	(1 150)	(235)	(106)	(73)
Cash and cash equivalents at beginning of reporting period	3 102	2 323	1 173	938	832
Cash and cash equivalents at end of reporting period ^(b)	2 323	1 173	938	832	759
FISCAL AGGREGATES					
Net cash flows from operating activities	530	1 152	1 980	1 574	1 595
Dividends paid	(168)	(59)	(83)	(131)	(145)
Net cash flows from investments in non-financial assets	(7 538)	(10 282)	(6 192)	(6 295)	(5 286)
Cash surplus/(deficit)	(7 176)	(9 189)	(4 296)	(4 852)	(3 835)

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 ^(a) (\$ 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>
2025-26 revised					
Balance at 1 July 2025	(46 672)	89 229	34 066	857	77 480
Net result for the year	(26 557)				(26 557)
Other comprehensive income for the year	(43)	..	1 275	46	1 278
Dividends paid	(162)	..	..	..	(162)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	30 193	..	..	30 193
Total equity as at 30 June 2026	(73 434)	119 422	35 340	904	82 232
2026-27 budget					
Balance at 1 July 2026	(73 434)	119 422	35 340	904	82 232
Net result for the year	(3 218)				(3 218)
Other comprehensive income for the year	(14)	..	12	12	10
Dividends paid	(59)	..	..	..	(59)
Transfer to/(from) accumulated surplus	(926)	926	..	..	..
Transactions with owners in their capacity as owners	..	5 593	..	..	5 593
Total equity as at 30 June 2027	(77 651)	125 941	35 353	915	84 558
2027-28 estimate					
Balance at 1 July 2027	(77 651)	125 941	35 353	915	84 558
Net result for the year	(5 545)				(5 545)
Other comprehensive income for the year	(3)	..	37	2	35
Dividends paid	(83)	..	..	..	(83)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	6 694	..	..	6 694
Total equity as at 30 June 2028	(83 282)	132 635	35 390	917	85 659
2028-29 estimate					
Balance at 1 July 2028	(83 282)	132 635	35 390	917	85 659
Net result for the year	(3 914)				(3 914)
Other comprehensive income for the year	(10)	..	36	8	34
Dividends paid	(131)	..	..	..	(131)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	4 461	..	..	4 461
Total equity as at 30 June 2029	(87 338)	137 095	35 425	925	86 108
2029-30 estimate					
Balance at 1 July 2029	(87 338)	137 095	35 425	925	86 108
Net result for the year	(3 157)				(3 157)
Other comprehensive income for the year	(4)	..	6	2	3
Dividends paid	(145)	..	..	..	(145)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	3 075	..	..	3 075
Total equity as at 30 June 2030	(90 644)	140 171	35 431	927	85 884

Note:

(a) Savings and efficiency initiatives introduced in the 2023-24 Budget will continue to be implemented by the public non-financial corporations sector. The impact of these initiatives is reflected over the budget and forward estimates.

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

(\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Purchases of non-financial assets (including change in inventories)	7 862	10 554	6 538	6 528	5 530
Less: Sales of non-financial assets	(326)	(272)	(350)	(234)	(246)
Less: Depreciation and amortisation	(2 540)	(2 526)	(2 565)	(2 794)	(3 017)
Plus: Other movements in non-financial assets ^{(a)(b)(c)}	28 138	4 068	6 491	4 256	3 339
Total net acquisition of non-financial assets from transactions	33 133	11 824	10 115	7 756	5 605

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 2.*
- (c) The movement in 2025-26 primarily reflects the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.*

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

(\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Revenue and income from transactions					
Taxation	40 944	42 567	45 712	47 473	49 654
Interest income	1 128	1 164	1 006	998	1 000
Dividends and income tax equivalent income	1 558	2 019	984	1 753	1 729
Sales of goods and services: ^(a)	16 250	..	..	..	..
Insurance revenue	..	170	185	197	207
Other sales of goods and services	..	17 024	17 928	18 699	19 659
Grants	55 255	56 392	55 693	57 052	58 968
Other revenue and income	4 659	4 614	4 440	4 541	4 675
Total revenue and income from transactions	119 794	123 949	125 948	130 713	135 892
Expenses from transactions					
Employee expenses	42 398	43 399	45 102	46 673	47 856
Superannuation:					
Net superannuation interest expense	788	811	796	737	676
Other superannuation	4 962	4 911	5 113	5 268	5 410
Depreciation	11 429	11 714	11 955	12 438	13 075
Interest expense	8 569	9 901	10 855	12 164	13 679
Grant expense	15 992	17 344	16 643	17 015	17 504
Other operating expenses: ^(a)	39 007	..	..	..	..
Insurance expense ^(b)	..	135	141	146	152
Other operating expenses	..	38 589	37 102	38 256	39 847
Total expenses from transactions	123 144	126 805	127 708	132 699	138 200
Net result from transactions – Net operating balance	(3 351)	(2 856)	(1 760)	(1 985)	(2 308)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	51	75	113	112	125
Net gain/(loss) on financial assets or liabilities at fair value	(177)	305	325	303	318
Share of net profit/(loss) from associates/joint venture entities	(29)	(19)	12	13	13
Other gains/(losses) from other economic flows	(599)	(458)	(264)	(489)	(499)
Total other economic flows included in net result	(755)	(98)	186	(60)	(42)
Net result	(4 105)	(2 954)	(1 574)	(2 046)	(2 351)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	3 439	8 233	11 418	18 238	9 941
Remeasurement of superannuation defined benefit plans	2 811	353	348	360	373
Other movements in equity	(137)	(28)	(20)	(28)	(25)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	7	3	3	3	3
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	8 326	482	558	(59)	360
Total other economic flows – Other comprehensive income	14 447	9 042	12 306	18 513	10 652
Comprehensive result – Total change in net worth	10 341	6 088	10 732	16 468	8 301

Table 2.6: Non-financial public sector comprehensive operating statement for the financial year ended 30 June (continued) (\$ million)

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
KEY FISCAL AGGREGATES					
Net operating balance	(3 351)	(2 856)	(1 760)	(1 985)	(2 308)
Less: Net acquisition of non-financial assets from transactions	15 091	14 363	9 090	8 977	7 705
Net lending/(borrowing)	(18 442)	(17 219)	(10 850)	(10 962)	(10 013)

Notes:

(a) This line is disaggregated from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.

(b) Refer to Chapter 1, Note 1.6.5 Glossary of technical terms for further information on this item.

Table 2.7: Non-financial public sector balance sheet as at 30 June (\$ million)

	2026 revised	2027 budget	2028 estimate	2029 estimate	2030 estimate
Assets					
Financial assets					
Cash and deposits	15 791	14 677	14 584	15 094	15 747
Advances paid	406	379	313	287	268
Receivables and contract assets	12 326	12 683	13 153	13 740	14 332
Investments, loans and placements	20 845	22 217	23 672	25 097	26 535
Investments accounted for using equity method	1 596	1 533	960	1 039	1 033
Investments in PNFC and PFC sector entities	18 758	19 289	19 897	19 338	19 627
Total financial assets	69 722	70 778	72 579	74 595	77 541
Non-financial assets					
Inventories	1 786	2 474	2 331	2 311	2 376
Non-financial assets held for sale	170	162	155	147	140
Land, buildings, infrastructure, plant and equipment	519 650	541 572	562 336	589 560	607 383
Other non-financial assets	8 168	8 113	8 046	8 062	7 864
Total non-financial assets	529 774	552 321	572 868	600 080	617 762
Total assets	599 496	623 099	645 447	674 675	695 303
Liabilities					
Deposits held and advances received	1 815	1 854	1 787	1 794	1 804
Payables	8 470	7 889	8 029	8 137	8 205
Borrowings	229 742	247 885	260 644	274 888	288 848
Employee benefits	12 979	12 961	13 367	13 777	14 194
Superannuation	16 111	16 298	15 182	14 001	12 815
Other provisions ^(a)	4 349	3 600	3 557	3 673	3 752
Insurance contract liabilities ^(b)	..	852	897	936	971
Other liabilities ^(a)	31 281	30 924	30 413	29 432	28 377
Total liabilities	304 747	322 263	333 878	346 638	358 965
Net assets	294 749	300 837	311 569	328 037	336 338
Equity					
Accumulated surplus/(deficit)	61 684	59 044	57 796	56 075	54 251
Reserves	233 064	241 793	253 773	271 962	282 087
Net worth	294 749	300 837	311 569	328 037	336 338
FISCAL AGGREGATES					
Net financial worth	(235 026)	(251 484)	(261 298)	(272 043)	(281 424)
Net financial liabilities	253 784	270 774	281 195	291 381	301 051
Net debt	194 516	212 465	223 863	236 204	248 103

Notes:

- (a) Insurance contract liabilities is disaggregated from Other provisions and Other liabilities from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.
- (b) Refer to Chapter 1, Note 1.6.5 Glossary of technical terms for further information on this item.

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

(\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Cash flows from operating activities					
Receipts					
Taxes received	40 719	43 277	45 272	46 961	49 050
Grants	55 389	56 391	55 692	57 052	58 967
Sales of goods and services ^(a)	17 332	18 570	20 180	20 559	21 654
Interest received	1 071	1 093	917	895	901
Dividends and income tax equivalent receipts	1 590	2 050	992	1 761	1 737
Other receipts	3 356	3 242	2 857	2 854	2 905
Total receipts	119 456	124 623	125 910	130 082	135 214
Payments					
Payments for employees	(42 109)	(43 431)	(44 711)	(46 278)	(47 455)
Superannuation	(5 112)	(5 182)	(6 677)	(6 827)	(6 899)
Interest paid	(8 253)	(9 802)	(10 729)	(12 007)	(13 595)
Grants and subsidies	(15 738)	(17 352)	(16 526)	(16 885)	(17 359)
Goods and services ^(a)	(39 624)	(39 828)	(37 949)	(39 009)	(40 684)
Other payments	(1 321)	(1 458)	(1 130)	(1 181)	(1 233)
Total payments	(112 156)	(117 053)	(117 722)	(122 188)	(127 225)
Net cash flows from operating activities	7 300	7 570	8 188	7 894	7 989
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(23 618)	(25 398)	(20 798)	(21 368)	(21 149)
Sales of non-financial assets	610	1 043	1 307	1 157	1 373
Net cash flows from investments in non-financial assets	(23 008)	(24 356)	(19 491)	(20 211)	(19 776)
Net cash flows from investments in financial assets for policy purposes	(545)	(39)	767	426	74
Subtotal	(23 553)	(24 395)	(18 724)	(19 785)	(19 702)
Net cash flows from investment in financial assets for liquidity management purposes	(2 193)	(1 059)	(1 055)	(1 017)	(994)
Net cash flows from investing activities	(25 747)	(25 454)	(19 779)	(20 802)	(20 696)
Cash flows from financing activities					
Advances received (net)	(60)	(11)	(10)	..	..
Net borrowings	17 564	16 619	11 415	13 261	13 206
Deposits received (net)	23	49	(56)	7	10
Other financing (net) ^(b)	808	..	..	..	..
Net cash flows from financing activities	18 334	16 657	11 348	13 268	13 215
Net increase/(decrease) in cash and cash equivalents	(112)	(1 227)	(242)	360	508
Cash and cash equivalents at beginning of reporting period	15 902	15 790	14 563	14 321	14 681
Cash and cash equivalents at end of reporting period ^(c)	15 790	14 563	14 321	14 681	15 189
FISCAL AGGREGATES					
Net cash flows from operating activities	7 300	7 570	8 188	7 894	7 989
Net cash flows from investments in non-financial assets	(23 008)	(24 356)	(19 491)	(20 211)	(19 776)
Cash surplus/(deficit)	(15 708)	(16 786)	(11 303)	(12 317)	(11 787)

Notes:

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

(b) On 1 July 2025, the Building Legislation Amendment (Buyer Protections) Act 2025 became effective, and the Building and Plumbing Commission (BPC) was established as a building industry regulator to succeed the former Victorian Building Authority. This resulted in responsibility for the Domestic Building Insurance function in the VMIA, within the PFC sector, transferring to the BPC in the general government sector.

(c) Cash and cash equivalents at the end of 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)

	<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>
2025-26 revised					
Balance at 1 July 2025	62 809	209 383	9 728	2 488	284 407
Net result for the year	(4 105)				(4 105)
Other comprehensive income for the year	2 632	3 439	8 326	49	14 447
Transfer to/(from) accumulated surplus	349	(349)	..	..	..
Total equity as at 30 June 2026	61 684	212 473	18 055	2 537	294 749
2026-27 budget					
Balance at 1 July 2026	61 684	212 473	18 055	2 537	294 749
Net result for the year	(2 954)				(2 954)
Other comprehensive income for the year	313	8 233	482	15	9 042
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 30 June 2027	59 044	220 705	18 536	2 552	300 837
2027-28 estimate					
Balance at 1 July 2027	59 044	220 705	18 536	2 552	300 837
Net result for the year	(1 574)				(1 574)
Other comprehensive income for the year	326	11 418	558	5	12 306
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 30 June 2028	57 796	232 123	19 094	2 556	311 569
2028-29 estimate					
Balance at 1 July 2028	57 796	232 123	19 094	2 556	311 569
Net result for the year	(2 046)				(2 046)
Other comprehensive income for the year	324	18 238	(59)	11	18 513
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 30 June 2029	56 075	250 361	19 035	2 567	328 037
2029-30 estimate					
Balance at 1 July 2029	56 075	250 361	19 035	2 567	328 037
Net result for the year	(2 351)				(2 351)
Other comprehensive income for the year	346	9 941	360	5	10 652
Transfer to/(from) accumulated surplus	181	(181)	..	..	..
Total equity as at 30 June 2030	54 251	260 121	19 394	2 572	336 338

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

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Purchases of non-financial assets (including change in inventories)	23 609	25 402	20 798	21 370	21 150
Less: Sales of non-financial assets	(610)	(1 043)	(1 307)	(1 157)	(1 373)
Less: Depreciation and amortisation	(11 429)	(11 714)	(11 955)	(12 438)	(13 075)
Plus: Other movements in non-financial assets ^{(a)(b)}	3 520	1 718	1 555	1 202	1 002
Total net acquisition of non-financial assets from transactions	15 091	14 363	9 090	8 977	7 705

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 Frankston Hospital Redevelopment, the High Capacity Metro Trains, the Homes Victoria Ground Lease Model Project 2, the Metro Tunnel, the new Footscray Hospital, the new Melton Hospital, the North East Link – Primary Package (Tunnels), the Nyaal Banyul Geelong Convention and Event Centre, and the West Gate Tunnel.*

Table 2.11: Public financial corporations sector comprehensive operating statement for the financial year ended 30 June ^(a) (\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Revenue and income from transactions					
Interest income	7 758	9 029	10 050	11 322	12 764
Dividend income	2 877	3 165	3 479	3 709	3 954
Sales of goods and services: ^(b)	8 919	..	..	..	..
Insurance revenue	..	9 199	9 714	10 257	10 791
Other sales of goods and services	..	106	108	110	111
Grants	2	10	10	..	50
Other revenue and income	33	32	33	35	37
Total revenue and income from transactions	19 589	21 539	23 396	25 432	27 708
Expenses from transactions					
Employee expenses	611	612	629	642	660
Other superannuation	64	67	69	71	73
Depreciation	76	72	67	64	56
Interest expense	7 099	8 466	9 464	10 712	12 116
Grant expense	227	360	355	211	64
Other operating expenses: ^(b)	12 417	..	..	..	..
Insurance expense ^(c)	..	9 863	10 654	11 510	12 479
Insurance finance expense ^(c)	..	2 363	2 533	2 710	2 882
Other operating expenses	..	1 375	1 386	1 439	1 467
Other property expenses	634	167	88	46	37
Total expenses from transactions	21 128	23 346	25 246	27 406	29 834
Net result from transactions – Net operating balance ^(d)	(1 539)	(1 806)	(1 851)	(1 974)	(2 126)
Other economic flows included in net result					
Net gain/(loss) on financial assets or liabilities at fair value	7 431	1 045	1 190	1 279	1 422
Share of net profit/(loss) from associates/joint venture entities	(1)	(1)	(1)	..	..
Gains/(losses) from insurance financing ^(c)	..	1 445	1 590	1 731	1 874
Other gains/(losses) from other economic flows	3 371	(178)	(271)	(297)	(108)
Total other economic flows included in net result	10 801	2 311	2 508	2 713	3 188
Net result	9 262	504	657	739	1 062
Other economic flows – Other comprehensive income					
Total other economic flows – Other comprehensive income	..	..	..	..	..
KEY FISCAL AGGREGATES					
Net operating balance	(1 539)	(1 806)	(1 851)	(1 974)	(2 126)
Less: Net acquisition of non-financial assets from transactions	(54)	(29)	(41)	(25)	(25)
Net lending/(borrowing)	(1 486)	(1 777)	(1 810)	(1 948)	(2 101)

Notes:

- (a) Savings and efficiency initiatives introduced in the 2023-24 Budget will continue to be implemented by the public financial corporations sector. The impact of these initiatives is reflected over the budget and forward estimates.
- (b) This line is disaggregated from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.
- (c) Refer to Chapter 1, Note 1.6.5 Glossary of technical terms for further information on this item.
- (d) 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)

	2026 revised	2027 budget	2028 estimate	2029 estimate	2030 estimate
Assets					
Financial assets					
Cash and deposits	4 814	4 807	5 117	5 421	5 956
Advances paid	23	56	52	48	43
Receivables and contract assets: ^(a)	2 629	..	..	..	..
Insurance contract assets	..	935	993	1 056	1 124
Reinsurance contract assets	..	169	154	158	164
Other receivables and contract assets	..	1 517	1 529	1 511	1 500
Investments, loans and placements	76 124	80 042	84 824	88 675	93 321
Loans receivable from non-financial public sector ^(b)	193 142	215 224	229 084	243 655	258 210
Investments accounted for using equity method	10	9	9	8	8
Total financial assets	276 743	302 759	321 762	340 531	360 326
Non-financial assets					
Land, buildings, infrastructure, plant and equipment	268	251	218	201	182
Other non-financial assets ^(c)	2 172	1 920	1 784	1 694	1 684
Total non-financial assets	2 440	2 171	2 002	1 894	1 866
Total assets	279 182	304 930	323 764	342 426	362 191
Liabilities					
Deposits held and advances received	226	294	288	281	272
Payables	1 591	1 665	1 675	1 653	1 663
Borrowings ^(d)	202 342	224 636	238 696	253 493	268 258
Employee benefits	149	152	155	159	162
Other provisions ^(a)	54 886	62	161	286	269
Insurance contract liabilities ^(e)	..	58 981	63 053	67 389	72 123
Other liabilities ^(a)	1 349	..	..	..	..
Total liabilities	260 543	285 790	304 028	323 261	342 749
Net assets ^(e)	18 639	19 140	19 736	19 165	19 443
Equity					
Accumulated surplus/(deficit)	17 966	18 417	18 963	18 892	19 240
Reserves	673	723	773	273	203
Net worth ^(f)	18 639	19 140	19 736	19 165	19 443
FISCAL AGGREGATES					
Net financial worth	16 199	16 969	17 734	17 270	17 577
Net financial liabilities	(16 199)	(16 969)	(17 734)	(17 270)	(17 577)
Net debt	(71 535)	(75 198)	(80 093)	(84 024)	(88 999)

Notes:

- (a) This line is disaggregated from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.
- (b) Loans receivable from the non-financial public sector are at amortised cost.
- (c) Other non-financial assets incorporate reinsurance prepayments which are recognised as a reinsurance contract asset under AASB 17 Insurance Contracts.
- (d) Borrowings with the private sector are at market value.
- (e) Refer to Chapter 1, Note 1.6.5 Glossary of technical terms for further information on this item.
- (f) 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)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Cash flows from operating activities					
Receipts					
Grants	2	10	10	..	50
Sales of goods and services ^(a)	9 660	10 258	10 728	11 311	11 925
Interest received	7 543	8 814	9 835	11 107	12 549
Dividend receipts	2 877	3 165	3 479	3 709	3 954
Other receipts	337	45	26	52	50
Total receipts	20 419	22 291	24 078	26 180	28 529
Payments					
Payments for employees	(614)	(609)	(626)	(639)	(656)
Superannuation	(64)	(67)	(69)	(71)	(73)
Interest paid	(5 777)	(7 126)	(8 117)	(9 395)	(10 795)
Grants and subsidies	(227)	(360)	(355)	(211)	(64)
Goods and services ^(a)	(8 435)	(8 970)	(9 781)	(10 524)	(11 235)
Other payments	(4)	(4)	(4)	(5)	(5)
Total payments	(15 121)	(17 137)	(18 951)	(20 845)	(22 829)
Net cash flows from operating activities	5 297	5 155	5 127	5 335	5 701
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(24)	(44)	(27)	(40)	(31)
Sales of non-financial assets	1	1	1	1	1
Net cash flows from investments in non-financial assets	(23)	(43)	(26)	(39)	(30)
Net cash flows from investments in financial assets for policy purposes	27	(32)	4	5	5
Subtotal	4	(75)	(22)	(34)	(25)
Net cash flows from investment in financial assets for liquidity management purposes	(24 587)	(24 743)	(17 236)	(16 928)	(17 567)
Net cash flows from investing activities	(24 583)	(24 818)	(17 259)	(16 962)	(17 592)
Cash flows from financing activities					
Advances received (net)	(51)	66	(7)	(9)	(10)
Net borrowings	19 227	20 748	12 510	13 248	13 220
Deposits received (net)	7	2	2	2	1
Other financing (net)	(679)	(1 160)	(62)	(1 310)	(784)
Net cash flows from financing activities	18 504	19 656	12 442	11 931	12 427
Net increase/(decrease) in cash and cash equivalents	(782)	(7)	311	303	535
Cash and cash equivalents at beginning of reporting period	5 596	4 814	4 807	5 117	5 421
Cash and cash equivalents at end of reporting period	4 814	4 807	5 117	5 421	5 956
FISCAL AGGREGATES					
Net cash flows from operating activities	5 297	5 155	5 127	5 335	5 701
Dividends paid	(515)	(1 210)	(112)	(810)	(714)
Net cash flows from investments in non-financial assets	(23)	(43)	(26)	(39)	(30)
Cash surplus/(deficit)	4 760	3 902	4 989	4 486	4 956

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 ^(a) (\$ million)

	Accumulated surplus/deficit	Contributions by owners	Non-financial assets revaluation surplus	Other reserves	Total
2025-26 revised					
Balance at 1 July 2025	8 743	540	13	66	9 361
Net result for the year	9 262	..	..	..	9 262
Other comprehensive income for the year	..	..	(1)	..	..
Dividends paid	(515)	..	..	..	(515)
Transfer to/(from) accumulated surplus	476	(478)	1	1	..
Transactions with owners in their capacity as owners	..	531	..	..	531
Total equity as at 30 June 2026	17 966	593	13	67	18 639
2026-27 budget					
Balance at 1 July 2026	17 966	593	13	67	18 639
Opening balance adjustment ^(b)	1 157	..	..	..	1 157
Restated balance at 1 July 2026	19 123	593	13	67	19 795
Net result for the year	504	..	..	..	504
Other comprehensive income for the year	..	..	..	..	..
Dividends paid	(1 210)	..	..	..	(1 210)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	50	..	..	50
Total equity as at 30 June 2027	18 417	643	13	67	19 140
2027-28 estimate					
Balance at 1 July 2027	18 417	643	13	67	19 140
Net result for the year	657	..	..	..	657
Other comprehensive income for the year	..	..	..	..	..
Dividends paid	(112)	..	..	..	(112)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	50	..	..	50
Total equity as at 30 June 2028	18 963	693	13	67	19 736
2028-29 estimate					
Balance at 1 July 2028	18 963	693	13	67	19 736
Net result for the year	739	..	..	..	739
Other comprehensive income for the year	..	..	..	..	..
Dividends paid	(810)	..	..	..	(810)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	(500)	..	..	(500)
Total equity as at 30 June 2029	18 892	193	13	67	19 165
2029-30 estimate					
Balance at 1 July 2029	18 892	193	13	67	19 165
Net result for the year	1 062	..	..	..	1 062
Other comprehensive income for the year	..	..	..	..	..
Dividends paid	(714)	..	..	..	(714)
Transfer to/(from) accumulated surplus	..	..	..	..	..
Transactions with owners in their capacity as owners	..	(70)	..	..	(70)
Total equity as at 30 June 2030	19 240	123	13	67	19 443

Notes:

- (a) Savings and efficiency initiatives introduced in the 2023-24 Budget will continue to be implemented by the public financial corporations sector. The impact of these initiatives is reflected over the budget and forward estimates.
- (b) The 1 July 2026 opening balance does not equal the 30 June 2026 closing balance as it reflects the application of AASB17 Insurance Contracts which takes effect from 1 July 2026.

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

(\$ million)

	<i>2025-26 revised</i>	<i>2026-27 budget</i>	<i>2027-28 estimate</i>	<i>2028-29 estimate</i>	<i>2029-30 estimate</i>
Purchases of non-financial assets less sales of non-financial assets (including change in inventories)	23	43	26	39	30
Less: Depreciation and amortisation	(76)	(72)	(67)	(64)	(56)
Total net acquisition of non-financial assets from transactions	(54)	(29)	(41)	(25)	(25)

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

(\$ million)

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Revenue and income from transactions					
Taxation	40 914	42 536	45 680	47 440	49 620
Interest income	1 896	1 895	1 755	1 763	1 784
Dividend income	3 917	3 969	4 347	4 647	4 964
Sales of goods and services: ^(a)	23 120	..	..	..	..
Insurance revenue	..	7 560	7 974	8 402	8 837
Sales of goods and services	..	16 857	17 759	18 532	19 492
Grants	55 060	56 121	55 385	56 830	58 894
Other revenue and income	4 687	4 571	4 379	4 501	4 655
Total revenue and income from transactions	129 594	133 508	137 279	142 114	148 245
Expenses from transactions					
Employee expenses	42 044	43 023	44 717	46 281	47 473
Superannuation:					
Net superannuation interest expense	788	811	796	737	676
Other superannuation	5 026	4 979	5 182	5 339	5 483
Depreciation	11 505	11 786	12 022	12 502	13 130
Interest expense	8 703	10 077	11 025	12 327	13 823
Grant expense	16 042	17 443	16 700	17 024	17 463
Other operating expenses: ^(a)	50 285	..	..	..	..
Insurance expense ^(b)	..	9 998	10 795	11 657	12 632
Insurance finance expense ^(b)	..	2 363	2 533	2 710	2 882
Other operating expenses	..	38 744	37 154	38 272	39 807
Total expenses from transactions	134 393	139 225	140 925	146 850	153 369
Net result from transactions – net operating balance	(4 798)	(5 717)	(3 646)	(4 736)	(5 124)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	51	75	113	112	125
Net gain/(loss) on financial assets or liabilities at fair value	7 254	1 350	1 515	1 582	1 741
Share of net profit/(loss) from associates/joint venture entities	(30)	(20)	12	13	13
Gains/(losses) from insurance financing ^(b)	..	1 445	1 590	1 731	1 874
Other gains/(losses) from other economic flows ^(a)	2 771	(637)	(441)	(665)	(675)
Total other economic flows included in net result	10 047	2 213	2 788	2 773	3 077
Net result	5 248	(3 503)	(857)	(1 963)	(2 047)
Other economic flows – Other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	3 439	8 233	11 418	18 238	9 941
Remeasurement of superannuation defined benefit plans	2 811	353	348	360	373
Other movements in equity	(137)	(28)	(20)	(28)	(25)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	7	3	3	3	3
Total other economic flows – Other comprehensive income	6 120	8 560	11 748	18 573	10 292
Comprehensive result – Total change in net worth	11 368	5 057	10 891	16 610	8 245

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

(\$ million)

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
KEY FISCAL AGGREGATES					
Net operating balance	(4 798)	(5 717)	(3 646)	(4 736)	(5 124)
Less: Net acquisition of non-financial assets from transactions	15 054	14 363	9 079	8 981	7 709
Net lending/(borrowing)	(19 853)	(20 080)	(12 725)	(13 717)	(12 833)

Notes:

(a) *This line is disaggregated from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.*

(b) *Refer to Chapter 1, Note 1.6.5 Glossary of technical terms for further information on this item.*

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

(\$ million)

	2026 revised	2027 budget	2028 estimate	2029 estimate	2030 estimate
Assets					
Financial assets					
Cash and deposits	20 576	19 456	19 674	20 487	21 676
Advances paid	323	308	252	236	227
Receivables and contract assets: ^(a)	14 464	..	..	..	..
Insurance contract assets	..	880	931	985	1 044
Other receivables and contract assets	..	13 905	14 357	14 918	15 487
Investments, loans and placements	96 915	102 204	108 438	113 713	119 794
Investments accounted for using equity method	1 607	1 543	969	1 047	1 041
Total financial assets	133 885	138 295	144 622	151 386	159 269
Non-financial assets					
Inventories	1 786	2 474	2 331	2 311	2 376
Non-financial assets held for sale	170	162	155	147	140
Land, buildings, infrastructure, plant and equipment	519 917	541 823	562 554	589 761	607 565
Other non-financial assets ^(b)	8 163	8 044	7 950	7 941	7 744
Total non-financial assets	530 037	552 503	572 990	600 161	617 824
Total assets	663 922	690 798	717 611	751 547	777 093
Liabilities					
Deposits held and advances received	1 986	2 058	1 988	1 990	1 995
Payables	9 507	8 982	9 122	9 197	9 258
Borrowings	238 882	257 244	270 210	284 687	298 865
Employee benefits	13 128	13 113	13 522	13 936	14 356
Superannuation	16 111	16 298	15 182	14 001	12 815
Other provisions ^(a)	59 178	14 619	15 508	16 645	17 862
Insurance contract liabilities ^(c)	..	48 569	51 783	55 165	58 826
Other liabilities ^(a)	32 348	30 919	30 409	29 428	28 374
Total liabilities	371 139	391 802	407 725	425 050	442 351
Net assets	292 783	298 996	309 887	326 497	334 742
Equity					
Accumulated surplus/(deficit)	77 693	75 659	75 128	73 489	71 969
Reserves	215 089	223 337	234 759	253 008	262 773
Net worth	292 783	298 996	309 887	326 497	334 742
FISCAL AGGREGATES					
Net financial worth	(237 254)	(253 507)	(263 103)	(273 664)	(283 082)
Net financial liabilities	237 254	253 507	263 103	273 664	283 082
Net debt	123 053	137 335	143 834	152 241	159 163

Notes:

- (a) This line is disaggregated from 2026-27 onwards following the application of AASB 17 Insurance Contracts which is effective from 1 July 2026.*
- (b) Other non-financial assets incorporate reinsurance prepayments which are recognised as a reinsurance contract asset under AASB 17 Insurance Contracts.*
- (c) Refer to Chapter 1, Note 1.6.5 Glossary of technical terms for further information on this item.*

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

(\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
Cash flows from operating activities					
Receipts					
Taxes received	40 689	43 246	45 240	46 928	49 015
Grants	55 194	56 120	55 385	56 830	58 894
Sales of goods and services ^(a)	25 069	26 791	28 745	29 581	31 186
Interest received	1 623	1 610	1 451	1 446	1 471
Dividends and income tax equivalent receipts	3 949	4 001	4 356	4 655	4 972
Other receipts	3 653	3 223	2 799	2 842	2 907
Total receipts	130 178	134 992	137 975	142 281	148 445
Payments					
Payments for employees	(41 759)	(43 053)	(44 323)	(45 883)	(47 068)
Superannuation	(5 176)	(5 249)	(6 746)	(6 898)	(6 972)
Interest paid	(7 063)	(8 639)	(9 553)	(10 853)	(12 419)
Grants and subsidies	(15 788)	(17 450)	(16 582)	(16 894)	(17 319)
Goods and services ^(a)	(46 984)	(47 594)	(46 405)	(48 121)	(50 428)
Other payments	(1 321)	(1 458)	(1 130)	(1 181)	(1 233)
Total payments	(118 091)	(123 444)	(124 739)	(129 831)	(135 438)
Net cash flows from operating activities	12 087	11 548	13 236	12 451	13 007
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(23 658)	(25 471)	(20 855)	(21 437)	(21 209)
Sales of non-financial assets	611	1 043	1 308	1 158	1 374
Net cash flows from investments in non-financial assets	(23 047)	(24 428)	(19 546)	(20 279)	(19 836)
Net cash flows from investments in financial assets for policy purposes	87	1	807	(84)	(5)
Subtotal	(22 960)	(24 427)	(18 740)	(20 363)	(19 841)
Net cash flows from investment in financial assets for liquidity management purposes	(5 832)	(3 719)	(4 429)	(3 372)	(4 005)
Net cash flows from investing activities	(28 793)	(28 146)	(23 169)	(23 735)	(23 845)
Cash flows from financing activities					
Advances received (net)	(86)	22	(14)	(4)	(5)
Net borrowings	16 894	15 292	10 071	11 946	11 878
Deposits received (net)	23	49	(56)	7	10
Net cash flows from financing activities	16 831	15 364	10 001	11 948	11 882
Net increase/(decrease) in cash and cash equivalents	125	(1 234)	68	663	1 044
Cash and cash equivalents at beginning of reporting period	20 450	20 576	19 342	19 410	20 074
Cash and cash equivalents at end of reporting period ^(b)	20 576	19 342	19 410	20 074	21 118
FISCAL AGGREGATES					
Net cash flows from operating activities	12 087	11 548	13 236	12 451	13 007
Net cash flows from investments in non-financial assets	(23 047)	(24 428)	(19 546)	(20 279)	(19 836)
Cash surplus/(deficit)	(10 960)	(12 880)	(6 310)	(7 828)	(6 829)

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>
2025-26 revised				
Balance at 1 July 2025	69 466	209 395	2 554	281 414
Net result for the year	5 248	..	..	5 248
Other comprehensive income for the year	2 632	3 438	49	6 120
Transfer to/(from) accumulated surplus	348	(348)	1	..
Total equity as at 30 June 2026	77 693	212 485	2 604	292 783
2026-27 budget				
Balance at 1 July 2026	77 693	212 485	2 604	292 783
Opening balance adjustment ^(a)	1 157	..	..	1 157
Restated balance at 1 July 2026	78 850	212 485	2 604	293 939
Net result for the year	(3 503)	..	..	(3 503)
Other comprehensive income for the year	313	8 233	15	8 560
Transfer to/(from) accumulated surplus	..	..	..	..
Total equity as at 30 June 2027	75 659	220 718	2 619	298 996
2027-28 estimate				
Balance at 1 July 2027	75 659	220 718	2 619	298 996
Net result for the year	(857)	..	..	(857)
Other comprehensive income for the year	326	11 418	5	11 748
Transfer to/(from) accumulated surplus	..	..	..	..
Total equity as at 30 June 2028	75 128	232 135	2 623	309 887
2028-29 estimate				
Balance at 1 July 2028	75 128	232 135	2 623	309 887
Net result for the year	(1 963)	..	..	(1 963)
Other comprehensive income for the year	324	18 238	11	18 573
Transfer to/(from) accumulated surplus	..	..	..	..
Total equity as at 30 June 2029	73 489	250 373	2 634	326 497
2029-30 estimate				
Balance at 1 July 2029	73 489	250 373	2 634	326 497
Net result for the year	(2 047)	..	..	(2 047)
Other comprehensive income for the year	346	9 941	5	10 292
Transfer to/(from) accumulated surplus	181	(181)	..	..
Total equity as at 30 June 2030	71 969	260 133	2 640	334 742

Note:

(a) The 1 July 2026 opening balance does not equal the 30 June 2026 closing balance as it reflects the application of AASB17 Insurance Contracts which takes effect from 1 July 2026.

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

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Purchases of non-financial assets (including change in inventories)	23 649	25 475	20 855	21 439	21 211
Less: Sales of non-financial assets	(611)	(1 043)	(1 308)	(1 158)	(1 374)
Less: Depreciation and amortisation	(11 505)	(11 786)	(12 022)	(12 502)	(13 130)
Plus: Other movements in non-financial assets ^{(a)(b)}	3 520	1 718	1 555	1 202	1 002
Total net acquisition of non-financial assets from transactions	15 054	14 363	9 079	8 981	7 709

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 Frankston Hospital Redevelopment, the High Capacity Metro Trains, the Homes Victoria Ground Lease Model Project 2, the Metro Tunnel, the new Footscray Hospital, the new Melton Hospital, the North East Link – Primary Package (Tunnels), the Nyaal Banyul Geelong Convention and Event Centre, and the West Gate Tunnel.*

CHAPTER 3 – DEPARTMENTAL FINANCIAL STATEMENTS

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 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

DEPARTMENT OF EDUCATION

Operating performance

The Department of Education is forecasting an operating surplus of \$460 million in 2026-27, compared with an operating surplus in 2025-26 of \$287 million for the revised budget.

The 2026-27 surplus is primarily attributable to government school operations as revenue will exceed operating expenditure.

The operating statement shows an increase in operating income of \$714 million between the 2025-26 revised budget and the 2026-27 budget. This is primarily due to additional service delivery funding for initiatives announced in the *2026-27 Budget* including:

- Disability Inclusion in schools
- Essential maintenance and compliance
- School enrolment-based funding.

Operating expenses are expected to increase by \$541 million in 2026-27, which is primarily driven by the cost of delivering school education and early childhood services.

Balance sheet

The Department's net assets position is estimated to increase by \$1.9 billion in 2026-27, compared with the 2025-26 revised budget, reflecting a significant increase in total assets of \$2.0 billion.

The increase in total assets reflects the Government's continued investment in infrastructure for early years, construction of new schools, school building upgrades and modular classrooms.

Investing and finance

Cash flows from investing activities primarily reflect investment in purchases of property, plant and equipment for asset renewal in schools and new asset projects, including the following asset projects funded in the *2026-27 Budget* including:

- New schools construction
- Modular Classrooms Program
- School upgrades.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2026-27, including recurrent Commonwealth funding provided to the non-government school sector, the collection of international student fees for schools and the collection of childcare fees and Commonwealth subsidies for the state-owned early learning childcare centres.

Total administered income of the Department is expected to increase by \$191 million in 2026-27, compared with the 2025-26 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 also expected to increase by \$191 million in line with the anticipated increase in administered income.

Table 3.1.1: Comprehensive operating statement

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	16 671	17 396	17 619	18 237
Interest income	86	70	65	64
Sales of goods and services	402	376	393	410
Grants	33	14	15	87
Fair value of assets and services received free of charge or for nominal consideration	..	1	1	1
Other revenue and income	220	365	299	307
Total revenue and income from transactions	17 411	18 222	18 392	19 106
Expenses from transactions				
Employee benefits	10 702	10 640	10 807	11 006
Depreciation	764	723	793	817
Interest expense	25	26	26	26
Grant expense	1 687	1 804	1 693	1 877
Other operating expenses	4 210	4 651	4 787	4 920
Total expenses from transactions	17 389	17 844	18 106	18 647
Net result from transactions (net operating balance)	23	378	287	460
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	3	(1)	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(4)	..	..	..
Other gains/(losses) from other economic flows	(11)	..	..	..
Total other economic flows included in net result	(12)	(1)	..	..
Net result	11	377	287	460
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	..	..	..	..
Other movements in equity	..	..	..	..
Total other economic flows – Other comprehensive income	..	..	..	..
Comprehensive result	11	376	286	459

Sources: Departments of Education, and Treasury and Finance

Table 3.1.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	1 778	1 780	1 678	1 684
Receivables from government	3 293	3 639	3 687	4 067
Other receivables	140	139	140	139
Other financial assets	..	..	..	..
Total financial assets	5 211	5 559	5 505	5 891
Non-financial assets				
Non-financial assets classified as held for sale including disposal group assets	32	34	34	35
Property, plant and equipment	43 085	45 114	44 672	46 272
Intangible assets	31	15	41	51
Other	32	32	31	32
Total non-financial assets	43 180	45 194	44 778	46 389
Total assets	48 392	50 752	50 283	52 280
Liabilities				
Payables	779	786	767	773
Borrowings	536	496	516	497
Provisions	2 178	2 322	2 327	2 486
Total liabilities	3 494	3 604	3 610	3 756
Net assets	44 898	47 148	46 673	48 524
Equity				
Accumulated surplus/(deficit)	5 670	6 046	5 956	6 416
Reserves	23 183	23 183	23 183	23 183
Contributed capital	16 044	17 918	17 534	18 925
Total equity	44 898	47 148	46 673	48 524

Sources: Departments of Education, and Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.1.3: Statement of cash flows

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	16 853	17 050	17 226	17 857
Receipts from other entities	440	412	431	520
Interest received	86	70	65	64
Other receipts	213	342	274	283
Total receipts	17 591	17 874	17 995	18 724
Payments				
Payments of grants and other transfers	(1 764)	(1 802)	(1 691)	(1 875)
Payments to suppliers and employees	(14 659)	(15 139)	(15 455)	(15 759)
Interest and other costs of finance paid	(25)	(26)	(26)	(26)
Total payments	(16 449)	(16 967)	(17 172)	(17 660)
Net cash flows from/(used in) operating activities	1 142	907	823	1 064
Cash flows from investing activities				
Net investment	..	..	..	..
Payments for non-financial assets	(2 315)	(2 739)	(2 393)	(2 432)
Proceeds from sale of non-financial assets	8	..	1	1
Net loans to other parties	(1)	2	2	2
Net cash flow from/(used in) investing activities	(2 308)	(2 737)	(2 390)	(2 428)
Cash flows from financing activities				
Owner contributions by State Government	1 330	1 875	1 490	1 392
Repayment of leases and service concession liabilities	(17)	(39)	(19)	(19)
Net borrowings	(6)	(4)	(4)	(3)
Net cash flows from/(used in) financing activities	1 307	1 832	1 467	1 370
Net increase/(decrease) in cash and cash equivalents	141	2	(100)	6
Cash and cash equivalents at the beginning of the financial year	1 636	1 778	1 778	1 678
Cash and cash equivalents at the end of the financial year	1 778	1 780	1 678	1 684

Sources: Departments of Education, and Treasury and Finance

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>
Opening balance 1 July 2024	5 659	14 733	23 183	..	43 576
Comprehensive result	11	..	..	..	11
Transactions with owners in their capacity as owners	..	1 311	..	..	1 311
Closing balance 30 June 2025 (actual)	5 670	16 044	23 183	..	44 898
Comprehensive result	376	..	..	..	376
Transactions with owners in their capacity as owners	..	1 874	..	..	1 874
Closing balance 30 June 2026 (budget) ^(a)	6 046	17 918	23 183	..	47 148
Comprehensive result	286	..	..	..	286
Transactions with owners in their capacity as owners	..	1 489	..	..	1 489
Closing balance 30 June 2026 (revised)	5 956	17 534	23 183	..	46 673
Comprehensive result	460	..	..	..	459
Transactions with owners in their capacity as owners	..	1 391	..	..	1 391
Closing balance 30 June 2027 (budget)	6 416	18 925	23 183	..	48 524

Sources: Departments of Education, and Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.1.5: Administered items statement

(\$ million)

	2024-25 actual ^(a)	2025-26 budget ^(b)	2025-26 revised	2026-27 budget
Administered income				
Sales of goods and services	127	147	137	152
Grants	5 438	5 615	5 826	6 002
Other revenue and income	6	1	1	1
Total administered income	5 572	5 763	5 964	6 155
Administered expenses				
Grants and other transfers	5 450	5 595	5 774	5 977
Payments into the Consolidated Fund	71	168	190	178
Total administered expenses	5 521	5 763	5 964	6 155
Income less expenses	50	..	..	..
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	6	..	..	..
Total other economic flows included in net result	6	..	..	..
Net result	56	..	..	..
Comprehensive result	56	..	..	..
Administered assets				
Cash and deposits	3	3	3	3
Receivables	114	113	113	113
Total administered assets	116	116	116	116
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	116	116	116	116

Sources: Departments of Education, and Treasury and Finance

Notes:

(a) The 2024-25 actual figures reflect the Department of Education's 2024-25 Annual Report.

(b) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

DEPARTMENT OF ENERGY, ENVIRONMENT AND CLIMATE ACTION

Operating performance

The Department of Energy, Environment and Climate Action is forecasting an operating surplus of \$73 million in 2026-27, compared with an operating surplus of \$6 million for the 2025-26 revised budget. This revised budget surplus compared with the published 2025-26 budget is primarily attributable to movements within the Parks and Reserves Trust Account, and the Melbourne Strategic Assessment Fund, where expenditure commitments for 2025-26 are funded by associated revenue received in prior years.

This is partially offset by the rephrasing of a number of initiatives within the Agriculture and Energy portfolios funded from the Sustainability Fund into the forward estimates.

The operating statement shows a decrease in operating income of \$535 million between the 2025-26 revised budget and the 2026-27 budget. This is primarily due to additional funding supplementation in 2025-26 for various preparedness, response and recovery related initiatives to manage bushfire emergency events, additional funding for the Drought Support Packages, funding for renewable energy transition initiatives and VicGrid as well as other project delivery initiatives. The decrease is also attributable to once-off funding received in 2025-26 for the Power Saving Bonus for Vulnerable Consumers and funding for the Forestry Contractor Strategy, which is released from contingency based on milestone completion and initiative delivery.

The decrease between the 2025-26 revised budget and the 2026-27 budget as noted above is partially offset by funding of initiatives in the *2026-27 Budget*, including:

- Investment in people in agriculture
- Maintaining critical assets for emergency and land management
- Managing the impacts of livestock predation – Victorian Fox Bounty
- Safeguarding the future of Victoria’s agriculture sector and supporting animal welfare
- Securing critical aviation fire services.

Balance sheet

The Department’s net assets position is estimated to increase by \$166 million in 2026-27, compared with the 2025-26 revised budget, reflecting an increase in total assets of \$96 million and a decrease in liabilities of \$70 million.

The increase in total assets reflects the Government’s continued investment in the portfolio including asset initiatives such as:

- Bendigo mine-impacted groundwater long-term management
- Maintaining critical assets for emergency and land management
- Preparing Forest Fire Management Victoria emergency response assets for the bushfire season.

Investing and finance

The Department is anticipating a \$78 million increase in its net cash position in 2026-27 relative to the 2025-26 revised budget. This variance is mainly attributable to the amount of Sustainability Fund revenue receipts from the Municipal Industrial Waste Levy Fund and the scheduling of associated expenditure commitments within the financial year.

Cash flows from investing activities primarily reflect payments for non-financial assets of \$205 million, reflecting the Government's continued asset investment in the environment and water sectors including asset projects funded in the *2026-27 Budget*:

- Maintaining critical assets for emergency and land management
- Preparing Forest Fire Management Victoria emergency response assets for the bushfire season.

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, Victorian Desalination Projects and Funding Victoria's national energy market obligations.

Total administered income of the Department is expected to decrease by \$19 million in 2026-27, compared with the 2025-26 revised budget. This is driven by funding provided by government for VicGrid operational costs, offset by a lower water order for the Victorian Desalination Project in 2025-26.

Total administered expenses of the Department are expected to increase by \$44 million in 2026-27, compared with the 2025-26 revised budget. The administered expenses of the department in 2025-26 are lower, primarily due to a lower water order placed by the Minister of Water from the Victorian Desalination Project.

Table 3.2.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	2 339	1 654	2 199	1 671
Special appropriations	4	..	5	2
Interest income	41	49	49	49
Sales of goods and services	158	131	207	174
Grants	37	33	62	32
Fair value of assets and services received free of charge or for nominal consideration	4	20	20	20
Other revenue and income	672	822	817	877
Total revenue and income from transactions	3 256	2 710	3 360	2 825
Expenses from transactions				
Employee benefits	1 008	755	946	842
Depreciation	120	126	125	119
Interest expense	41	35	31	32
Grant expense	1 082	1 056	1 409	1 076
Other operating expenses	921	679	842	683
Total expenses from transactions	3 172	2 650	3 353	2 751
Net result from transactions (net operating balance)	84	60	6	73
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	6	(9)	(9)	(4)
Net gain/(loss) on financial instruments and statutory receivables/payables	484	(4)	(2)	(2)
Other gains/(losses) from other economic flows	3	..	..	..
Total other economic flows included in net result	493	(13)	(11)	(6)
Net result	577	47	(5)	67
Other economic flows – Other comprehensive income				
Total other economic flows – Other comprehensive income	..	..	..	..
Comprehensive result	577	47	(5)	67

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

Table 3.2.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	1 563	1 587	1 542	1 620
Receivables from government	883	900	893	911
Other receivables	482	444	490	448
Other financial assets	528	518	121	119
Investments accounted for using equity method	..	..	..	..
Total financial assets	3 456	3 449	3 046	3 098
Non-financial assets				
Inventories	16	21	21	25
Non-financial assets classified as held for sale including disposal group assets	12	11	11	3
Property, plant and equipment	9 889	9 918	9 923	9 973
Biological assets	4	4	4	4
Intangible assets	19	17	10	8
Other	43	43	43	43
Total non-financial assets	9 983	10 014	10 012	10 056
Total assets	13 439	13 464	13 058	13 154
Liabilities				
Payables	313	307	257	255
Borrowings	566	510	496	427
Provisions	367	367	361	361
Total liabilities	1 245	1 184	1 114	1 044
Net assets	12 194	12 279	11 944	12 111
Equity				
Accumulated surplus/(deficit)	4 695	4 742	4 690	4 757
Reserves	6 692	6 692	6 692	6 692
Contributed capital	806	845	562	661
Total equity	12 194	12 279	11 944	12 111

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.2.3: Statement of cash flows

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Cash flows from operating activities				
Receipts				
Receipts from Government	2 321	1 647	2 203	1 661
Receipts from other entities	840	970	1 017	1 066
Interest received	33	36	36	40
Other receipts	141	108	140	86
Total receipts	3 335	2 760	3 396	2 853
Payments				
Payments of grants and other transfers	(1 172)	(1 151)	(1 537)	(1 124)
Payments to suppliers and employees	(1 968)	(1 412)	(1 781)	(1 500)
Interest and other costs of finance paid	(41)	(35)	(30)	(32)
Total payments	(3 181)	(2 599)	(3 348)	(2 656)
Net cash flows from/(used in) operating activities	154	161	48	198
Cash flows from investing activities				
Net investment	..	(4)	(4)	(4)
Payments for non-financial assets	(179)	(272)	(202)	(205)
Proceeds from sale of non-financial assets	34	9	9	16
Net loans to other parties	17	44	22	23
Net (purchase)/disposal of investments – Policy purposes	..	..	..	..
Net cash flow from/(used in) investing activities	(128)	(223)	(175)	(170)
Cash flows from financing activities				
Owner contributions by State Government	110	130	(213)	112
Repayment of leases and service concession liabilities	(26)	(25)	(29)	(27)
Net borrowings	(8)	(20)	347	(34)
Net cash flows from/(used in) financing activities	77	86	106	51
Net increase/(decrease) in cash and cash equivalents	102	24	(21)	78
Cash and cash equivalents at the beginning of the financial year	1 461	1 563	1 563	1 542
Cash and cash equivalents at the end of the financial year	1 563	1 587	1 542	1 620

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

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>
Opening balance 1 July 2024	4 118	765	6 693	..	11 575
Comprehensive result	577	..	..	..	577
Transactions with owners in their capacity as owners	..	41	..	..	41
Closing balance 30 June 2025 (actual)	4 695	806	6 692	..	12 194
Comprehensive result	47	..	..	..	47
Transactions with owners in their capacity as owners	..	39	..	..	39
Closing balance 30 June 2026 (budget) ^(a)	4 742	845	6 692	..	12 279
Comprehensive result	(5)	..	..	..	(5)
Transactions with owners in their capacity as owners	..	(244)	..	..	(244)
Closing balance 30 June 2026 (revised)	4 690	562	6 692	..	11 944
Comprehensive result	67	..	..	..	67
Transactions with owners in their capacity as owners	..	99	..	..	99
Closing balance 30 June 2027 (budget)	4 757	661	6 692	..	12 111

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.2.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Appropriations – Payments made on behalf of the State	616	739	708	751
Fair value of assets and services received free of charge or for nominal consideration	41	..	17	..
Sales of goods and services	249	364	352	370
Grants	44	8	10	6
Interest income	391	382	384	374
Other revenue and income	497	446	452	403
Total administered income	1 837	1 939	1 923	1 904
Administered expenses				
Expenses on behalf of the State	181	289	208	290
Grant expense	42	44	94	46
Payments into the Consolidated Fund	1 254	1 361	1 230	1 248
Interest and Depreciation expense	361	353	353	345
Total administered expenses	1 838	2 048	1 885	1 929
Income less expenses	(1)	(109)	38	(25)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	(7)	(10)	(27)	(28)
Share of net profits/(loss) from associates/joint venture entities	(14)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(1)	..	..	..
Total other economic flows included in net result	(22)	(10)	(27)	(28)
Net result	(23)	(118)	10	(53)
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	162	..	..	..
Total other economic flows – Other comprehensive income	162	..	..	..
Comprehensive result	140	(118)	10	(53)
Administered assets				
Cash and deposits	46	43	44	44
Receivables	3 728	3 657	3 709	3 626
Investments accounted for using equity method	139	139	397	397
Property, plant and equipment	1 021	1 009	1 009	998
Intangible assets	370	364	386	374
Non financial assets classified as held for sale including disposal group assets	6	6	6	6
Total administered assets	5 310	5 218	5 552	5 446
Administered liabilities				
Payables	79	78	91	91
Borrowings	3 057	2 989	2 989	2 907
Provisions	..	4	28	44
Total administered liabilities	3 136	3 071	3 108	3 041
Net assets	2 174	2 147	2 445	2 404

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

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

Table 3.2.6: Payments made on behalf of the State**(\$ million)**

	<i>2025-26 budget</i>	<i>2025-26 revised</i>	<i>2026-27 budget</i>
Murray-Darling Basin contribution	33	33	31
Victorian Desalination Project	695	614	706
State Funding Commitments to National Energy Market Bodies	11	11	15
State Electricity Commission of Victoria contribution	..	50	..
Total	739	708	751

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

DEPARTMENT OF FAMILIES, FAIRNESS AND HOUSING

Operating performance

The Department of Families, Fairness and Housing is forecasting an operating deficit of \$4 million in 2026-27, compared with an operating deficit in 2025-26 of \$32 million for the revised budget. The 2025-26 deficit is due to the drawdown of prior year surpluses for departmental priorities aligned with the purposes for which such surpluses may be drawn down as set out in section 33 of the *Financial Management Act 1994*, consistent with sound financial management. It also reflects government programs being funded from trust balances, including the Early Supports for Infants with Social Communication Differences and ANZAC Day Proceeds funds, consistent with the requirements of the relevant trust accounts.

The operating statement shows a decrease in operating income of \$231 million between the 2025-26 revised budget and the 2026-27 budget. This is primarily due to Commonwealth funding for the Energy Bill Relief program ending in 2025-26.

This is partially offset by funding for the following initiatives announced in the *2026-27 Budget*:

- Delivering child protection and care services
- Strong Families, Safe Children: Restoring families
- Family violence response
- Continued support for Victorians with disability.

Operating expenses are expected to decrease by \$259 million in 2026-27, primarily due to the Commonwealth funding for the Energy Bill Relief program ending in 2025-26.

Balance sheet

The Department's net assets position is estimated to increase by \$38 million in 2026-27, compared with the 2025-26 revised budget, reflecting a decrease in total assets of \$80 million and a decrease in total liabilities of \$118 million, mainly related to the Victorian Redress Scheme for historical abuse and neglect in institutional care.

Investing and finance

The Department is anticipating an increase of \$3 million in its net cash position in 2026-27, compared with the 2025-26 revised budget.

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 2026-27, including the National Disability Insurance Scheme (NDIS) payments on behalf of the State (POBOS).

Total administered income and expenses of the Department are expected to increase by \$137 million in 2026-27, compared with the 2025-26 revised budget. This is primarily driven by Victoria's increased financial contribution to the NDIS.

Table 3.3.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	6 307	5 474	5 602	5 410
Special appropriations	101	69	80	65
Grants	41	26	55	47
Fair value of assets and services received free of charge or for nominal consideration	2	61	61	60
Other revenue and income ^(a)	1	..	(5)	(20)
Total revenue and income from transactions	6 452	5 631	5 793	5 562
Expenses from transactions				
Employee benefits	875	709	707	707
Depreciation	45	49	49	50
Interest expense	1	3	3	3
Grant expense	1 363	1 185	1 195	1 284
Other operating expenses	4 319	3 687	3 872	3 521
Total expenses from transactions	6 602	5 633	5 825	5 566
Net result from transactions (net operating balance)	(150)	(3)	(32)	(4)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	3	(4)	(4)	(4)
Net gain/(loss) on financial instruments and statutory receivables/payables	2	..	..	..
Other gains/(losses) from other economic flows	(18)	..	..	..
Total other economic flows included in net result	(13)	(4)	(4)	(4)
Net result	(162)	(6)	(36)	(8)
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	(6)	..	..	..
Total other economic flows – Other comprehensive income	(6)	..	..	..
Comprehensive result	(168)	(6)	(36)	(8)

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

Note:

(a) Negative revenue primarily relates to the return of unspent trust funding to the Consolidated Fund.

Table 3.3.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	63	67	55	58
Receivables from government	793	745	817	725
Other receivables	136	128	128	118
Total financial assets	992	940	1 000	901
Non-financial assets				
Property, plant and equipment	1 621	1 639	1 635	1 655
Intangible assets	39	24	31	29
Line	11	11	11	11
Total non-financial assets	1 671	1 674	1 677	1 695
Total assets	2 663	2 613	2 677	2 597
Liabilities				
Payables	332	331	331	329
Borrowings	42	44	44	45
Provisions	978	904	994	876
Total liabilities	1 352	1 278	1 368	1 250
Net assets	1 311	1 335	1 309	1 347
Equity				
Accumulated surplus/(deficit)	(327)	(333)	(363)	(370)
Reserves	271	271	271	271
Contributed capital	1 367	1 397	1 400	1 446
Total equity	1 311	1 335	1 309	1 347

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.3.3: Statement of cash flows

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Cash flows from operating activities				
Receipts				
Receipts from Government	6 422	5 591	5 661	5 568
Receipts from other entities	36	26	52	46
Other receipts	(30)	6	6	6
Total receipts	6 428	5 623	5 718	5 620
Payments				
Payments of grants and other transfers	(1 372)	(1 185)	(1 200)	(1 304)
Payments to suppliers and employees	(5 018)	(4 407)	(4 500)	(4 285)
Interest and other costs of finance paid	(1)	(3)	(3)	(3)
Total payments	(6 391)	(5 595)	(5 702)	(5 592)
Net cash flows from/(used in) operating activities	36	28	16	28
Cash flows from investing activities				
Net investment	3	..	..	..
Payments for non-financial assets	(57)	(56)	(59)	(73)
Proceeds from sale of non-financial assets	11	..	..	..
Net loans to other parties	2	3	3	4
Net cash flow from/(used in) investing activities	(41)	(53)	(56)	(69)
Cash flows from financing activities				
Owner contributions by State Government	22	30	33	46
Repayment of leases and service concession liabilities	(14)	..	..	..
Net borrowings	(4)	(1)	(1)	(2)
Net cash flows from/(used in) financing activities	4	29	32	44
Net increase/(decrease) in cash and cash equivalents	(1)	4	(8)	3
Cash and cash equivalents at the beginning of the financial year	64	63	63	55
Cash and cash equivalents at the end of the financial year	63	67	55	58

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>
Opening balance 1 July 2024	(164)	1 352	277	..	1 465
Comprehensive result	(162)	..	(6)	..	(168)
Transactions with owners in their capacity as owners	..	15	..	..	15
Closing balance 30 June 2025 (actual)	(327)	1 367	271	..	1 311
Comprehensive result	(6)	..	..	..	(6)
Transactions with owners in their capacity as owners	..	30	..	..	30
Closing balance 30 June 2026 (budget) ^(a)	(333)	1 397	271	..	1 335
Comprehensive result	(36)	..	..	..	(36)
Transactions with owners in their capacity as owners	..	33	..	..	33
Closing balance 30 June 2026 (revised)	(363)	1 400	271	..	1 309
Comprehensive result	(8)	..	..	..	(8)
Transactions with owners in their capacity as owners	..	46	..	..	46
Closing balance 30 June 2027 (budget)	(370)	1 446	271	..	1 347

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.3.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Appropriations – Payments made on behalf of the State	2 976	3 119	3 119	3 239
Sales of goods and services	43	40	45	40
Grants	23	18	12	18
Other revenue and income	1	1	6	21
Total administered income	3 042	3 178	3 181	3 318
Administered expenses				
Expenses on behalf of the State	..	1	1	1
Grant expense	2 977	3 119	3 119	3 239
Payments into the Consolidated Fund	66	64	68	84
Total administered expenses	3 043	3 184	3 188	3 324
Income less expenses	(1)	(6)	(6)	(6)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	1	6	6	6
Total other economic flows included in net result	1	6	6	6
Net result	..	..	..	..
Comprehensive result	..	..	..	..
Administered assets				
Receivables	3	4	3	3
Total administered assets	3	4	3	3
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	3	4	3	3

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

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

Table 3.3.6: Payments on behalf of the State

(\$ million)

	2025-26 budget	2025-26 revised	2026-27 budget
Grants	..	37	..
National Disability Insurance Agency	3 119	3 082	3 239
Total	3 119	3 119	3 239

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

DEPARTMENT OF GOVERNMENT SERVICES

Operating performance

The Department of Government Services is forecasting an operating surplus of \$12 million in 2026-27, compared with an operating deficit in 2025-26 of \$16 million for the revised budget, primarily driven by lower expenditure from trust balances.

The operating statement shows a reduction in operating income of \$81 million between the 2025-26 revised budget and the 2026-27 budget, primarily due to the completion of fixed term initiatives.

This is partially offset by funding of the following initiatives announced in the *2026-27 Budget*:

- Investing in Victoria's digital future
- Maintaining Birth, Deaths and Marriages Victoria
- Minimising insecure work in the local government sector.

Operating expenses are expected to reduce by \$110 million in 2026-27, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$29 million in 2026-27, compared with the 2025-26 revised budget. This reflects a reduction of \$126 million in total assets, offset by a reduction of \$155 million in total liabilities, due to the unwinding of right-of-use assets and the repayment of right-of-use liabilities.

Investing and finance

The Department is anticipating an increase of \$56 million in its net cash position in 2026-27, compared with the 2025-26 revised budget, primarily due to increased returns from estate agent and conveyancer trust accounts paid into the Victorian Property Fund.

Cash flows from investing activities primarily reflect payments for non-financial assets, which includes government investment to improve workplace conditions and boost productivity across government buildings.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2026-27, which predominantly relates to Commonwealth financial assistance grants which are paid through the State to local government.

Total administered income and expenses of the Department are anticipated to increase by \$399 million in 2026-27, compared with the 2025-26 revised budget. This is primarily driven by timing differences in funding disbursement by the Commonwealth to the State, whereby some of the 2025-26 Commonwealth local government grant payments were brought forward to 2024-25.

Table 3.4.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	463	616	649	564
Interest income	170	113	39	32
Sales of goods and services	270	561	468	464
Grants	29	6	6	5
Fair value of assets and services received free of charge or for nominal consideration	2	20	20	20
Other revenue and income	70	30	133	148
Total revenue and income from transactions	1 005	1 345	1 314	1 233
Expenses from transactions				
Employee benefits	414	351	377	334
Depreciation	39	353	233	231
Interest expense	1	59	59	57
Grant expense	217	182	234	196
Other operating expenses	275	403	427	404
Total expenses from transactions	947	1 348	1 331	1 221
Net result from transactions (net operating balance)	58	(3)	(16)	12
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	(11)	3	3	3
Net gain/(loss) on financial instruments and statutory receivables/payables	40	..	16	14
Other gains/(losses) from other economic flows	..	..	..	..
Total other economic flows included in net result	29	3	19	17
Net result	87	..	3	30
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	2	..	..	..
Other	(11)	(4)	(55)	(4)
Total other economic flows – Other comprehensive income	(8)	(4)	(55)	(4)
Comprehensive result	79	(3)	(53)	26

Sources: Departments of Government Services, and Treasury and Finance

Table 3.4.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	296	415	451	507
Receivables from government	116	142	80	92
Other receivables	44	399	12	20
Other financial assets	466	466	468	469
Total financial assets	922	1 421	1 012	1 087
Non-financial assets				
Property, plant and equipment	698	2 290	2 086	1 908
Intangible assets	60	47	60	51
Other	44	76	102	88
Total non-financial assets	802	2 412	2 248	2 046
Total assets	1 724	3 833	3 260	3 134
Liabilities				
Payables	101	540	152	152
Borrowings	20	1 648	1 487	1 328
Provisions	104	132	144	148
Total liabilities	224	2 319	1 783	1 628
Net assets	1 500	1 514	1 476	1 506
Equity				
Accumulated surplus/(deficit)	298	294	245	271
Reserves	2	2	2	2
Contributed capital	1 200	1 218	1 229	1 233
Total equity	1 500	1 514	1 476	1 506

Sources: Departments of Government Services, and Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.4.3: Statement of cash flows

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Cash flows from operating activities				
Receipts				
Receipts from Government	450	603	886	552
Receipts from other entities	85	17	19	15
Interest received	170	112	39	132
Other receipts	334	597	530	574
Total receipts	1 039	1 329	1 473	1 272
Payments				
Payments of grants and other transfers	(216)	(202)	(255)	(196)
Payments to suppliers and employees	(691)	(727)	(777)	(701)
Interest and other costs of finance paid	(1)	(56)	(59)	(57)
Total payments	(908)	(985)	(1 091)	(954)
Net cash flows from/(used in) operating activities	131	345	383	318
Cash flows from investing activities				
Net investment	(54)	..	13	14
Payments for non-financial assets	(23)	(136)	(150)	(96)
Proceeds from sale of non-financial assets	2	203	3	3
Net loans to other parties ^(a)	..	..	..	..
Net cash flow from/(used in) investing activities ^(a)	(75)	67	(134)	(79)
Cash flows from financing activities				
Owner contributions by State Government ^(a)	..	3	78	..
Repayment of leases and service concession liabilities ^(a)	(19)	(296)	(173)	(183)
Net borrowings ^(a)	2	..	..	..
Net cash flows from/(used in) financing activities ^(a)	(17)	(293)	(95)	(183)
Net increase/(decrease) in cash and cash equivalents ^(a)	39	119	154	56
Cash and cash equivalents at the beginning of the financial year ^(a)	258	296	297	451
Cash and cash equivalents at the end of the financial year ^(a)	296	415	451	507

Sources: Departments of Government Services, and Treasury and Finance

Note:

(a) The 2025-26 budget figures have been restated to remove the non-cash movements relating to the transfer of right-of-use assets and liabilities for departmental accommodation services from the DGS administered entity to the DGS controlled entity.

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>
Opening balance 1 July 2024	221	1 200	..	..	1 421
Comprehensive result	76	..	2	..	79
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2025 (actual)	298	1 200	2	..	1 500
Comprehensive result	(3)	..	..	..	(3)
Transactions with owners in their capacity as owners	..	18	..	..	18
Closing balance 30 June 2026 (budget) ^(a)	294	1 218	2	..	1 514
Comprehensive result	(53)	..	..	..	(53)
Transactions with owners in their capacity as owners	..	30	..	..	30
Closing balance 30 June 2026 (revised)	245	1 229	2	..	1 476
Comprehensive result	26	..	..	..	26
Transactions with owners in their capacity as owners	..	3	..	..	3
Closing balance 30 June 2027 (budget)	271	1 233	2	..	1 506

Sources: Departments of Government Services, and Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.4.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Special Appropriations	29	..	89	52
Sales of goods and services	554	72	64	66
Grants	537	833	415	865
Interest income	17	24	24	7
Other revenue and income	22	5	..	..
Total administered income	1 159	934	592	991
Administered expenses				
Expenses on behalf of the State	437	..	..	..
Grant expense	566	833	487	911
Payments into the Consolidated Fund	119	77	81	73
Interest expense	70	24	24	7
Total administered expenses	1 192	934	592	991
Income less expenses	(33)	..	..	..
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	(209)	..	..	..
Total other economic flows included in net result	(209)	..	..	..
Net result	(242)	..	..	..
Other economic flows – Other comprehensive income				
Other	10	..	52	..
Total other economic flows – Other comprehensive income	10	..	52	..
Comprehensive result	(232)	..	52	..
Administered assets				
Cash and deposits	213	153	74	74
Receivables	589	226	637	637
Other financial assets	32	..	..	..
Property, plant and equipment	1 125	..	..	..
Total administered assets	1 960	379	711	711
Administered liabilities				
Payables	165	65	111	111
Borrowings	2 174	393	543	543
Provisions	27	4	..	..
Total administered liabilities	2 366	462	654	654
Net assets	(406)	(83)	57	57

Sources: Departments of Government Services, and Treasury and Finance

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

DEPARTMENT OF HEALTH

Operating performance

The Department of Health is forecasting an operating surplus of \$290 million in 2026-27, compared with an expected operating surplus in 2025-26 of \$526 million for the revised budget.

The operating statement shows a decrease in operating income of \$79 million between the 2025-26 revised budget and the 2026-27 budget. The lower operating income is primarily due to one-off funding in 2025-26 and funding held centrally as a contingency to be released to the Department during 2026-27.

This is partially offset by funding of the following initiatives announced in the *2026-27 Budget*:

- More support for Victorian patients
- Improving care closer to home
- Opening and operating hospital facilities
- Safe births for every Victorian woman and baby
- Strengthening health workforce sustainability.

Operating expenses are expected to increase by \$157 million in 2026-27, which is primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$585 million in 2026-27, compared with the 2025-26 revised budget, reflecting an increase in total assets of \$224 million and a decrease in total liabilities of \$361 million.

The increase in total assets reflects the Government's continued asset investment in the health sector. The decrease in total liabilities is primarily driven by a reduction in accrued salaries and wages in 2026-27.

Investing and finance

Cash flows from investing activities primarily reflect the Government's continued asset investment in the health services sector, including the following asset projects funded in the *2026-27 Budget*:

- Engineering Infrastructure Replacement Program 2026-27
- Medical Equipment Replacement Program 2026-27
- Metropolitan Health Infrastructure Fund 2026-27
- Regional Health Infrastructure Fund 2026-27.

Administered items statement

Total administered income of the Department is expected to increase by \$490 million in 2026-27, compared with the 2025-26 revised budget. This is primarily driven by increased Commonwealth revenue under the National Health Reform Agreement.

Total administered expenses of the Department are expected to increase by \$499 million in 2026-27, compared with the 2025-26 revised budget. This is primarily due to the factor outlined above, in line with the anticipated increase in administered income.

Table 3.5.1: Comprehensive operating statement (\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	16 861	17 236	18 047	17 014
Special appropriations	3 209	3 283	3 378	3 544
Interest income	208	203	147	207
Sales of goods and services	2 026	2 072	2 084	2 072
Grants	9 612	9 988	10 233	11 215
Fair value of assets and services received free of charge or for nominal consideration	1	29	42	27
Other revenue and income	1 121	840	1 068	840
Total revenue and income from transactions	33 037	33 649	34 998	34 919
Expenses from transactions				
Employee benefits	19 468	20 283	20 808	20 974
Depreciation	1 903	2 021	2 021	2 077
Interest expense	297	273	365	330
Grant expense	1 868	1 981	2 082	2 081
Other operating expenses	9 329	8 902	9 197	9 167
Total expenses from transactions	32 865	33 459	34 473	34 629
Net result from transactions (net operating balance)	172	190	526	290
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	(107)	(21)	(3)	1
Share of net profits/(loss) from associates/joint venture entities	2	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(35)	(26)	(47)	(26)
Other gains/(losses) from other economic flows	(3)	(2)	30	(2)
Total other economic flows included in net result	(142)	(48)	(20)	(27)
Net result	30	142	505	263
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	423	105	119	27
Net gain/(loss) on financial assets at fair value	(3)	..	..	..
Other	(26)	..	(10)	..
Total other economic flows – Other comprehensive income	395	105	109	27
Comprehensive result	424	247	614	289

Sources: Departments of Health, and Treasury and Finance

Table 3.5.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	2 664	2 743	3 000	2 709
Receivables from government	4 763	4 454	4 825	5 009
Other receivables	827	825	825	831
Other financial assets	417	417	417	417
Total financial assets	8 671	8 440	9 067	8 966
Non-financial assets				
Inventories	173	140	160	160
Non-financial assets classified as held for sale including disposal group assets	32	32	32	32
Property, plant and equipment	33 407	33 631	33 873	34 257
Investment properties	118	66	101	85
Intangible assets	181	158	156	116
Other	368	366	366	365
Total non-financial assets	34 278	34 392	34 689	35 014
Total assets	42 949	42 832	43 756	43 980
Liabilities				
Payables	3 537	3 488	3 488	3 076
Borrowings	5 834	5 375	5 765	5 775
Provisions	5 711	5 712	5 712	5 753
Total liabilities	15 082	14 576	14 965	14 604
Net assets	27 867	28 256	28 791	29 376
Equity				
Accumulated surplus/(deficit)	3 115	3 603	3 960	4 222
Reserves	19 220	18 980	18 990	19 017
Contributed capital	5 532	5 674	5 841	6 137
Total equity	27 867	28 256	28 791	29 376

Sources: Departments of Health, and Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.5.3: Statement of cash flows

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	19 447	22 752	23 438	22 287
Receipts from other entities	9 427	10 032	10 107	11 269
Interest received	207	202	147	206
Other receipts	1 388	915	1 158	907
Total receipts	30 470	33 900	34 849	34 669
Payments				
Payments of grants and other transfers	(1 859)	(1 981)	(2 082)	(2 081)
Payments to suppliers and employees	(28 018)	(29 143)	(29 933)	(30 485)
Interest and other costs of finance paid	(176)	(167)	(255)	(303)
Total payments	(30 053)	(31 291)	(32 269)	(32 869)
Net cash flows from/(used in) operating activities	417	2 609	2 580	1 800
Cash flows from investing activities				
Net investment	77	6	..	6
Payments for non-financial assets	(1 895)	(1 875)	(1 738)	(2 104)
Proceeds from sale of non-financial assets	27	3	13	3
Net (purchase)/disposal of investments – Policy purposes	..	..	..	..
Net cash flow from/(used in) investing activities	(1 790)	(1 866)	(1 725)	(2 095)
Cash flows from financing activities				
Owner contributions by State Government	11	247	392	397
Repayment of leases and service concession liabilities	(326)	(323)	(323)	(334)
Net borrowings	1 569	(588)	(587)	(60)
Net cash flows from/(used in) financing activities	1 254	(664)	(518)	3
Net increase/(decrease) in cash and cash equivalents	(120)	80	336	(291)
Cash and cash equivalents at the beginning of the financial year	2 783	2 664	2 664	3 000
Cash and cash equivalents at the end of the financial year	2 664	2 743	3 000	2 709

Sources: Departments of Health, and Treasury and Finance

Table 3.5.4: 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>
Opening balance 1 July 2024	3 127	5 467	17 986	799	27 379
Comprehensive result	(12)	..	423	13	424
Transactions with owners in their capacity as owners	..	64	..	..	64
Closing balance 30 June 2025 (actual)	3 115	5 532	18 409	812	27 867
Comprehensive result	487	..	(241)	..	247
Transactions with owners in their capacity as owners	..	142	..	..	142
Closing balance 30 June 2026 (budget) ^(a)	3 603	5 674	18 168	812	28 256
Comprehensive result	844	..	(230)	..	614
Transactions with owners in their capacity as owners	..	309	..	..	309
Closing balance 30 June 2026 (revised)	3 960	5 841	18 179	812	28 791
Comprehensive result	263	..	27	..	289
Transactions with owners in their capacity as owners	..	296	..	..	296
Closing balance 30 June 2027 (budget)	4 222	6 137	18 205	812	29 376

Sources: Departments of Health, and Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.5.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Sales of goods and services	394	272	332	309
Grants	18 064	18 325	20 527	21 040
Interest income	5	3	3	3
Other revenue and income	3	10	10	10
Total administered income	18 466	18 609	20 872	21 362
Administered expenses				
Expenses on behalf of the State	1 222	1 452	1 516	1 535
Grant expense	16 775	16 854	18 946	19 503
Payments into the Consolidated Fund	472	408	503	427
Total administered expenses	18 469	18 715	20 966	21 465
Income less expenses	(3)	(105)	(94)	(103)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	..	1	1	1
Total other economic flows included in net result	..	1	1	1
Net result	(3)	(105)	(93)	(101)
Other economic flows – Other comprehensive income				
Other	..	..	..	..
Total other economic flows – Other comprehensive income	..	..	..	..
Comprehensive result	(3)	(105)	(93)	(101)
Administered assets				
Cash and deposits	7	7	7	7
Receivables	393	393	393	393
Total administered assets	400	400	400	400
Administered liabilities				
Payables	380	380	380	380
Total administered liabilities	380	380	380	380
Net assets	21	21	21	21

Sources: Departments of Health, and Treasury and Finance

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

DEPARTMENT OF JOBS, SKILLS, INDUSTRY AND REGIONS

Operating performance

The Department of Jobs, Skills, Industry and Regions is forecasting an operating deficit of \$23 million in 2026-27, compared with an expected operating deficit in 2025-26 of \$55 million for the revised budget.

The 2026-27 deficit primarily reflects expenditure funded from trust balances, including the Regional Jobs and Infrastructure Fund and the Better Boating Fund, consistent with the requirements of the relevant trust accounts.

The operating statement shows a decrease in operating income of \$334 million between the 2025-26 revised budget and the 2026-27 budget. This is primarily due to the completion of one-off or time-limited initiatives, and changes in initiative funding profiles. This has been partially offset by funding of the following initiatives announced in the *2026-27 Budget*:

- Boosting the economy with Free TAFE and more skilled workers
- TAFE Services Fund
- Supporting Victoria's State Sporting Centres
- Community sports infrastructure and participation initiatives
- Melbourne Arts Precinct Transformation
- Supporting Victorian events
- Future regions.

Operating expenses are expected to decrease by \$366 million in 2026-27, which is primarily driven by the factors outlined above.

Balance sheet

There are no significant movements in assets and liabilities in the 2026-27 budget compared with the 2025-26 revised budget.

Investing and finance

Cash flows from investing activities primarily reflect payments for non-financial assets, including asset projects funded in the *2026-27 Budget*.

Administered items statement

There are no significant movements in administered income and expenses in the 2026-27 budget compared with the 2025-26 revised budget.

Table 3.6.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	3 307	3 597	3 544	3 403
Special appropriations	96	29	50	65
Interest income	58	39	38	24
Sales of goods and services	610	601	623	643
Grants	305	110	402	189
Fair value of assets and services received free of charge or for nominal consideration	45	37	31	30
Other revenue and income	154	78	89	90
Total revenue and income from transactions	4 574	4 492	4 777	4 443
Expenses from transactions				
Employee benefits	1 619	1 465	1 625	1 691
Depreciation	216	228	237	247
Interest expense	7	4	4	4
Grant expense	1 802	1 927	1 998	1 647
Other operating expenses	759	905	967	877
Total expenses from transactions	4 403	4 529	4 832	4 466
Net result from transactions (net operating balance)	171	(38)	(55)	(23)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	..	..	..	..
Share of net profits/(loss) from associates/joint venture entities	..	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	38	..	..	..
Other gains/(losses) from other economic flows	(1)	..	..	..
Total other economic flows included in net result	37	..	..	..
Net result	207	(38)	(56)	(23)
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	788	..	..	..
Net gain/(loss) on financial assets at fair value	..	3	3	3
Other	..	..	..	..
Total other economic flows – Other comprehensive income	788	3	3	3
Comprehensive result	996	(35)	(53)	(20)

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

Table 3.6.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	874	855	823	820
Receivables from government	373	540	534	699
Other receivables	336	340	337	345
Other financial assets	240	251	243	246
Total financial assets	1 822	1 986	1 938	2 111
Non-financial assets				
Inventories	5	5	5	5
Non-financial assets classified as held for sale including disposal group assets	26	26	26	26
Property, plant and equipment	13 112	12 958	13 181	13 055
Investment properties	140	140	140	140
Intangible assets	22	14	15	8
Other	140	140	140	141
Total non-financial assets	13 445	13 283	13 507	13 375
Total assets	15 267	15 269	15 445	15 485
Liabilities				
Payables	685	680	678	674
Borrowings	123	121	121	110
Provisions	304	305	303	305
Total liabilities	1 112	1 106	1 102	1 089
Net assets	14 155	14 163	14 343	14 396
Equity				
Accumulated surplus/(deficit)	1 042	1 005	987	964
Reserves	10 335	10 338	10 338	10 341
Contributed capital	2 777	2 820	3 018	3 091
Total equity	14 155	14 163	14 343	14 396

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.6.3: Statement of cash flows

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	3 664	3 467	3 448	3 318
Receipts from other entities	869	695	947	751
Interest received	77	39	38	24
Other receipts	212	84	148	154
Total receipts	4 822	4 285	4 581	4 247
Payments				
Payments of grants and other transfers	(1 776)	(1 927)	(1 999)	(1 647)
Payments to suppliers and employees	(2 733)	(2 336)	(2 569)	(2 535)
Interest and other costs of finance paid	(7)	(4)	(4)	(4)
Total payments	(4 516)	(4 267)	(4 572)	(4 186)
Net cash flows from/(used in) operating activities	306	18	9	62
Cash flows from investing activities				
Net investment	17	(9)	..	..
Payments for non-financial assets	(217)	(59)	(290)	(114)
Proceeds from sale of non-financial assets	3	..	..	..
Net loans to other parties	(3)	(4)	1	(8)
Net cash flow from/(used in) investing activities	(200)	(71)	(290)	(122)
Cash flows from financing activities				
Owner contributions by State Government	(26)	43	241	73
Repayment of leases and service concession liabilities	(41)	(2)	(11)	(11)
Net borrowings	3	(6)	..	(4)
Net cash flows from/(used in) financing activities	(64)	35	230	57
Net increase/(decrease) in cash and cash equivalents	42	(19)	(51)	(3)
Cash and cash equivalents at the beginning of the financial year	832	874	874	823
Cash and cash equivalents at the end of the financial year	874	855	823	820

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

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>
Opening balance 1 July 2024	916	2 771	8 745	720	13 153
Comprehensive result	207	..	788	..	996
Transactions with owners in their capacity as owners	(81)	6	..	81	6
Closing balance 30 June 2025 (actual)	1 042	2 777	9 533	802	14 155
Comprehensive result	(38)	..	..	3	(35)
Transactions with owners in their capacity as owners	..	43	..	..	43
Closing balance 30 June 2026 (budget) ^(a)	1 005	2 820	9 533	805	14 163
Comprehensive result	(56)	..	..	3	(53)
Transactions with owners in their capacity as owners	..	241	..	..	241
Closing balance 30 June 2026 (revised)	987	3 018	9 533	805	14 343
Comprehensive result	(23)	..	..	3	(20)
Transactions with owners in their capacity as owners	..	73	..	..	73
Closing balance 30 June 2027 (budget)	964	3 091	9 533	808	14 396

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.6.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Sales of goods and services	10	13	13	18
Grants	..	3	3	..
Other revenue and income	32	5	12	8
Total administered income	42	22	29	26
Administered expenses				
Expenses on behalf of the State	..	..	..	..
Grant expense	..	..	..	..
Payments into the Consolidated Fund	44	20	27	24
Interest expense	..	..	..	..
Total administered expenses	44	20	27	24
Income less expenses	(2)	2	2	2
Net result	(2)	2	2	2
Comprehensive result	(2)	2	2	2
Administered assets				
Receivables	46	47	47	49
Investments accounted for using the equity method	11	11	11	11
Property, plant and equipment	25	25	25	25
Total administered assets	82	83	83	85
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	81	83	83	85

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

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY

Operating performance

The Department of Justice and Community Safety is forecasting an operating surplus of \$6 million in 2026-27, compared with an operating deficit in 2025-26 of \$52 million for the revised budget.

The 2026-27 surplus is primarily driven by trust fund revenue expected to be received in 2026-27 with some associated expenditure forecast to occur in later financial years for the Emergency Management Operational Communications Program.

The operating statement shows a decrease in operating income of \$90 million between the 2025-26 revised budget and the 2026-27 budget. This is primarily due to funding boosts provided to reform projects and other initiatives in 2025-26, including Supporting a safe and effective Youth Justice system and the Community Safety Package.

This is partially offset by funding for initiatives announced in the *2026-27 Budget*, including:

- Supporting a safe and effective corrections system
- Supporting Victoria Police operations
- Increasing PSO capacity and funding for Operation Pulse.

Operating expenses are expected to decrease by \$148 million in 2026-27 which is primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$275 million in 2026-27, compared with the 2025-26 revised budget, reflecting an increase in total assets of \$124 million and a decrease in total liabilities of \$151 million.

The increase in net assets is driven by an increase in receivables from government, and the reduction in total liabilities reflecting contractual payments to operators under Service Concession Arrangements mainly for privately operated correctional facilities.

Investing and finance

Cash flows from investing activities primarily reflect investment across the corrections system and Victoria Police, including the following asset projects funded in the *2026-27 Budget*:

- Police information technology refresh
- Victoria Police capital maintenance investment
- Mobile technology for police and evidence recording upgrade.

Administered items statement

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

Total administered income of the Department is expected to increase by \$286 million in 2026-27, compared with the 2025-26 revised budget. This is primarily driven by a forecast increase in gaming taxation revenue estimates. In addition, traffic camera revenue and regulatory fees are expected to be higher in 2026-27. The increase relative to 2025-26 primarily reflects the normalisation of enforcement activity following temporary disruptions associated with the police industrial action in 2024-25.

Total administered expenses of the Department are expected to increase by \$39 million in 2026-27, compared with the 2025-26 revised budget, primarily due to the increased payments of revenue into the Consolidated Fund for the above factors.

Total administered assets of the Department are expected to decrease by \$259 million in 2026-27, compared with the 2025-26 revised budget, primarily driven by the reduction in cash and deposits as a result of payments from the Natural Disaster Financial Assistance trust and reduction in the receivables for gambling taxes.

Total administered liabilities of the Department are expected to decrease by \$315 million in 2026-27, compared with the 2025-26 revised budget, primarily due to the reduction in a provision for the Natural Disaster Financial Assistance to reflect the estimated payments in 2026-27.

Table 3.7.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	10 336	9 844	10 349	10 184
Special appropriations	80	127	74	110
Interest income	3	..	..	..
Sales of goods and services	37	..	6	27
Grants	132	81	119	136
Fair value of assets and services received free of charge or for nominal consideration	1	54	54	54
Other revenue and income	17	62	33	33
Total revenue and income from transactions	10 607	10 168	10 634	10 544
Expenses from transactions				
Employee benefits	5 370	5 368	5 469	5 497
Depreciation	525	606	525	601
Interest expense	120	130	130	130
Grant expense	2 372	1 992	2 242	2 092
Other operating expenses	2 506	2 106	2 320	2 217
Total expenses from transactions	10 894	10 202	10 686	10 538
Net result from transactions (net operating balance)	(287)	(34)	(52)	6
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	19	13	13	13
Net gain/(loss) on financial instruments and statutory receivables/payables	..	..	..	..
Other gains/(losses) from other economic flows	(14)	..	..	..
Total other economic flows included in net result	5	13	13	13
Net result	(282)	(21)	(39)	20
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	(13)	..	..	..
Other	(3)	..	..	..
Total other economic flows – Other comprehensive income	(16)	..	..	..
Comprehensive result	(298)	(21)	(39)	20

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

Table 3.7.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	479	453	433	460
Receivables from government	2 404	2 773	2 507	2 854
Other receivables	155	155	155	154
Total financial assets	3 038	3 381	3 095	3 469
Non-financial assets				
Inventories	29	29	29	29
Non-financial assets classified as held for sale including disposal group assets	9	9	9	9
Property, plant and equipment	9 645	9 423	9 470	9 238
Intangible assets	236	228	231	213
Other	88	88	88	88
Total non-financial assets	10 007	9 776	9 826	9 576
Total assets	13 045	13 157	12 921	13 045
Liabilities				
Payables	789	795	704	709
Borrowings	2 611	2 512	2 512	2 414
Provisions	1 830	1 801	1 710	1 653
Total liabilities	5 231	5 108	4 927	4 776
Net assets	7 814	8 049	7 994	8 269
Equity				
Accumulated surplus/(deficit)	1 456	1 435	1 417	1 437
Reserves	2 255	2 255	2 255	2 255
Contributed capital	4 103	4 359	4 323	4 578
Total equity	7 814	8 049	7 994	8 269

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.7.3: Statement of cash flows

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	10 316	9 605	10 321	9 950
Receipts from other entities	170	78	103	121
Interest received	3	..	..	..
Other receipts	54	25	52	73
Total receipts	10 544	9 708	10 476	10 144
Payments				
Payments of grants and other transfers	(2 373)	(1 955)	(2 243)	(2 093)
Payments to suppliers and employees	(7 639)	(7 444)	(7 939)	(7 712)
Interest and other costs of finance paid	(120)	(130)	(130)	(130)
Total payments	(10 132)	(9 529)	(10 311)	(9 936)
Net cash flows from/(used in) operating activities	412	179	164	209
Cash flows from investing activities				
Net investment	1	..	..	..
Payments for non-financial assets	(438)	(388)	(357)	(364)
Proceeds from sale of non-financial assets	45	41	41	41
Net loans to other parties	3	..	..	..
Net cash flow from/(used in) investing activities	(389)	(347)	(316)	(323)
Cash flows from financing activities				
Owner contributions by State Government	34	256	219	255
Repayment of leases and service concession liabilities	(72)	(97)	(97)	(97)
Net borrowings	(12)	(16)	(16)	(17)
Net cash flows from/(used in) financing activities	(50)	143	106	141
Net increase/(decrease) in cash and cash equivalents	(27)	(25)	(46)	27
Cash and cash equivalents at the beginning of the financial year	505	479	479	433
Cash and cash equivalents at the end of the financial year	479	453	433	460

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

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>
Opening balance 1 July 2024	1 742	4 067	2 271	(4)	8 075
Comprehensive result	(286)	..	(13)	1	(298)
Transactions with owners in their capacity as owners	..	37	..	..	37
Closing balance 30 June 2025 (actual)	1 456	4 103	2 258	(3)	7 814
Comprehensive result	(21)	..	..	..	(21)
Transactions with owners in their capacity as owners	..	256	..	..	256
Closing balance 30 June 2026 (budget) ^(a)	1 435	4 359	2 258	(3)	8 049
Comprehensive result	(39)	..	..	..	(39)
Transactions with owners in their capacity as owners	..	219	..	..	219
Closing balance 30 June 2026 (revised)	1 417	4 323	2 258	(3)	7 994
Comprehensive result	20	..	..	..	20
Transactions with owners in their capacity as owners	..	255	..	..	255
Closing balance 30 June 2027 (budget)	1 437	4 578	2 258	(3)	8 269

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.7.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Appropriations – Payments made on behalf of the State	58	63	115	123
Special Appropriations	85	13	13	14
Sales of goods and services	414	677	573	637
Grants	73	7	11	10
Interest income	41	13	13	13
Other revenue and income	2 952	3 277	2 970	3 185
Total administered income	3 623	4 049	3 696	3 982
Administered expenses				
Expenses on behalf of the State	190	9	57	58
Grant expense	5	16	47	27
Employee benefits	8	4	4	4
Payments into the Consolidated Fund	3 492	3 630	3 458	3 516
Total administered expenses	3 695	3 659	3 565	3 605
Income less expenses	(73)	390	131	377
Other economic flows included in net result				
Net gain/(loss) on financial assets	(131)	(327)	(288)	(321)
Total other economic flows included in net result	(131)	(327)	(288)	(321)
Net result	(204)	64	(158)	57
Other economic flows – Other comprehensive income				
Other	1	..	..	..
Total other economic flows – Other comprehensive income	1	..	..	..
Comprehensive result	(202)	64	(158)	57
Administered assets				
Cash and deposits	644	642	521	317
Receivables	1 048	1 032	994	936
Other financial assets	29	31	31	33
Intangible assets	1	1	1	1
Total administered assets	1 723	1 707	1 547	1 289
Administered liabilities				
Payables	1 493	1 436	1 575	1 530
Provisions	477	454	377	107
Total administered liabilities	1 970	1 891	1 952	1 637
Net assets	(248)	(184)	(405)	(348)

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

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

Table 3.7.6: Payments made on behalf of the State

(\$ million)

	<i>2025-26 budget</i>	<i>2025-26 revised</i>	<i>2026-27 budget</i>
Tattersalls duty payments to other jurisdictions	55	55	55
Natural disaster relief	8	60	68
Total	63	115	123

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

DEPARTMENT OF PREMIER AND CABINET

Operating performance

The Department of Premier and Cabinet is forecasting an operating deficit of \$2 million in 2026-27, compared with an operating deficit in 2025-26 of \$4 million for the revised budget.

The 2026-27 operating deficit primarily reflects expenditure funded from trust balances, consistent with the requirements of the relevant trust accounts.

The operating statement shows a net overall decrease in operating income of \$8 million between the 2025-26 revised budget and the 2026-27 budget. The decrease is primarily due to releases from contingency for previous policy decisions, unapplied appropriations reinstated from 2024-25, and additional funding supplementation provided in 2025-26, which includes the below initiatives:

- Forum for Truth and Recognition – Victim Survivors of Historical Child Sexual Abuse in Victorian Government Schools
- Sustainable funding for safe and self-governing Aboriginal Trusts
- Cultural Heritage Review Implementation.

The above is partially offset by larger special appropriations funding allocated for 2026-27 for:

- the Victorian Electoral Commission (VEC) to conduct the scheduled 2026 state elections
- grants paid to Gellung Warl, which is the permanent representative and deliberative body for Traditional Owners and First Peoples in Victoria, in the performance of its functions and exercise of its powers.

The year-on-year movement includes funding for the following initiatives announced in the *2026-27 Budget*:

- Aboriginal Cultural Heritage Protection Reform
- Violence Reduction Unit – local crime prevention solutions
- Making Victoria free from racism
- Support for Victoria’s multicultural seniors
- Support for asylum seekers and newly arrived refugees
- Framlingham and Lake Tyers Aboriginal Trusts essential service delivery.

Operating expenses are expected to decrease by \$10 million in 2026-27 which is primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$3 million in 2026-27, compared with the 2025-26 revised budget, reflecting an increase of \$1 million in total assets, and a decrease in total liabilities by \$1 million.

The increase in total assets is primarily the result of the Government's continued asset investment in the portfolio including asset projects to streamline the delivery of elections by the VEC and support the Office of the Governor and protect Government House heritage.

Investing and finance

The Department is anticipating a decrease of \$1 million in its net cash position in 2026-27, compared with the 2025-26 revised budget. This is primarily attributed to expected drawdown of trust cash balance to fund forecast expenditure.

Cash flows from investing activities primarily relate to payments for non-financial assets, which reflects the Government's continued investment in:

- Streamlining the delivery of elections by the VEC
- Supporting the Office of the Governor and protecting Government House heritage.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2026-27, which predominantly relates to the advance payment of public funding to eligible independent candidates and parties by the VEC to cover costs associated with running a state election campaign.

The total administered expenses in the 2026-27 budget are expected to increase by \$30 million compared with the 2025-26 revised budget, which is mainly due to expensing of public funding payments made in advance to eligible parties and candidates by the VEC for the 2026 state elections.

Total administered assets are expected to decrease by \$18 million in 2026-27 compared with the 2025-26 revised budget, primarily due to the anticipated derecognition of advance public funding paid which was recorded as a receivable previously following the conduct of 2026 state elections.

Table 3.8.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	405	318	374	291
Special appropriations	147	87	113	188
Sales of goods and services	7	10	10	10
Grants	16	16	17	17
Fair value of assets and services received free of charge or for nominal consideration	12	29	29	29
Other revenue and income	6	..	..	..
Total revenue and income from transactions	593	460	543	534
Expenses from transactions				
Employee benefits	278	212	235	257
Depreciation	13	8	8	8
Grant expense	173	150	177	164
Other operating expenses	140	92	126	107
Total expenses from transactions	604	462	547	536
Net result from transactions (net operating balance)	(11)	(2)	(4)	(2)
Other economic flows included in net result				
Total other economic flows included in net result	..	..	..	..
Net result	(11)	(2)	(4)	(2)
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	10	..	..	..
Total other economic flows – Other comprehensive income	10	..	..	..
Comprehensive result	(1)	(2)	(4)	(2)

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

Table 3.8.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	35	34	31	30
Receivables from government	77	75	75	74
Other receivables	18	18	18	18
Total financial assets	129	127	125	122
Non-financial assets				
Inventories	3	3	3	3
Property, plant and equipment	274	287	287	293
Intangible assets	30	27	27	25
Other	2	2	2	2
Total non-financial assets	309	320	320	324
Total assets	439	447	445	446
Liabilities				
Payables	40	40	40	40
Borrowings	5	4	4	4
Provisions	51	50	50	49
Total liabilities	97	95	95	94
Net assets	342	352	350	352
Equity				
Accumulated surplus/(deficit)	34	32	30	28
Reserves	221	221	221	221
Contributed capital	87	98	98	103
Total equity	342	352	350	352

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.8.3: Statement of cash flows

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Cash flows from operating activities				
Receipts				
Receipts from Government	569	406	488	480
Receipts from other entities	19	17	18	18
Other receipts	21	9	9	8
Total receipts	609	432	515	507
Payments				
Payments of grants and other transfers	(173)	(150)	(177)	(164)
Payments to suppliers and employees	(436)	(276)	(334)	(336)
Total payments	(609)	(426)	(511)	(500)
Net cash flows from/(used in) operating activities	..	7	5	7
Cash flows from investing activities				
Net investment	..	..	..	..
Payments for non-financial assets	(11)	(19)	(19)	(12)
Proceeds from sale of non-financial assets	1	..	..	..
Net cash flow from/(used in) investing activities	(11)	(19)	(19)	(12)
Cash flows from financing activities				
Owner contributions by State Government	7	12	12	5
Repayment of leases and service concession liabilities	(1)	..	..	..
Net borrowings	..	..	..	..
Net cash flows from/(used in) financing activities	5	11	11	4
Net increase/(decrease) in cash and cash equivalents	(6)	(1)	(3)	(1)
Cash and cash equivalents at the beginning of the financial year	40	35	35	31
Cash and cash equivalents at the end of the financial year	35	34	31	30

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

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>
Opening balance 1 July 2024	45	80	212	..	337
Comprehensive result	(11)	..	10	..	(1)
Transactions with owners in their capacity as owners	..	7	..	..	7
Closing balance 30 June 2025 (actual)	34	87	221	..	342
Comprehensive result	(2)	..	..	..	(2)
Transactions with owners in their capacity as owners	..	12	..	..	12
Closing balance 30 June 2026 (budget) ^(a)	32	98	221	..	352
Comprehensive result	(4)	..	..	..	(4)
Transactions with owners in their capacity as owners	..	12	..	..	12
Closing balance 30 June 2026 (revised)	30	98	221	..	350
Comprehensive result	(2)	..	..	..	(2)
Transactions with owners in their capacity as owners	..	5	..	..	5
Closing balance 30 June 2027 (budget)	28	103	221	..	352

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.8.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Special Appropriations	15	14	15	14
Sales of goods and services	37	..	..	..
Grants	..	..	1	..
Other revenue and income	2	..	..	..
Total administered income	54	14	16	14
Administered expenses				
Expenses on behalf of the State	9	1	2	1
Grant expense	..	6	6	38
Employee benefits	..	..	..	..
Payments into the Consolidated Fund	38	..	1	..
Total administered expenses	48	8	10	40
Income less expenses	6	6	6	(26)
Net result	6	6	6	(26)
Comprehensive result	6	6	6	(26)
Administered assets				
Cash and deposits	4	4	4	4
Receivables	37	44	32	14
Total administered assets	41	47	35	18
Administered liabilities				
Payables	13	13	13	13
Borrowings	..	..	..	..
Provisions	..	..	..	..
Other	..	..	..	..
Total administered liabilities	13	13	13	13
Net assets	28	34	22	5

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

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

DEPARTMENT OF TRANSPORT AND PLANNING

Operating performance

The Department of Transport and Planning is forecasting an operating deficit of \$646 million in 2026-27, compared with an expected operating deficit of \$710 million for the 2025-26 revised budget. The annual operating deficits are primarily driven by non-cash depreciation expenses.

The operating statement shows a decrease in operating income of \$194 million between the 2025-26 revised budget and the 2026-27 budget. The higher operating income in 2025-26 revised budget is primarily due to the fair value of assets received free of charge, relating to the Cross Yarra Partnership Consortium's contribution to additional costs borne by the operator, as part of the Metro Tunnel settlement.

This is partially offset by funding of the following initiatives announced in the *2026-27 Budget*:

- Road maintenance
- Free and half price public transport for Victorians
- Regional rail sustainability.

Operating expenses are higher in 2025-26 revised budget by \$258 million compared with the 2026-27 budget, primarily due to the timing of funding releases from central contingency for Suburban Rail Loop and the Level Crossing Removal Program, with expenditure to be recognised as approvals are received.

Balance sheet

The Department's net assets position is estimated to increase by \$7.3 billion in 2026-27, compared with the 2025-26 revised budget, reflecting a significant increase in total assets of \$6.6 billion and a decrease in total liabilities of \$0.7 billion.

The increase in assets reflects the Government's investment in the portfolio capital program which includes initiatives such as:

- North East Link
- Suburban Rail Loop East – Main Works
- Road Blitz to get Families Home Sooner.

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 *2026-27 Budget*:

- Road maintenance
- Regional rail sustainability
- Regional rail freight infrastructure maintenance
- Victorian Renewable Energy Terminal.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2026-27, including collecting road and public transport regulatory fees and fines revenue, as well as land title and registration service fees.

Total administered income of the Department is expected to increase by \$137 million in 2026-27, compared with the 2025-26 revised budget. This is driven by an expected increase in motor vehicle registration fees and stamp duty.

Total administered expenses of the Department are expected to increase by \$178 million in 2026-27, compared with the 2025-26 revised budget. This is driven by an expected increase in motor vehicle registration fees and stamp duty, primarily due to additional administered income received and paid into the Consolidated Fund.

Total administered liabilities of the Department are expected to decrease by \$717 million in 2026-27, compared with the 2025-26 revised budget, primarily due to the timing of financial guarantees for the North East Link Project, and the unwinding of the grant of right to operate as part of the VicRoads Modernisation arrangement.

Table 3.9.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	6 589	6 324	7 217	6 818
Special appropriations	633	849	738	874
Interest income	39	11	29	29
Sales of goods and services	740	791	684	684
Grants	348	447	410	445
Fair value of assets and services received free of charge or for nominal consideration	562	24	157	..
Other revenue and income	359	532	543	733
Total revenue and income from transactions	9 270	8 978	9 777	9 583
Expenses from transactions				
Employee benefits	993	714	847	702
Depreciation	1 247	1 386	1 795	1 842
Interest expense	379	393	381	361
Grant expense	1 418	1 332	1 282	1 343
Other operating expenses	5 545	5 501	6 182	5 982
Total expenses from transactions	9 583	9 325	10 487	10 229
Net result from transactions (net operating balance)	(313)	(347)	(710)	(646)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	(55)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(43)	..	(134)	..
Other gains/(losses) from other economic flows	(15)	..	..	..
Total other economic flows included in net result	(113)	..	(135)	..
Net result	(426)	(347)	(844)	(646)
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	7 623	271	364	..
Other	..	(5)	(5)	(5)
Total other economic flows – Other comprehensive income	7 623	266	359	(5)
Comprehensive result	7 197	(82)	(485)	(651)

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

Table 3.9.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	1 857	1 899	2 042	2 261
Receivables from government	3 258	3 313	3 420	3 404
Other receivables	1 221	1 212	1 237	1 234
Total financial assets	6 336	6 424	6 699	6 900
Non-financial assets				
Inventories	2	2	2	2
Non-financial assets classified as held for sale including disposal group assets	27	27	27	27
Property, plant and equipment	159 570	144 490	143 197	149 522
Intangible assets	391	560	500	562
Other	515	499	499	469
Total non-financial assets	160 505	145 578	144 225	150 582
Total assets	166 841	152 002	150 924	157 482
Liabilities				
Payables	12 261	12 157	12 142	11 641
Borrowings	5 408	4 830	5 348	5 077
Provisions	1 334	1 364	1 364	1 394
Total liabilities	19 003	18 351	18 854	18 112
Net assets	147 838	133 650	132 070	139 370
Equity				
Accumulated surplus/(deficit)	(2 809)	(3 162)	(3 659)	(4 310)
Reserves	36 678	36 949	37 043	37 043
Contributed capital	113 969	99 863	98 686	106 637
Total equity	147 838	133 650	132 070	139 370

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

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.9.3: Statement of cash flows

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	7 185	7 118	7 792	7 707
Receipts from other entities	1 047	1 267	1 126	1 179
Interest received	39	11	29	29
Other receipts	246	164	166	168
Total receipts	8 516	8 559	9 113	9 083
Payments				
Payments of grants and other transfers	(1 446)	(1 329)	(1 283)	(1 343)
Payments to suppliers and employees	(6 598)	(6 204)	(7 000)	(6 672)
Interest and other costs of finance paid	(220)	(310)	(292)	(342)
Total payments	(8 264)	(7 842)	(8 574)	(8 357)
Net cash flows from/(used in) operating activities	252	717	538	727
Cash flows from investing activities				
Payments for non-financial assets	(10 186)	(9 516)	(10 240)	(9 403)
Proceeds from sale of non-financial assets	9	..	..	..
Net loans to other parties	143	13	(16)	3
Net cash flow from/(used in) investing activities	(10 035)	(9 504)	(10 256)	(9 399)
Cash flows from financing activities				
Owner contributions by State Government	10 750	9 545	10 574	9 248
Repayment of leases and service concession liabilities	(798)	(698)	(652)	(370)
Net borrowings	(34)	(18)	(19)	14
Net cash flows from/(used in) financing activities	9 918	8 829	9 903	8 892
Net increase/(decrease) in cash and cash equivalents	135	42	185	219
Cash and cash equivalents at the beginning of the financial year	1 722	1 857	1 857	2 042
Cash and cash equivalents at the end of the financial year	1 857	1 899	2 042	2 261

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

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>
Opening balance 1 July 2024	(2 383)	106 376	29 056	..	133 048
Comprehensive result	(426)	..	7 623	..	7 197
Transactions with owners in their capacity as owners	..	7 593	..	..	7 593
Closing balance 30 June 2025 (actual)	(2 809)	113 969	36 678	..	147 838
Comprehensive result	(353)	..	271	..	(82)
Transactions with owners in their capacity as owners ^(a)	..	(14 106)	..	..	(14 106)
Closing balance 30 June 2026 (budget) ^(b)	(3 162)	99 863	36 949	..	133 650
Comprehensive result	(849)	..	364	..	(485)
Transactions with owners in their capacity as owners ^(a)	..	(15 283)	..	..	(15 283)
Closing balance 30 June 2026 (revised)	(3 659)	98 686	37 043	..	132 070
Comprehensive result	(651)	..	..	..	(651)
Transactions with owners in their capacity as owners	..	7 951	..	..	7 951
Closing balance 30 June 2027 (budget)	(4 310)	106 637	37 043	..	139 370

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

Notes:

(a) The value in 2025-26 includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.

(b) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.9.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Appropriations – Payments made on behalf of the State	101	124	123	100
Sales of goods and services	845	718	754	755
Grants	24	15	15	16
Interest income	102	106	106	110
Other revenue and income	4 003	4 166	4 141	4 295
Total administered income	5 075	5 129	5 140	5 277
Administered expenses				
Expenses on behalf of the State	111	55	54	64
Grant expense	1	43	43	43
Payments into the Consolidated Fund	4 584	4 592	4 598	4 764
Interest and Depreciation expense	79	70	70	72
Total administered expenses	4 774	4 761	4 765	4 943
Income less expenses	301	369	375	333
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	(60)	(54)	(216)	(61)
Total other economic flows included in net result	(60)	(54)	(216)	(61)
Net result	241	314	159	272
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	263	..	..	..
Other	..	..	112	..
Total other economic flows – Other comprehensive income	263	..	112	..
Comprehensive result	504	314	271	272
Administered assets				
Cash and deposits	131	131	131	131
Receivables	2 720	2 856	2 701	2 784
Investments accounted for using the equity method	993	915	915	838
Property, plant and equipment	463	560	126	121
Intangible assets	3 680	3 679	3 679	3 678
Total administered assets	7 986	8 142	7 551	7 552
Administered liabilities				
Payables	10 881	10 589	10 589	10 296
Borrowings	1 460	1 382	1 565	1 140
Total administered liabilities	12 341	11 970	12 153	11 436
Net assets	(4 355)	(3 829)	(4 602)	(3 884)

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

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

Table 3.9.6: Payments made on behalf of the State**(\$ million)**

	<i>2025-26 budget</i>	<i>2025-26 revised</i>	<i>2026-27 budget</i>
Melbourne Convention and Exhibition Centre	116	114	119
Nyaal Banyul Geelong Convention and Event Centre	30	30	7
Land Use Victoria	4	4	4
Government Property management	1	1	1
Total	151	149	131

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

DEPARTMENT OF TREASURY AND FINANCE

Operating performance

The Department of Treasury and Finance is forecasting a balanced operating result in 2026-27 and in the 2025-26 revised budget.

The operating statement shows a decrease in operating income and expense of \$8 million between the 2025-26 revised budget and the 2026-27 budget. The higher operating income in 2025-26 is primarily due to higher level of funding in that year for Commercial Reform and Advisory Services.

Total operating income and expenses for 2026-27 include funding for the following initiatives announced in the *2026-27 Budget*:

- Fair and productive Victorian workplaces
- Boosting return to work support and delivering safer workplaces for Victorians.

Balance sheet

The Department's net assets position is estimated to increase by \$6 million in 2026-27, compared with the 2025-26 revised budget, reflecting an increase in total assets of \$11 million and an increase in total liabilities of \$5 million.

The increase in total assets mainly reflects receivables from Government to cover asset replacements in the future.

There are no other significant movements in assets and liabilities in 2025-26 compared with the 2024-25 revised budget.

Investing and finance

The budgeted 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 revenue 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 \$13 billion in 2026-27, compared with the 2025-26 revised budget. This is primarily driven by the annual Advance to the Treasurer's appropriation and the forecast repayment of the Central Banking System Offset. The Advance to the Treasurer's appropriation mainly covers output and asset milestone payments, funding for additional price and demand growth for sectors such as health and education, a future growth allocation for assets, and a contingency provision for urgent and unforeseen circumstances.

Table 3.10.1: Comprehensive operating statement

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Net result from continuing operations				
Income from transactions				
Output appropriations	455	471	475	464
Sales of goods and services	2	1	1	1
Grants	1	3	2	2
Fair value of assets and services received free of charge or for nominal consideration	8	25	25	27
Other revenue and income	..	1	1	1
Total revenue and income from transactions	466	501	505	496
Expenses from transactions				
Employee benefits	267	254	260	250
Depreciation	10	13	11	13
Grant expense	30	68	42	45
Other operating expenses	152	166	191	188
Total expenses from transactions	459	501	505	496
Net result from transactions (net operating balance)	7	..	..	..
Other economic flows included in net result				
Other gains/(losses) from other economic flows	..	..	..	..
Total other economic flows included in net result	..	..	..	..
Net result	7	..	..	..
Other economic flows – Other comprehensive income				
Other	..	..	..	..
Total other economic flows – Other comprehensive income	..	..	..	..
Comprehensive result	7	..	..	..

Source: Department of Treasury and Finance

Table 3.10.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	12	10	10	9
Receivables from government	158	174	172	187
Other receivables	5	6	6	6
Total financial assets	175	189	187	202
Non-financial assets				
Property, plant and equipment	3	4	4	5
Intangible assets	43	46	45	42
Other	6	6	6	6
Total non-financial assets	52	56	55	52
Total assets	227	245	243	254
Liabilities				
Payables	72	71	71	70
Borrowings	3	3	3	2
Provisions	69	76	76	82
Total liabilities	144	149	149	154
Net assets	83	96	94	100
Equity				
Accumulated surplus/(deficit)	62	62	62	62
Contributed capital	21	34	32	38
Total equity	83	96	94	100

Source: Department of Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.10.3: Statement of cash flows

(\$ million)

	2024-25 <i>actual</i>	2025-26 <i>budget</i>	2025-26 <i>revised</i>	2026-27 <i>budget</i>
Cash flows from operating activities				
Receipts				
Receipts from Government	461	456	461	449
Receipts from other entities	1	3	2	2
Other receipts	1	..	..	..
Total receipts	463	458	463	451
Payments				
Payments of grants and other transfers	(39)	(67)	(40)	(44)
Payments to suppliers and employees	(417)	(388)	(420)	(404)
Total payments	(456)	(455)	(460)	(448)
Net cash flows from/(used in) operating activities	7	3	3	3
Cash flows from investing activities				
Payments for non-financial assets	(8)	(16)	(14)	(10)
Proceeds from sale of non-financial assets	1	..	..	..
Net cash flow from/(used in) investing activities	(7)	(16)	(14)	(10)
Cash flows from financing activities				
Owner contributions by State Government	..	13	11	6
Repayment of leases and service concession liabilities	..	..	..	..
Net cash flows from/(used in) financing activities	..	12	10	6
Net increase/(decrease) in cash and cash equivalents	..	(1)	(1)	(1)
Cash and cash equivalents at the beginning of the financial year	12	12	12	10
Cash and cash equivalents at the end of the financial year	12	10	10	9

Source: Department of Treasury and Finance

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>
Opening balance 1 July 2024	55	21	..	..	76
Comprehensive result	7	..	..	..	7
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2025 (actual)	62	21	..	..	83
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	13	..	..	13
Closing balance 30 June 2026 (budget) ^(a)	62	34	..	..	96
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	11	..	..	11
Closing balance 30 June 2026 (revised)	62	32	..	..	94
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	6	..	..	6
Closing balance 30 June 2027 (budget)	62	38	..	..	100

Source: Department of Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.10.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Appropriations – Payments made on behalf of the State ^(b)	7 233	21 989	11 545	24 090
Special Appropriations	1 305	1 875	2 557	2 682
Sales of goods and services	102	10	7	9
Grants	37 091	41 255	44 296	43 640
Interest income	488	408	597	670
Other revenue and income	36 209	36 824	38 639	39 447
Total administered income	82 428	102 361	97 641	110 538
Administered expenses				
Expenses on behalf of the State	377	1 805	1 257	1 904
Grant expense	6 388	7 368	8 075	8 201
Employee benefits	1 303	2 471	2 383	3 484
Payments into the Consolidated Fund ^(c)	85 599	93 715	95 081	94 919
Interest expense	5 890	6 698	6 911	8 153
Total administered expenses	99 557	112 057	113 706	116 662
Income less expenses	(17 129)	(9 696)	(16 065)	(6 124)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	686	106	(661)	204
Total other economic flows included in net result	686	106	(661)	204
Net result	(16 443)	(9 590)	(16 726)	(5 919)
Other economic flows – Other comprehensive income				
Remeasurement of superannuation defined benefit plans	786	482	2 801	353
Other	..	..	..	..
Total other economic flows – Other comprehensive income	786	482	2 801	353
Comprehensive result	(15 657)	(9 108)	(13 925)	(5 566)
Administered assets				
Cash and deposits	4 427	4 463	4 002	3 894
Receivables	6 502	6 852	6 705	7 763
Investments accounted for using equity method	..	58	..	..
Other financial assets	14 766	15 309	15 881	16 820
Property, plant and equipment	..	3 983	352	2 985
Intangible assets	..	21	..	21
Total administered assets	25 695	30 686	26 940	31 484
Administered liabilities				
Payables	538	472	495	380
Borrowings ^(d)	164 649	180 430	181 500	194 463
Other	18 284	18 625	16 114	16 301
Total administered liabilities	183 471	199 527	198 110	211 144
Net assets	(157 776)	(168 841)	(171 170)	(179 659)

Source: Department of Treasury and Finance

Notes:

- (a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.
- (b) Treasurer's Advance (TA) appropriation reduces between the 2025-26 published budget and the revised budget as TA appropriation is allocated in-principle to departments during the year. Final approval of TA occurs later in the financial year.
- (c) The 2025-26 budget figure has been restated to reflect the year-on-year increase in borrowings paid into the Consolidated Fund consistent with the treatment in the Department of Treasury and Finance's 2024-25 Annual Report.
- (d) Borrowings continue to increase and are used to fund various programs across the state, including the State infrastructure program.

Table 3.10.6: Payments made on behalf of the State**(\$ million)**

	<i>2025-26 budget</i>	<i>2025-26 revised</i>	<i>2026-27 budget</i>
Advance to Treasurer Appropriation ^(a)	9 685	4 054	10 291
Superannuation and pension payments	16	16	16
Interest	6 701	6 914	8 156
Current and capital grants	317	295	293
Operating supplies and consumables	248	248	189
Central banking system	5 000	..	5 000
Other	20	17	145
Total	21 989	11 545	24 090

Source: Department of Treasury and Finance

Note:

(a) Treasurer's Advance (TA) appropriation reduces between the 2025-26 published budget and the revised budget as TA appropriation is allocated in-principle to departments during the year. Final approval of TA occurs later in the financial year.

PARLIAMENT

Operating performance

The consolidated accounts for the Parliament of Victoria, Victorian Auditor-General's Office (VAGO), Integrity Oversight Victoria (IOV), Victorian Ombudsman, Parliamentary Workplace Standards and Integrity Commission (PWSIC), Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission are forecasting a minor operating deficit of \$2 million in the 2026-27 budget, compared with the operating deficit of \$5 million for the 2025-26 revised budget.

The 2026-27 deficit is primarily attributable to Parliament's drawdown on prior year surpluses to fund transformational information technology projects, consistent with the purposes for which such surpluses may be drawn down as set out in section 33 of the *Financial Management Act 1994*.

The operating statement shows an increase in operating income of \$22 million between the 2025-26 revised budget and the 2026-27 budget. This is primarily due to estimated carryover of Parliament's unapplied appropriation funding from 2025-26 to 2026-27 and the inclusion of PWSIC in the 2026-27 budget consolidated accounts for Parliament.

Operating expenses are expected to increase by \$19 million in the 2026-27 budget, compared to the 2025-26 revised budget, also primarily driven by factors outlined above.

Balance sheet

The Parliament's net assets position is estimated to increase by \$1 million in 2026-27, compared to the 2025-26 revised budget, reflecting a decrease in total assets of \$1 million and a decrease in total liabilities of \$2 million.

Investing and finance

Parliament is anticipating a balanced net cash position in 2026-27.

Cash flows from investing activities are estimated to decrease by \$13 million in 2026-27, compared to the 2025-26 revised budget, due to a decrease in payments for non-financial assets.

Administered items statement

There are no significant movements in administered income and expenses in the 2026-27 budget compared with the 2025-26 revised budget.

Table 3.11.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	333	344	337	363
Special appropriations	51	55	56	56
Sales of goods and services	2	..	..	..
Grants	..	..	4	..
Total revenue and income from transactions	385	399	397	419
Expenses from transactions				
Employee benefits	260	270	275	283
Depreciation	41	43	45	46
Interest expense	2	3	3	3
Other operating expenses	80	88	78	88
Total expenses from transactions	382	404	402	420
Net result from transactions (net operating balance)	3	(6)	(5)	(2)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	..	..	..	..
Other gains/(losses) from other economic flows	(1)	..	..	..
Total other economic flows included in net result	..	..	..	..
Net result	3	(6)	(5)	(2)
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	33	..	..	..
Total other economic flows – Other comprehensive income	33	..	..	..
Comprehensive result	36	(6)	(5)	(2)

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Integrity Oversight Victoria (IOV), Victorian Ombudsman, Parliamentary Budget Office, Independent Broad-based Anti-corruption Commission, Parliamentary Workplace Standards and Integrity Commission (PWSIC), and Department of Treasury and Finance

Table 3.11.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	2	1	1	1
Receivables from government	173	186	184	210
Other receivables	2	2	2	2
Total financial assets	177	190	188	214
Non-financial assets				
Property, plant and equipment	619	629	634	608
Intangible assets	4	4	4	4
Other	3	3	3	3
Total non-financial assets	626	636	641	615
Total assets	803	826	829	828
Liabilities				
Payables	23	23	23	24
Borrowings	43	69	69	67
Provisions	43	43	43	43
Total liabilities	109	136	136	134
Net assets	695	690	694	695
Equity				
Accumulated surplus/(deficit)	124	119	120	118
Reserves	333	333	333	333
Contributed capital	237	239	241	243
Total equity	695	690	694	695

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Integrity Oversight Victoria (IOV), Victorian Ombudsman, Parliamentary Budget Office, Independent Broad-based Anti-corruption Commission, Parliamentary Workplace Standards and Integrity Commission (PWSIC), and Department of Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.11.3: Statement of cash flows

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Cash flows from operating activities				
Receipts				
Receipts from Government	364	386	379	393
Receipts from other entities	2	..	4	..
Total receipts	365	386	383	393
Payments				
Payments to suppliers and employees	(330)	(357)	(350)	(371)
Interest and other costs of finance paid	(2)	(3)	(3)	(3)
Total payments	(332)	(360)	(353)	(374)
Net cash flows from/(used in) operating activities	33	25	30	20
Cash flows from investing activities				
Payments for non-financial assets	(21)	(10)	(17)	(4)
Proceeds from sale of non-financial assets	2	..	..	..
Net cash flow from/(used in) investing activities	(18)	(10)	(17)	(4)
Cash flows from financing activities				
Owner contributions by State Government	3	1	4	2
Repayment of leases and service concession liabilities	(18)	(17)	(17)	(17)
Net borrowings	..	..	..	..
Net cash flows from/(used in) financing activities	(15)	(16)	(13)	(15)
Net increase/(decrease) in cash and cash equivalents	..	..	..	..
Cash and cash equivalents at the beginning of the financial year	2	2	2	1
Cash and cash equivalents at the end of the financial year	2	1	1	1

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Integrity Oversight Victoria (IOV), Victorian Ombudsman, Parliamentary Budget Office, Independent Broad-based Anti-corruption Commission, Parliamentary Workplace Standards and Integrity Commission (PWSIC), 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>
Opening balance 1 July 2024	122	235	300	656
Comprehensive result	3	..	33	36
Transactions with owners in their capacity as owners	..	3	..	3
Closing balance 30 June 2025 (actual)	124	237	332	694
Comprehensive result	(6)	..	..	(6)
Transactions with owners in their capacity as owners	..	1	..	1
Closing balance 30 June 2026 (budget) ^(a)	119	239	332	690
Comprehensive result	(5)	..	..	(5)
Transactions with owners in their capacity as owners	..	4	..	4
Closing balance 30 June 2026 (revised)	120	241	332	693
Comprehensive result	(2)	..	..	(2)
Transactions with owners in their capacity as owners	..	2	..	2
Closing balance 30 June 2027 (budget)	118	243	332	694

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Integrity Oversight Victoria (IOV), Victorian Ombudsman, Parliamentary Budget Office, Independent Broad-based Anti-corruption Commission, Parliamentary Workplace Standards and Integrity Commission (PWSIC), and Department of Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.11.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Sales of goods and services	37	40	39	43
Total administered income	37	40	39	43
Administered expenses				
Payments into the Consolidated Fund	37	40	39	42
Total administered expenses	37	40	39	42
Income less expenses	..	..	..	..
Net result	..	..	..	..
Other	..	..	..	..
Comprehensive result	..	..	..	..
Administered assets				
Receivables	18	18	18	18
Total administered assets	18	18	18	18
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	18	18	18	18

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Integrity Oversight Victoria (IOV), Victorian Ombudsman, Parliamentary Budget Office, Independent Broad-based Anti-corruption Commission, Parliamentary Workplace Standards and Integrity Commission (PWSIC), and Department of Treasury and Finance

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

COURT SERVICES VICTORIA

Operating performance

Court Services Victoria (CSV) is forecasting a balanced operating result in 2026-27.

The operating statement shows an expected decrease in operating income of \$3 million between the 2025-26 revised budget and the 2026-27 budget as CSV continues to drive efficiency from savings initiatives.

This is partially offset by additional funding for Meeting the requirements of the *Bail Further Amendment Act 2025* initiative announced in the *2026-27 Budget* and the Community Safety Package initiative announced in the *2025-26 Budget Update*.

Operating expenses are also expected to decrease by \$3 million in 2026-27, which is primarily driven by the factors outlined above.

Balance sheet

CSV's net assets position is estimated to increase by \$52 million in 2026-27, compared with the 2025-26 revised budget, reflecting an increase in total assets of \$58 million and an increase in total liabilities of \$6 million.

The increase in total assets reflects the Government's investment in court infrastructure, including funding for Meeting the requirements of the *Bail Further Amendment Act 2025*, Delivering serious consequences and keeping the community safe, and Maintaining our court buildings.

Investing and finance

CSV is anticipating a balanced net cash position in 2026-27, effectively maintaining a balanced cash flow compared with the 2025-26 revised budget. Cash flows from investing activities have decreased in 2026-27 following completion of capital projects.

Administered items statement

CSV administers revenue from court fees for civil case lodgements and hearings. This revenue is expected to increase by \$4 million in 2026-27, compared with the 2025-26 revised budget, reflecting the revision of VCAT (Fees) Regulations.

Table 3.12.1: Comprehensive operating statement

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Net result from continuing operations				
Income from transactions				
Output appropriations	622	581	599	617
Special appropriations	203	227	234	251
Grants	71	27	65	27
Other revenue and income	(4)	..	..	..
Total revenue and income from transactions	892	834	897	895
Expenses from transactions				
Employee benefits	558	475	508	513
Depreciation	97	118	118	116
Interest expense	2	11	11	13
Grant expense	13	4	8	4
Other operating expenses	207	225	251	249
Total expenses from transactions	878	834	897	895
Net result from transactions (net operating balance)	15	..	..	..
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	2	..	..	..
Other gains/(losses) from other economic flows	..	..	..	..
Total other economic flows included in net result	2	..	..	..
Net result	17	..	..	..
Other economic flows – Other comprehensive income				
Changes in non-financial assets revaluation surplus	..	..	..	..
Other	(1)	..	..	..
Total other economic flows – Other comprehensive income	(1)	..	..	..
Comprehensive result	16	..	..	..

Sources: Court Services Victoria and Department of Treasury and Finance

Table 3.12.2: Balance sheet

(\$ million)

	2025 actual	2026 budget ^(a)	2026 revised	2027 budget
Assets				
Financial assets				
Cash and deposits	32	32	32	32
Receivables from government	79	146	146	215
Other receivables	37	37	37	37
Total financial assets	147	215	215	284
Non-financial assets				
Property, plant and equipment	1 791	1 921	1 943	1 937
Intangible assets	80	67	80	76
Other	11	11	11	11
Total non-financial assets	1 883	2 000	2 035	2 023
Total assets	2 030	2 215	2 250	2 308
Liabilities				
Payables	69	69	69	69
Borrowings	80	135	176	182
Provisions	137	137	137	137
Total liabilities	286	340	382	388
Net assets	1 744	1 874	1 868	1 920
Equity				
Accumulated surplus/(deficit)	(16)	(16)	(16)	(16)
Reserves	249	249	249	249
Contributed capital	1 511	1 642	1 635	1 687
Total equity	1 744	1 874	1 868	1 920

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.12.3: Statement of cash flows

(\$ million)

	2024-25 actual	2025-26 budget	2025-26 revised	2026-27 budget
Cash flows from operating activities				
Receipts				
Receipts from Government	841	740	765	799
Receipts from other entities	53	27	65	27
Other receipts	(4)	..	..	..
Total receipts	891	767	830	826
Payments				
Payments of grants and other transfers	(17)	(4)	(8)	(4)
Payments to suppliers and employees	(770)	(701)	(760)	(762)
Interest and other costs of finance paid	(2)	(11)	(11)	(13)
Total payments	(788)	(716)	(779)	(779)
Net cash flows from/(used in) operating activities	102	50	50	47
Cash flows from investing activities				
Payments for non-financial assets	(191)	(147)	(141)	(68)
Proceeds from sale of non-financial assets	5	..	..	..
Net cash flow from/(used in) investing activities	(186)	(147)	(141)	(68)
Cash flows from financing activities				
Owner contributions by State Government	113	130	124	52
Repayment of leases and service concession liabilities	(23)	(33)	(33)	(31)
Net borrowings	4	..	..	..
Net cash flows from/(used in) financing activities	94	97	91	21
Net increase/(decrease) in cash and cash equivalents	10	..	..	..
Cash and cash equivalents at the beginning of the financial year	22	32	32	32
Cash and cash equivalents at the end of the financial year	32	32	32	32

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>
Opening balance 1 July 2024	(32)	1 398	249	1 614
Comprehensive result	16	..	..	16
Transactions with owners in their capacity as owners	..	114	..	114
Closing balance 30 June 2025 (actual)	(16)	1 511	249	1 744
Comprehensive result	..	..	..	..
Transactions with owners in their capacity as owners	..	130	..	130
Closing balance 30 June 2026 (budget) ^(a)	(16)	1 642	249	1 874
Comprehensive result	..	..	..	..
Transactions with owners in their capacity as owners	..	124	..	124
Closing balance 30 June 2026 (revised)	(16)	1 635	249	1 868
Comprehensive result	..	..	..	..
Transactions with owners in their capacity as owners	..	52	..	52
Closing balance 30 June 2027 (budget)	(16)	1 687	249	1 920

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The 2026 budget figures have been restated to reflect the 2025 actual closing balances.

Table 3.12.5: Administered items statement

(\$ million)

	2024-25 actual	2025-26 budget ^(a)	2025-26 revised	2026-27 budget
Administered income				
Special Appropriations	63	7	7	11
Sales of goods and services	99	76	112	116
Other revenue and income	7	21	4	4
Total administered income	169	104	123	131
Administered expenses				
Expenses on behalf of the State	20	7	7	7
Grant expense	43	..	..	3
Payments into the Consolidated Fund	106	97	116	120
Total administered expenses	170	104	123	131
Income less expenses	(1)	..	..	..
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	..	..	..	..
Total other economic flows included in net result	..	..	..	..
Net result	(1)	..	..	..
Comprehensive result	(1)	..	..	..
Administered assets				
Cash and deposits	20	20	20	20
Receivables	2	2	2	2
Total administered assets	22	22	22	22
Administered liabilities				
Payables	21	21	21	21
Provisions	2	2	2	2
Total administered liabilities	24	24	24	24
Net assets	(2)	(2)	(2)	(2)

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The 2025-26 budget figures have been restated to reflect the 2024-25 actual closing balances.

CHAPTER 4 – STATE REVENUE

This chapter outlines expected movements in the major categories of general government sector revenue between 2025-26 and 2029-30. 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 context*.

Total revenue in 2026-27 is expected to be \$115.6 billion, then grow by an average of 2.7 per cent a year over the forward estimates (Table 4.1). Total revenue growth in 2026-27 is forecast to be driven mainly by higher grant revenue and taxation revenue.

In 2026-27, growth in the national GST pool is expected to underpin growth in GST revenue (General Purpose Grants), despite a fall in Victoria's GST relativity. Taxation revenue is expected to grow below the historical average rate, largely reflecting a forecast decline in land transfer duty revenue associated with a higher interest rate environment.

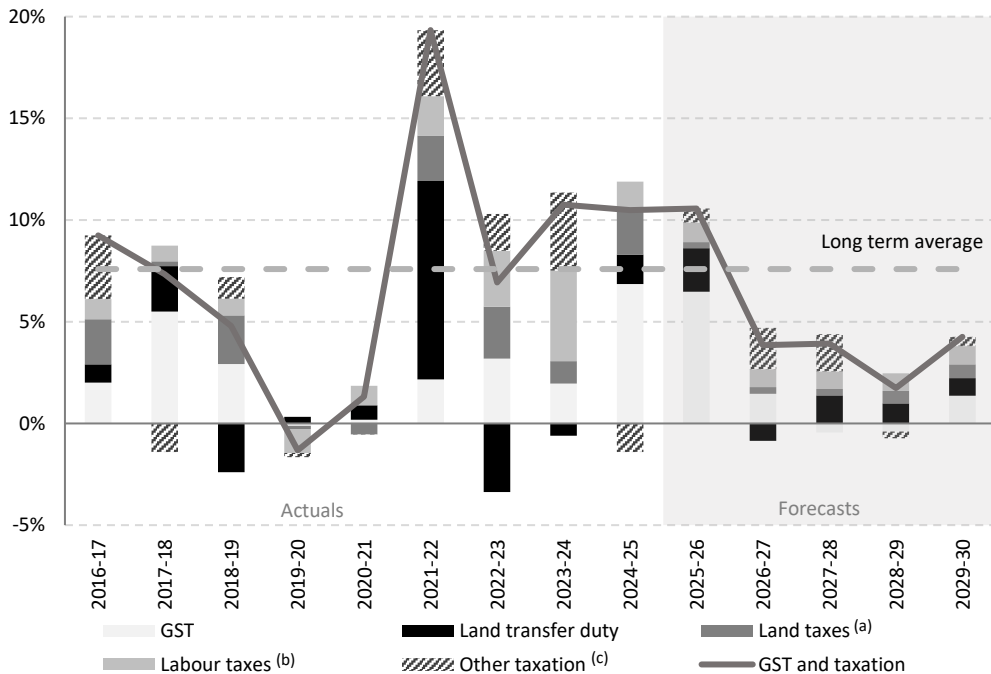
Over the forward estimates, average annual growth in taxation revenue is forecast to be 5.1 per cent, the same as the expected rate of growth in the nominal economy. GST revenue is expected to grow only modestly over the forward estimates, consistent with a forecast moderation in Victoria's GST relativity (Chart 4.1).

Despite the resilience in the Victorian economy, risks to the Victorian economic outlook have increased and are elevated, arising from both international developments and domestic factors. Budget Paper No. 2, Chapter 6 *Sensitivity analysis* contains information on the impact of variations in the macroeconomic outlook on the Government's key fiscal aggregates. This models the impacts of a more pessimistic scenario for the Middle East conflict and global oil prices than assumed in the baseline economic forecasts, as well as the impacts of an upside scenario of a lower trend unemployment rate.

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

	2025-26	2026-27	2027-28	2028-29	2029-30
	revised	budget	estimate	estimate	estimate
Taxation	41 518	43 179	46 345	47 960	50 175
Interest income	1 595	1 636	1 474	1 455	1 446
Dividends, income tax equivalent and rate equivalent income	1 888	2 173	1 155	2 051	2 012
Sales of goods and services	7 682	8 307	8 731	8 799	8 973
Grants	55 230	56 366	55 679	57 030	58 946
Other revenue and income	4 001	3 903	3 675	3 726	3 806
Total revenue and income from transactions	111 914	115 564	117 059	121 022	125 358

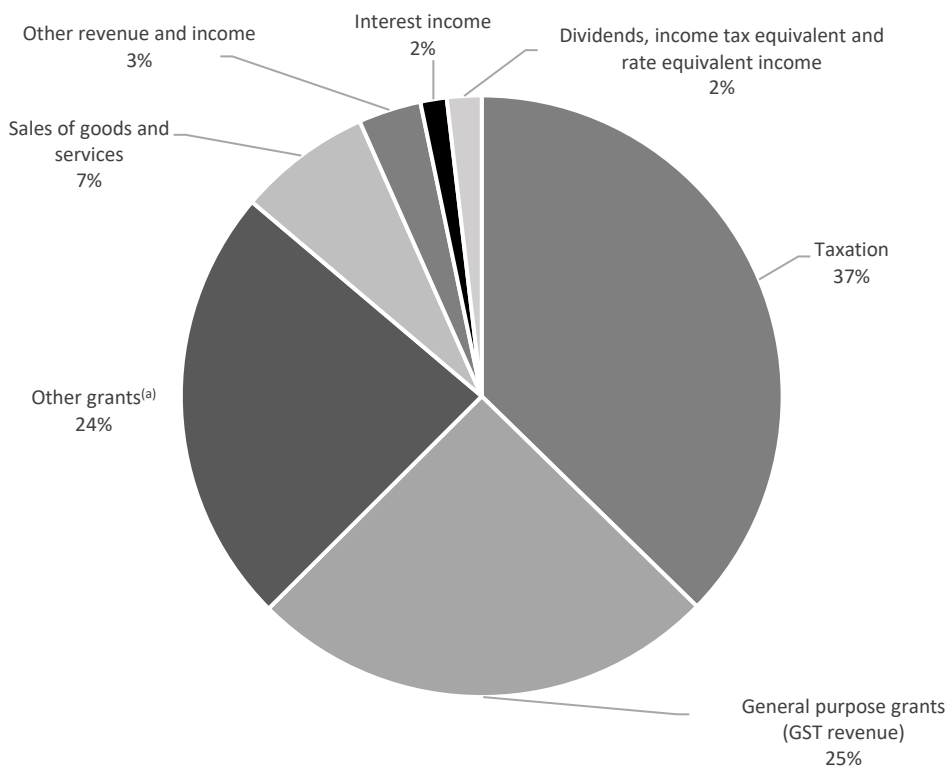
Chart 4.1: Year-on-year taxation and GST revenue growth



Notes:

- (a) Land taxes includes Land tax and the COVID Debt Levy – Landholdings.
- (b) Labour taxes comprises Payroll tax, the Mental Health and Wellbeing Levy, and the COVID Debt Levy – Payroll \$10m+.
- (c) Other taxation revenue in this chart is equal to the sum of total taxation revenue less labour taxes, land transfer duty and land taxes.

Chart 4.2: Composition of forecast general government sector revenue, 2026-27



Note:

(a) Other grants includes 'Specific purpose grants for on-passing', 'Grants for specific purposes' and 'Other contributions and grants'.

TAXATION

Taxation revenue is forecast to be \$43.2 billion in 2026-27 then grow by an average of 5.1 per cent a year over the forward estimates.

A further interest rate rise is expected by mid-2026 to bring interest rates to a peak of 4.35 per cent and cause a 5.6 per cent fall in land transfer duty revenue in 2026-27. However, taxes on employers' payroll and labour force (payroll taxes) are expected to grow due to continued employment growth and solid growth in wages, contributing along with steady growth in land taxes to modest overall growth in taxation revenue of 4.0 per cent in 2026-27.

Table 4.2: Taxation estimates

(\$ million)

	2025-26 revised	2026-27 budget	2027-28 estimate	2028-29 estimate	2029-30 estimate
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE					
Payroll tax	9 585	10 077	10 571	11 088	11 628
COVID Debt Levy – Payroll \$10m+	1 167	1 231	1 298	1 369	1 443
Mental Health and Wellbeing Levy	1 167	1 231	1 298	1 369	1 443
Total taxes on employers' payroll and labour force	11 920	12 539	13 167	13 825	14 515
TAXES ON IMMOVABLE PROPERTY					
Land tax	6 258	6 456	6 651	7 039	7 475
COVID Debt Levy – Landholdings	1 170	1 197	1 233	1 302	1 382
Emergency Services and Volunteers Fund ^(a)	1 550	1 609	1 755	1 755	1 755
Congestion levy	212	218	224	230	236
Metropolitan improvement levy	228	228	228	228	228
Windfall gains tax	54	97	106	111	116
Total taxes on immovable property	9 472	9 805	10 197	10 665	11 191
TAXES ON THE PROVISION OF GOODS AND SERVICES					
Gambling taxes ^(b)					
Public lotteries	596	642	689	730	756
Electronic gaming machines	1 523	1 567	1 604	1 592	1 455
Casino	203	206	208	209	211
Racing and other sports betting	416	421	429	436	443
Other	19	19	19	20	21
Financial and capital transactions					
Land transfer duty	10 601	10 009	11 002	11 743	12 404
Metropolitan planning levy	33	27	28	30	31
Financial accommodation levy	212	241	259	284	312
Growth areas infrastructure contributions	195	225	225	225	225
Infrastructure Contributions ^(c)	..	7	98	99	140
Levies on statutory corporations ^(d)	177	177	177	..	..
Taxes on insurance	2 246	2 350	2 460	2 574	2 692
Total taxes on the provision of goods and services	16 220	15 890	17 198	17 942	18 690
TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES					
Motor vehicle taxes					
Vehicle registration fees	1 558	2 471	2 632	2 800	2 983
Duty on vehicle registrations and transfers	1 334	1 398	1 484	1 559	1 637
Liquor licence fees	36	37	39	40	42
Other	979	1 038	1 629	1 128	1 117
Total taxes on the use of goods and performance of activities	3 907	4 945	5 784	5 528	5 779
Total taxation	41 518	43 179	46 345	47 960	50 175

Notes:

- (a) The increase in comparison to the 2025-26 Budget Update reflects forecast dwelling price growth and assumes no change in variable rates for 2026-27. The ESVF is forecast on a no-policy change basis which includes the deferral of the fixed charge amendments as announced at the 2025-26 Budget Update.
- (b) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue forecasts of \$215 million in 2026-27, \$223 million in 2027-28, \$241 million in 2028-29 and \$241 million in 2029-30, recognised under AASB 15. The balance of these items is recognised under AASB 1058.
- (c) Infrastructure Contributions will be implemented from 1 January 2027 as a charge on property development in the 10 pilot Train and Tram Zone (TTZ) Activity Centres and expanded to 48 additional TTZ Activity Centres from 1 July 2027. All revenue raised will be provided for state and local infrastructure for Train and Tram Zone Activity Centres.
- (d) The sixth tranche of the Environmental Contribution levy commenced on 1 July 2024 and is scheduled to go for four years to 30 June 2028.

Payroll taxes

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 tax rate of 1.2125 per cent. In 2026-27, an employer will be liable for payroll tax if they pay wages in Victoria, and their national wage bill exceeds the annual tax-free threshold. The current annual tax-free threshold commenced on 1 July 2025 and is set at \$1 million.

Revenue from payroll tax is expected to be \$10.1 billion in 2026-27 then grow by an average of 4.9 per cent a year over the forward estimates.

As part of the COVID Debt Repayment Plan, a temporary payroll tax surcharge applies to wages paid in Victoria by businesses liable for Victorian payroll tax with national payrolls over \$10 million a year. Businesses with national payrolls above \$10 million pay a rate of 0.5 per cent, and businesses with national payrolls above \$100 million pay an additional 0.5 per cent. These rates are paid on the Victorian share of wages above the relevant threshold. The COVID Debt Levy – Payroll \$10m+ is legislated to apply until 30 June 2033.

Revenue from the temporary COVID Debt Levy – Payroll \$10m+ is expected to be \$1.2 billion in 2026-27, then grow by an average of 5.4 per cent a year over the forward estimates. It is forecast to grow slightly faster than payroll tax over the forward estimates, as more large businesses are expected to gradually enter the tax base due to the growth of their national payrolls.

Revenue from payroll tax and the COVID Debt Levy – Payroll \$10m+ is expected to grow at 5.2 per cent in 2026-27, supported by growth in employment and solid growth in wages. As part of the *2026-27 Budget*, from 1 July 2026 non-government schools with an income per student up to \$16 397 will be exempt from payroll taxes, with the exemption threshold to be pegged to the secondary student Schooling Resource Standard (see also Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* for further detail).

Over the forward estimates, employment is expected to continue to grow and, in combination with continuing wages growth, support revenue growth at around trend levels (see also Budget Paper No. 2, Chapter 2 *Economic context* for a detailed discussion of Victoria's labour market outlook).

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. It has the same tax structure as the COVID Debt Levy – Payroll \$10m+.

Revenue from the levy is forecast to be \$1.2 billion in 2026-27 then grow by an average of 5.4 per cent a 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.

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 be \$10.0 billion in 2026-27 then grow by an average of 7.4 per cent a year over the forward estimates.

Revenue from land transfer duty is expected to decrease in 2026–27, reflecting a cyclical decline in property market activity amid higher interest rates. This follows above-average growth in 2024-25 and 2025-26 which was largely driven by residential settlement volumes (see Box 4.1). Victorian dwelling prices increased by 5.3 per cent year-on-year over the 2025 calendar year, but price growth is expected to slow, reaching a cyclical trough in the December quarter 2026 driven by weakness in high-value properties which are typically less resilient to elevated interest rates. Over the year to June 2027, dwelling prices are forecast to grow by 3.9 per cent.

Growth in land transfer duty is also impacted by the commercial and industrial property tax reform, which started on 1 July 2024. Commercial and industrial properties will move into the new system following their next sale from this date, with land transfer duty being paid one last time. Land transfer duty will not apply on subsequent transactions, however a new, annual commercial and industrial property tax will become payable after 10 years. More than 12 000 commercial and industrial properties have already entered the reform and will not be liable for land transfer duty when they are next sold. Over the next four financial years, businesses are expected to pay \$714 million less in land transfer duty due to this reform.

Over the forward estimates, a gradual improvement in credit conditions, household income growth, and robust underlying demand for housing are expected to support a period of sustained growth in land transfer duty revenue at around historical trend levels. Over this period, Victorian dwelling prices are forecast to grow by an average of 5.0 per cent a year with total sales volumes forecast to average 3.1 per cent above the 2026-27 level.

Box 4.1: Recent drivers of land transfer duty revenue

Strong population growth and a resilient labour market have supported Victoria's property market through a period of elevated interest rates. Sales of houses and units have been growing since mid-2023, reaching pandemic peak levels by the end of 2025 (Chart 4.3). Dwelling price growth has been more subdued but recovered to around its historical average prior to recent interest rate increases.

Chart 4.3: Residential sales volumes in Victoria (Thousands)

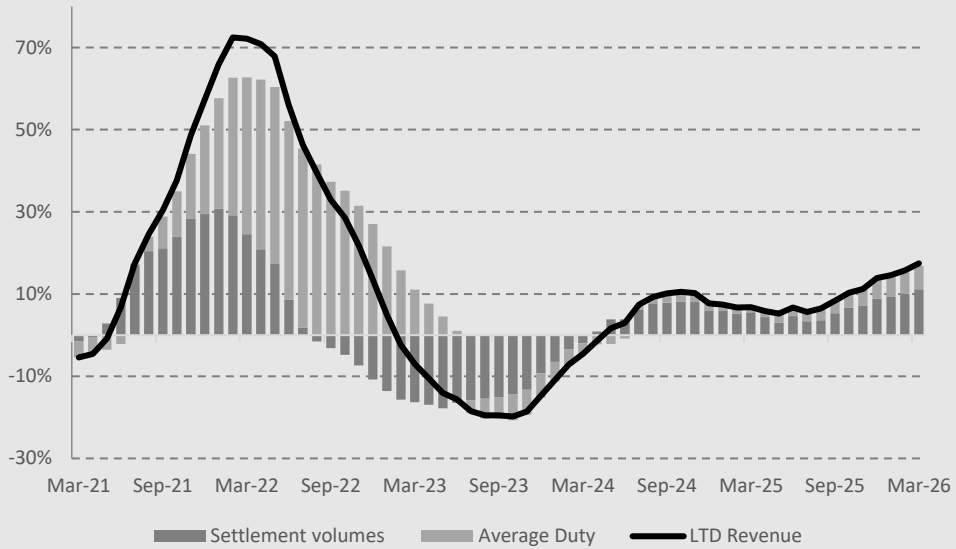


Sources: Cotality, Department of Treasury and Finance

Reflecting these trends, residential land transfer duty revenue continues to be driven by settlement volumes, which increased by 11.1 per cent over the 12 months to March 2026 (Chart 4.4). Over the same period, average duty per transaction rose by 5.7 per cent, returning closer to its historical growth rate.

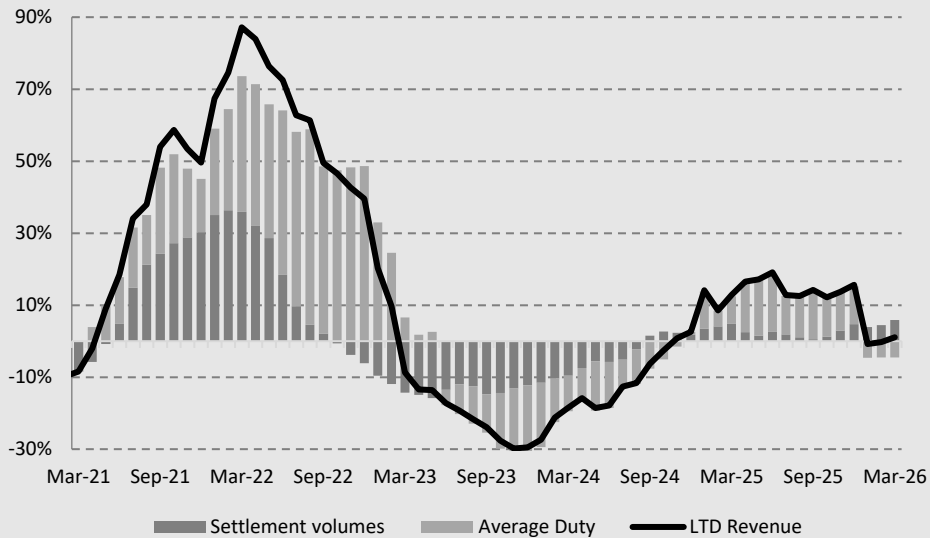
Non-residential revenue is more volatile historically and experienced a deeper and more prolonged decline in the post-pandemic period (Chart 4.5). The recent recovery in revenue has been driven by average duty per transaction, although this trend reversed in early 2026 amid weaker high-value activity. Transaction volumes have continued to contribute positively, supporting revenue growth.

Chart 4.4: Residential LTD settlement volumes and average transaction duty, year-on-year growth



Note: Settlement volumes and average duty are calculated on a rolling annual basis.

Chart 4.5: Non-residential LTD settlement volumes and average transaction duty, year-on-year growth



Note: Settlement volumes and average duty are calculated on a rolling annual basis.

Land taxes

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*.

Revenue from land tax is forecast to be \$6.5 billion in 2026-27 then grow by an average of 5.0 per cent a year over the forward estimates.

As part of the COVID Debt Repayment Plan, temporary changes to the land tax rate schedule also apply. The COVID Debt Levy – Landholdings temporarily changes land tax rates and thresholds and is legislated to apply until 30 June 2033.

Revenue from the temporary COVID Debt Levy – Landholdings is expected to be \$1.2 billion in 2026-27 then grow by an average of 4.9 per cent a year over the forward estimates.

Unimproved land valuations used to assess land taxes accrued in the 2026-27 financial year reflect changes in property market conditions between 1 January 2025 and 31 December 2025 (before the RBA's most recent increases to interest rates) and will be published by the Valuer-General Victoria in mid-2026. The Valuer-General Victoria considers a range of factors in determining the value of land, including recent sales, development potential of the site, location, and planning guidelines as they relate to new redevelopments or allowances for mixed use properties.

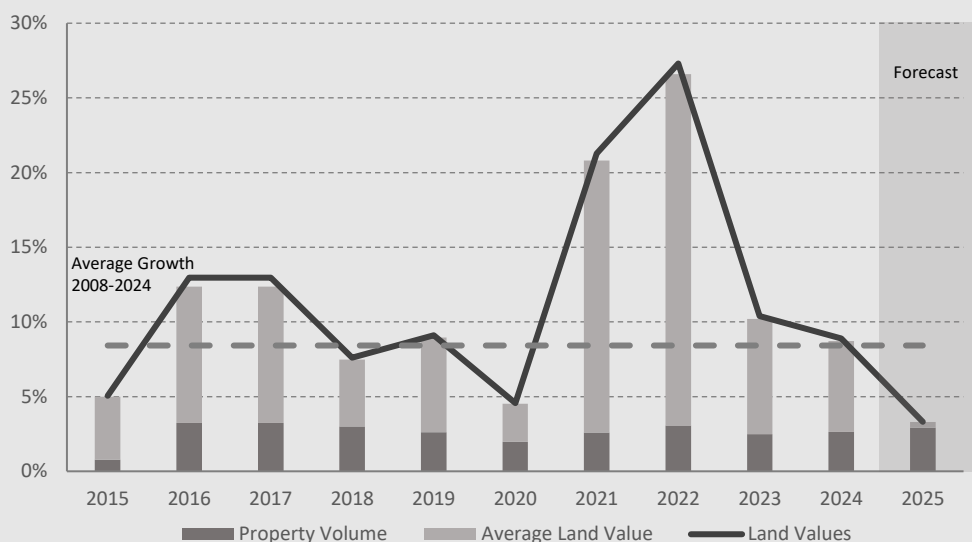
Residential land values used to assess land taxes for 2026-27 are expected to rebound, consistent with an increase in Victorian dwelling prices across 2025. Commercial land values are also expected to increase marginally after two years of negative growth, driven by recovering demand for commercial spaces in Melbourne. Industrial land value growth is expected to continue to ease after a period of persistently high growth (see Box 4.2).

Over the forward estimates, and consistent with Victorian residential dwelling price forecasts, revenue growth from residential properties is expected to increase more modestly in 2027-28 as higher interest rates contribute to slower growth in land values, before returning to trend by 2028-29. Non-residential land values are expected to increase, driven by prevailing strength in the industrial sector and the continued recovery of CBD retail and office sectors.

Box 4.2: Recent industrial land value growth

Strong demand for logistics and warehousing infrastructure catalysed by the COVID-19 pandemic has driven strong growth in land values for industrial properties over the past decade. Annual growth across Victoria in industrial land values peaked in 2022 at 27.3 per cent (Chart 4.6)

Chart 4.6: Year-on-year Victorian industrial land value growth (a)



Source: Valuer General Victoria

Note:

(a) Valuations were previously conducted on a biennial basis. In 2019, the first publication of an annual valuation was produced for the 2018 calendar year. Growth rates prior to 2018 have been halved to present annual figures.

Despite consistent growth in industrial property volumes, strong demand and a shortage of effective supply in key market areas have contributed significantly to these land value increases seen across Victoria.

These trends have been reflected in land tax revenue, as the share of land tax from industrial properties has grown from 17.3 per cent in 2020 to 25.8 per cent in 2025. Since 2020-21, 33.2 per cent of growth in land tax revenue has come from the industrial sector. A key factor influencing these recent outcomes has been pandemic-related supply-chain disruptions causing some logistics and warehousing industries to reconsider their ‘just-in-time’ strategies in favour of ‘just-in-case’ strategies.

The sector is rebalancing and is not expected to contribute to land tax revenue growth as strongly as in recent years.

Emergency Services and Volunteers Fund

From 1 July 2025, the Fire Services Property Levy was replaced by the Emergency Services and Volunteers Fund (ESVF) and includes funding for emergency and disaster response services.

The ESVF ensures that Victoria's emergency services – including Fire Rescue Victoria, the Country Fire Authority (CFA), Victoria State Emergency Service (VICSES), Triple Zero Victoria, the State Control Centre and Emergency Management Victoria – have the resources they need to keep Victorians safe, and to help them recover from natural disasters. The ESVF rates are set annually, taking into account the estimated budgets of included entities, the maximum proportion that can be collected under legislation and community factors. In 2026-27, the ESVF is expected to collect \$1.6 billion, and increase to \$1.8 billion a year from 2027-28. The increase in expected revenue in 2026-27, relative to *2025-26 Budget Update*, is due to forecast dwelling price growth and assumes no change in variable rates for 2026-27.

Revenue is assumed to remain at that level over the forward estimates, and will be updated as emergency services budgets and ESVF rates are set annually.

Active CFA and VICSES volunteers and life members are eligible for a rebate on their principal place of residence, farmland or single farming enterprise. The existing \$50 concession for pensioners and veterans, and the concession for single-farm enterprises, continue to apply. As part of *2025-26 Budget Update*, the Treasurer announced a freeze of the variable rate for Primary Production Land at 28.7 cents per \$1 000 of capital improved value for at least the next two financial years. Revenue raised through the ESVF goes towards Victoria's fire and emergency services, including funding vital life-saving equipment, vehicles, firefighters, staff and volunteers, training, infrastructure, and community education.

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 \$2.9 billion in 2026-27 then grow by an average of 0.4 per cent per year over the forward estimates. Gambling tax revenue is expected to grow modestly over 2026-27, with growth strongest in public lotteries revenue. Over the forward estimates, sustained growth in lotteries revenue is expected to be largely offset by a decline in EGM revenue as gambling harm minimisation measures take effect in hotels and clubs.

In 2026-27, approximately 81.9 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, problem gambling programs, 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. Annual vehicle registration fees differ depending on the type and usage of the vehicle, while duty on vehicle registrations and transfers is based on the higher of the market value or purchase price of the vehicle.

Revenue from motor vehicle taxes is forecast to be \$3.9 billion in 2026-27 then grow by an average of 6.1 per cent a year over the forward estimates.

Motor vehicle registration fees are expected to grow in 2026-27 and over the forward estimates, driven by the indexation of registration fees in line with the consumer price index forecast, and population growth.

Revenue from the duty on transfer and registration of vehicles is expected to increase in 2026-27, continuing a recovery from a period of weakness since 2024-25. Duty revenue is expected to grow by an average of 5.4 per cent a year over the forward estimates period, driven by vehicle price inflation and wage growth. Additionally, the *2026-27 Budget* provides a 20 per cent rebate for the cost of up to two light vehicle registrations per person in the 2025-26 financial year, providing cost of living relief for Victorian motorists (see also Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* for further detail).

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 forecast to be \$2.3 billion in 2026-27 then grow by an average of 4.6 per cent a year over the forward estimates. While insurance premium price growth moderated over 2025-26, growth over the budget and forward estimates is expected to be driven by growth in insurance premium prices returning to a long-term trend, offset by implementation of a gradual reduction in the business insurance duty rate.

Business insurance duties for certain classes of businesses are being progressively abolished from 1 July 2024, with full removal to be achieved by 2033. From 1 July 2026, the rate will be 7 per cent and will be reduced by 1 percentage point each year thereafter.

INTEREST INCOME

Interest income is received on cash and deposits held by the Government. Total interest is expected to be to \$1.6 billion in 2026-27 then decline by an average of 4.0 per cent a year over the forward estimates, reaching \$1.4 billion by 2029-30. The movement in interest income is, in part, due to an estimated decline in the net Centralised Banking System (CBS) balance from 2026-27 to 2029-30.

DIVIDENDS, INCOME TAX EQUIVALENT AND RATE EQUIVALENT INCOME

Table 4.3 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.

Dividends and income tax equivalent revenue is expected to be \$2.2 billion in 2026-27 and moderate to \$2.0 billion by 2029-30.

Note 1.2.2 of Budget Paper No. 5, Chapter 1 *Estimated Financial Statements for the general government sector* and Budget Paper No. 5, Appendix B *2025-26 Budget outcome incorporating the financial report for the March quarter 2026* contain further details of dividends and income tax equivalent income by sector.

Table 4.3: Dividends, income tax equivalent and rate equivalent income (\$ million)

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Dividends	1 688	2 042	1 030	1 844	1 833
Income tax equivalent income	194	125	118	201	173
Local government rate equivalent income	7	6	6	6	7
Total dividends, income tax equivalent and rate equivalent income	1 888	2 173	1 155	2 051	2 012

SALES OF GOODS AND SERVICES

Revenue generated by the sales of goods and services is expected to increase to \$8.3 billion in 2026-27 and grow by an average of 2.6 per cent a year over the forward estimates, reaching \$9.0 billion in 2029-30.

Table 4.4: Sales of goods and services (\$ million)

	2025-26	2026-27	2027-28	2028-29	2029-30
	<i>revised</i>	<i>budget</i>	<i>estimate</i>	<i>estimate</i>	<i>estimate</i>
Motor vehicle regulatory fees ^(a)	257	284	292	319	319
Other regulatory fees ^(a)	752	814	831	890	892
Sale of goods ^(b)	103	96	101	104	95
Provision of services ^(b)	6 479	7 009	7 403	7 382	7 563
Rental	89	103	103	103	104
Refunds and reimbursements ^(a)	2	1	..	..	..
Total sales of goods and services	7 682	8 307	8 731	8 799	8 973

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.

GRANT REVENUE

Total grant revenue is expected to be \$56.4 billion in 2026-27, and includes general purpose grants (GST), specific purpose grants for on-passing, grants for specific purposes, and other contributions and grants.

Table 4.5: Grant revenue (\$ million)

	2025-26	2026-27	2027-28	2028-29	2029-30
	<i>revised</i>	<i>budget</i>	<i>estimate</i>	<i>estimate</i>	<i>estimate</i>
General purpose grants	28 157	29 175	28 854	28 549	29 592
Specific purpose grants for on-passing	6 188	6 842	7 141	7 447	7 629
Grants for specific purposes	20 494	19 919	19 206	20 651	21 490
Total	54 840	55 935	55 201	56 647	58 711
Other contributions and grants	390	431	477	383	235
Total grants	55 230	56 366	55 679	57 030	58 946

GST

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.

GST revenue is forecast to be \$29.2 billion in 2026-27 then grow by an average of 0.5 per cent a year over the forward estimates. Over the budget and forward estimates, growth in the national GST pool is offset by expected declines in Victoria's GST relativity.

In addition to Victoria's GST entitlement, the Victorian GST revenue forecast incorporates additional Commonwealth payments reflecting the transition to the new GST distribution 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 relativity-weighted population share and its forecast of the national GST pool for that financial year. This monthly GST revenue is estimated, as the final GST pool outcome and population for the financial year are unknown until after the financial year has elapsed. Once the final aggregate GST pool and state population are known, a balancing adjustment is applied to each state's payments (in the subsequent financial year) to correct for any over or under payment, ensuring all states receive their GST entitlement.

GST revenue forecasts 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 national GST pool is forecast to grow at around historical levels over the budget and forward estimates following a period of above average growth in 2024-25 and 2025-26 that was supported by robust nominal national household consumption and elevated compliance activity receipts. While real growth in the national economy is expected to slow over 2026-27 with higher interest rates and the effects of the conflict in the Middle East, the higher inflationary environment is expected to continue to support nominal growth in the national economy and the GST pool.

Population share

Victoria's national population share is forecast to increase in 2026-27 and continue to increase over the forward estimates. Growth in Victoria's population share is supported by Victoria attracting more than its population share of net overseas migration and a normalisation in interstate migration patterns.

GST relativities

Victoria's recommended GST relativity (GST relativity under the new GST distribution system) declined to 1.06 in 2026-27, from 1.07 in 2025-26. Victoria's 2026-27 relativity has decreased predominantly due to a reduction in Victoria's assessed GST needs, primarily owing to COVID-19 spending dropping out of the assessment period, lower mining royalty revenues in Western Australia and Queensland in 2024-25, with these factors being partly offset by data revisions that have increased Victoria's share of national expenses.

Victoria's recommended GST relativity is forecast to continue to decline over 2027-28 and 2028-29, due to further declines in assessed mining royalty revenues for mining states, and an increase in Victoria's share of assessed Commonwealth payments mainly driven by increased funding for road and rail infrastructure.

Commonwealth no-worse-off guarantee for GST entitlement

In 2018, the Commonwealth enacted the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018* (the 2018 changes), which changed the GST distribution system, introducing:

- a minimum GST relativity (relativity floor) of 0.70, 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 (equalising to the strongest state) to so-called 'reasonable' equalisation, based on 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 was entitled to receive additional Commonwealth financial assistance to ensure it would be no worse off compared with its GST entitlement had full equalisation been maintained. The no-worse-off guarantee (NWOOG) was originally legislated until the end of the transition period in 2026-27. On 29 November 2024 the Council on Federal Financial Relations signed an agreement to extend the guarantee for three years to 2029-30.

The Commonwealth's 2025-26 Mid-Year Economic and Fiscal Outlook projects that, without the guarantee, Victoria would lose \$8.3 billion in GST revenue between 2025-26 and 2028-29. The 2018 changes are currently the subject of a Productivity Commission inquiry, through which Victoria is advocating for a return to the former GST distribution system of full horizontal fiscal equalisation (See Box 4.3).

Box 4.3: The Victorian Government is fighting for Victoria’s fair share of GST

On 24 September 2025, the Productivity Commission (PC) commenced a legislated inquiry into the GST distribution reforms (the inquiry), with a final report to the Commonwealth Government due by 31 December 2026. The inquiry’s Terms of Reference require the PC to assess whether the current system is ‘operating effectively and as intended’, including its fiscal implications for all states and territories.

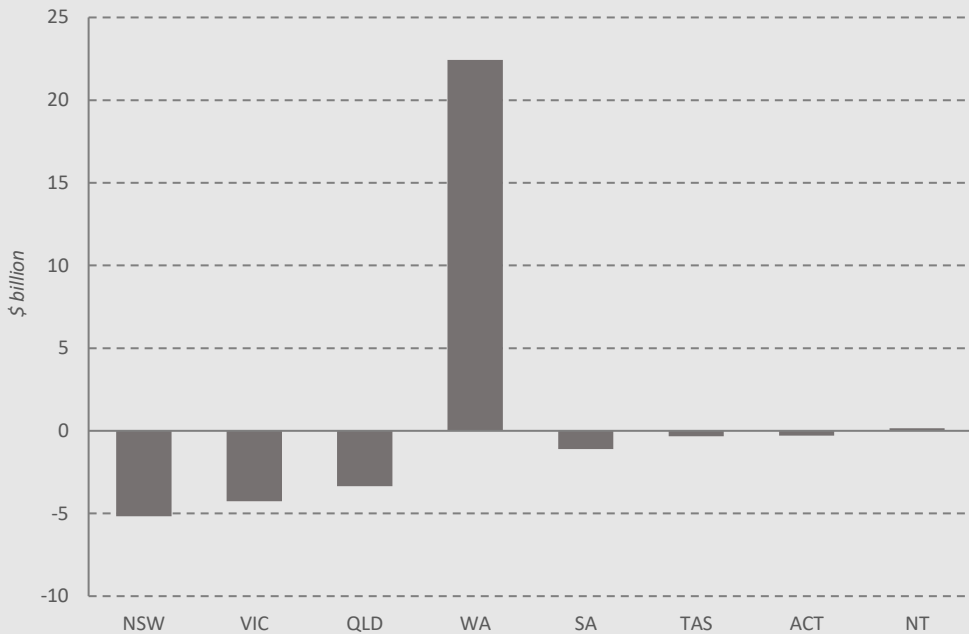
Victoria’s initial submission to the inquiry highlights that the 2018 changes are not consistent with the stated objectives of the reforms and would have made all states other than Western Australia materially worse off if not for the NWOOG. The current arrangements have reduced fairness and certainty in the GST distribution, with all states other than Western Australia receiving less GST grants than the level the Commonwealth Grants Commission (CGC) assesses is necessary to deliver a comparable standard of services.

Victoria’s position in response to the inquiry is that the 2018 changes should be repealed in favour of the former system of horizontal fiscal equalisation. The former system worked well to deliver the revenue states needed for essential services. It was an independent, rules-based and transparent system, underpinned by clear supporting principles which were consulted with and agreed upon by all states.

If the Commonwealth is committed to providing additional revenue support to Western Australia, it should do so separately and outside the GST system. This would be simpler and more transparent than implementation through the GST system and would avoid compromising other states’ revenue certainty and fiscal sustainability. If the Commonwealth retains the 2018 changes, the NWOOG should be legislated on a permanent basis to ensure states are not adversely impacted.

Despite the Commonwealth’s initial projections that all states would be better off, Victoria has received \$4.3 billion in NWOOG payments from 2021-22 to 2024-25, while total payments to all states reached \$14.6 billion. Only Western Australia has benefited from the 2018 changes, receiving an estimated \$22.4 billion in additional revenue since 2018-19. Over the same period, Western Australia has recorded budget surpluses totalling \$28.1 billion, while all other states have required compensation through the NWOOG (Chart 4.7). Victoria’s 2025-26 NWOOG payment of \$1.9 billion is equivalent to the salaries of around 17 000 additional nurses, teachers or police officers.

Chart 4.7: Western Australia the only state better off as part of GST reforms, 2018-19 to 2024-25

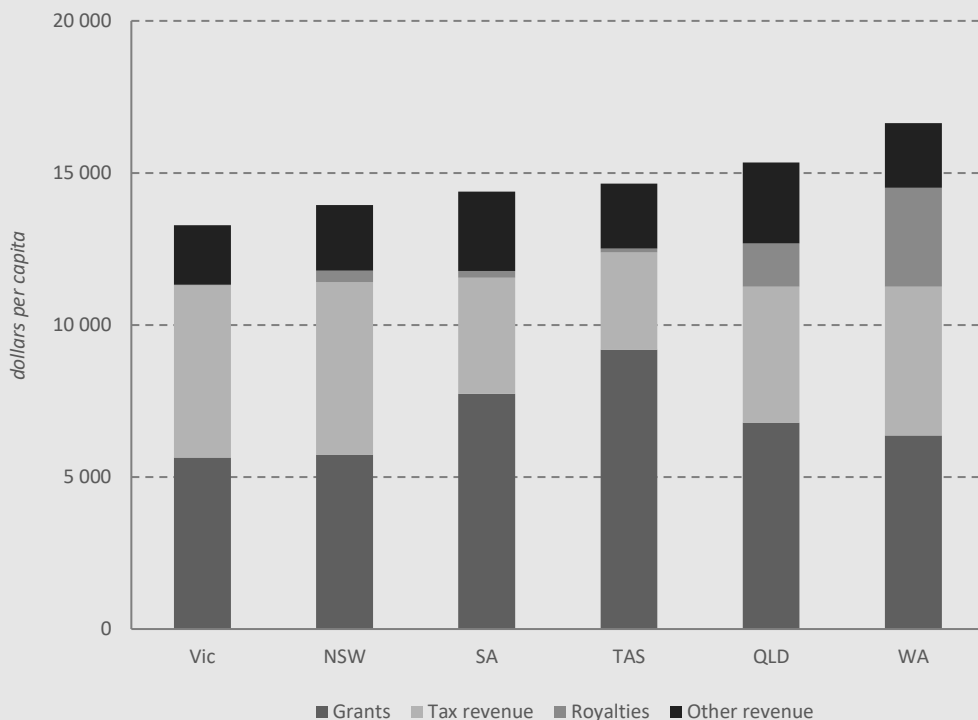


Source: Commonwealth Final Budget Outcomes

Note: The sum of the impacts to the other states and WA are not equal as the Commonwealth's boost to the GST pool has partially offset the negative fiscal impacts on states from the 2018 changes, and WA and the NT also received additional separate Commonwealth payments from 2019-20 to 2021-22.

The expiry of the NWOOG would reduce GST revenue for states other than Western Australia, increasing pressure on state budgets and reducing certainty for fiscal planning. These impacts are more pronounced for Victoria given its lack of significant mining royalties and lower support from other Commonwealth grants. According to the Australian Bureau of Statistics, Victoria had the lowest revenue per capita in 2024-25, with the lowest royalties per capita and the lowest Commonwealth grants per capita (Chart 4.8).

Chart 4.8: Total revenue per-capita by state 2024-25



Source: Australian Bureau of Statistics

The majority of submissions to the inquiry were opposed to the 2018 changes, including all states and territories other than Western Australia. New South Wales and Queensland opposed the changes, whereas South Australia, Tasmania, the Australian Capital Territory and the Northern Territory expressed stronger opposition aligned with Victoria’s position, supporting a return to the former system or the permanent extension of the NWOG.

The PC is expected to release an interim report in August 2026. Victoria will continue to advocate for fairness, certainty and fiscal sustainability in GST distribution.

Grants for on-passing

Table 4.6 summarises estimates of grants from the Commonwealth that are passed on to other entities.

Table 4.6: Grants for on-passing ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
Commonwealth Government grants to local government			
<i>Financial assistance grants to local government</i> ^(d)			
Assistance to states and territories is distributed on an equal per capita basis pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .	196	638	225.8
<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> .	219	227	3.9
Better and Fairer Schools Funding			
Support for non-government schools	5 774	5 977	3.5
Total grants for on-passing	6 188	6 842	10.6

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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) Increase is due to resumption of payments on a financial year basis following 50 per cent of the 2025-26 allocation being paid in 2024-25.

Grants for specific purposes

Table 4.7 lists Commonwealth grants for specific purposes, with detailed tables by expenditure category in Table 4.8 to Table 4.14.

Table 4.7: Grants for specific purposes ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
Affordable housing	466	472	1.3
Community services	3	4	16.5
Education	3 786	3 827	1.1
Environment	156	65	(58.4)
Health	7 850	9 048	15.3
Infrastructure	4 130	3 809	(7.8)
Contingent/other	4 104	2 695	(34.3)
Total grants for specific purposes	20 494	19 919	(2.8)

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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 affordable housing ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
National Housing and Homelessness Agreement			
Funding contributes to improving access to affordable, safe and sustainable housing, including to address homelessness, and to support social and economic participation.	461	472	2.4
Other	5	..	(100.0)
Total affordable housing	466	472	1.3

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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 community services ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
Other	3	4	16.5
Total community services	3	4	16.5

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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 education services ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
Better and Fairer Schools Funding			
Support for government schools	3 041	3 142	3.3
National Skills Agreement			
Funding for the delivery of training services	603	541	(10.3)
National Partnerships			
<i>Preschool Reform Agreement ^(d)</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.	130	132	1.6
<i>Student Wellbeing Program</i>			
Funding to support the emotional wellbeing of students by providing pastoral care services.	13	13	..
Other	..	..	..
Total education services	3 786	3 827	1.1

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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) Agreement extended until 30 June 2028.

Table 4.11: Payments for environment services ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
National Partnerships			
<i>Sustainable Rural Water Use and Infrastructure Program ^(d)</i>			
This 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.	101	28	(72.4)
<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.	55	37	(32.8)
Other	..	..	..
Total environment services	156	65	(58.4)

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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) Funding for several multi-year agreements within this program is weighted towards 2025-26, accounting for the decline in 2026-27.

Table 4.12: Payments for health services ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
National Health Reform Agreement ^(d)			
Funding to support the public hospital system, provided largely on the basis of activity and an independently determined national efficient price.	7 774	9 020	16.0
National Partnerships			
<i>Adult Public Dental Service ^(e)</i>			
Funding to contribute to public dental services for eligible adults.	27	..	(100.0)
<i>National Mental Health and Suicide Prevention ^(f)</i>			
Funding to contribute to the provision of a range of mental health and suicide prevention services.	41	..	(100.0)
<i>Community Health and Hospitals Program</i>			
Funding for Victorian initiatives to support the delivery of improved and expanded health services.	..	23	n.a.
Other	8	5	(34.3)
Total health services	7 850	9 048	15.3

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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) 2026-27 funding is higher due to new 2026-31 National Health Reform Agreement funding arrangements which also incorporate a one-time contribution for signing the interim 2025-26 agreement into the ongoing funding base. This one-time payment was previously accounted for under the 'Health Reform Additional Funding Support for Hospital and Related Health Services 2025-26' Federation Funding Agreement Schedule in 2025-26.
- (e) Agreement is due to expire on 30 June 2026.
- (f) The current agreement is scheduled to expire on 30 June 2026. An extension is currently under negotiation.

Table 4.13: Payments for infrastructure services ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
National Partnerships			
<i>Infrastructure Investment Programme</i>			
Funding for road and rail infrastructure.	4 090	3 796	(7.2)
<i>Geelong City Deal</i> ^(d)			
Funding to support a range of projects in Geelong and the surrounding region, including the Nyaal Banyul Geelong Convention and Event Centre, the Central Geelong Action Plan and improvement of public infrastructure at key tourist sites along the Great Ocean Road.	39	13	(67.4)
Total infrastructure	4 130	3 809	(7.8)

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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) Agreement expires 30 June 2027. Investment declines in 2026-27 as it is the final year of this program.

Table 4.14: Payments for contingent and other services ^{(a)(b)(c)} (\$ million)

	2025-26 revised	2026-27 budget	Change %
National Partnerships			
<i>Legal Assistance Services</i>			
Funding for a share of the service delivery costs of Victoria Legal Aid on Commonwealth law matters.	129	133	3.2
<i>Commonwealth TAFE</i>			
Includes Commonwealth funding to deliver fee-free TAFE places in agreed areas of priority.	56	76	35
<i>Energy Bill Relief Fund</i> ^(d)			
Funding supports delivery of targeted energy assistance from the Energy Bill Relief Fund.	503	..	(100.0)
Other ^(e)	3 416	2 485	(27.2)
Total other services	4 104	2 695	(34.3)

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are 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) This agreement is scheduled to cease in 2025-26.
- (e) Other expenses are higher in 2025-26 due to a one-time fixed contribution for hospital and related health services provided for signing the one-year National Health Reform Agreement extension in 2025-26, and funding from Disaster Recovery Funding Arrangements.

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 \$3.9 billion in 2026-27 then decline by an average of 0.8 per cent a year over the forward estimates.

Table 4.15: Other revenue and income (\$ million)

	2025-26 <i>revised</i>	2026-27 <i>budget</i>	2027-28 <i>estimate</i>	2028-29 <i>estimate</i>	2029-30 <i>estimate</i>
Revenue items accounted for under AASB 15					
Royalties	151	152	156	122	124
Other revenue – Health	349	261	261	261	261
Other miscellaneous revenue	1 319	1 137	859	866	931
Income accounted for under AASB 1058					
Fair value of assets received free of charge or for nominal consideration ^(a)	188	1	1	1	1
Road safety camera fines	475	573	585	671	686
Police on-the-spot fines	120	139	142	143	147
Toll road evasion fines	64	68	70	70	70
Non-traffic statutory and court fines	83	86	87	91	94
Total fines	742	866	885	976	997
Donations and gifts ^(b)	233	218	219	221	221
Other income – Education	326	333	342	349	358
Other miscellaneous income ^(c)	5	75	95	75	58
Revenue items accounted for under AASB 16					
Other non-property rental	31	32	28	26	26
Revenue items accounted for under AASB 1059					
Revenue related to economic service concession arrangements	657	827	830	830	830
Total other revenue and income	4 001	3 903	3 675	3 726	3 806

Notes:

- (a) *The funding profile of the Fair value of assets received free of charge or for nominal consideration in 2025-26 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

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 or charging for service provision.

This chapter includes new and previously announced government decisions providing targeted tax incentives and other concessions.

In the *2026-27 Budget*, the Government has announced new measures to support Victorians, including extending the temporary land transfer duty concession for off-the-plan apartments, townhouses and units for six months so that it applies to contracts signed on or after 21 October 2024 and before 21 April 2027.

The Government has also announced a 20 per cent rebate on the cost of up to two light vehicle registrations under an individual's name for the period of 1 July 2025 to 30 June 2026.

Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* contains further details on these initiatives.

This chapter only includes tax expenditures and concessions that can be costed.

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 as they apply to all taxpayers.

Over the decade to 2025-26, the State is estimated to have forgone \$122.7 billion in revenue from tax expenditures. In 2026-27, tax expenditures are forecast to be \$19.8 billion.

Tax expenditure estimates have been revised to reflect updated revenue collections, described in Chapter 4 *State Revenue* of this budget paper. As in previous years, land tax makes the largest contribution to total estimated tax expenditures in 2026-27, largely attributable to the principal place of residence and primary production exemptions. Payroll tax expenditures form the highest non-property related tax expenditure.

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)

<i>Description</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Land tax ^(a)	12 299	12 666	13 064	13 843	14 725
Payroll tax	2 081	2 200	2 310	2 428	2 548
Land transfer duty	1 667	1 591	1 770	1 858	1 905
Insurance duty	1 587	1 707	1 835	1 976	2 130
Motor vehicle taxes and charges ^(b)	1 221	479	487	508	530
Congestion levy	636	677	718	760	805
COVID Debt Levy – Payroll \$10m+	171	183	195	208	222
Mental Health and Wellbeing Levy	171	183	195	208	222
Gambling tax	92	97	101	103	96
Emergency Services and Volunteers Fund	37	38	38	39	39
Total estimated tax expenditures	19 960	19 820	20 715	21 932	23 222

*Notes:**(a) Land tax estimates include the COVID Debt Levy – Landholdings.**(b) Estimates reflect the 20 per cent rebate for light vehicle registrations in 2025-26.*

Table 5.2: Estimates of tax expenditures that can be costed**(\$ million)**

<i>Description</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Land tax ^(a)					
Principal place of residence	7 069	7 280	7 507	7 953	8 456
Land used for primary production	2 334	2 404	2 479	2 626	2 792
Land held in trust for public or municipal purposes or vested in any municipality	610	628	647	686	729
Vacant residential land tax exemptions, including for holiday homes ^(b)	551	567	585	620	659
Land used by charitable and religious institutions	412	424	437	463	493
Commonwealth land	410	422	435	461	490
Absentee owner surcharge exemptions, including for build-to-rent projects and projects that contribute significantly to the economy	375	386	399	424	453
Land vested in public statutory authorities	289	298	307	325	346
Retirement villages	66	68	70	74	78
Non-profit organisations providing or promoting outdoor cultural or sporting recreation or carried on exclusively for social, sporting, cultural, literary purposes (excluding horse or harness racing)	65	67	69	73	77
Residential care facilities	35	36	37	39	41
Assessment on a single holding basis for land owned by charities	28	29	30	32	34
Caravan parks	19	19	20	21	22
Concessional rate for horse or harness racing	11	11	11	12	13
Assessment on a single holding basis for land owned by a municipality	10	10	10	11	12
Low-cost accommodation	5	5	6	6	6
Associations of ex-servicemen	5	5	5	5	6
Discount for build-to-rent projects ^(c)	4	6	8	11	14
Mining	1	1	1	1	1
Land owned by an immediate family member of a person with a disability	1	1	1	1	1
Social and emergency housing ^{(d)(e)}	..	1	1	1	1
Land protected by a conservation covenant with Trust for Nature (Victoria) ^(d)	..	..	..	..	..
Friendly societies ^(d)	..	..	..	..	..
Charitable housing ^{(d)(e)}	..	..	..	..	..
Homeowners of low-value land with non-permanent shelters ^{(d)(e)(f)}	..	..	..	..	..
Total land tax expenditures	12 299	12 666	13 064	13 843	14 725
Payroll tax ^(g)					
Reduced payroll tax rate for regional employers	550	586	619	657	694
Wages paid by public benevolent institutions/charities	449	473	496	521	546
Wages paid by non-profit non-government schools ^(h)	287	303	317	332	348
Wages paid to health care service providers ⁽ⁱ⁾	273	287	301	315	329
Wages paid by municipal councils (not wages for trading activities)	233	245	256	268	281
Wages paid by Commonwealth departments/agencies (excluding transport and communication)	172	182	192	202	213
Paid parental leave	40	42	44	47	49

Table 5.2: Estimates of tax expenditures that can be costed (continued) (\$ million)

<i>Description</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Payroll tax (continued)					
Wages paid to general practitioners for bulk-billed ^(j) consultations	30	30	30	30	30
Fringe benefits excluded from Fringe Benefits Tax Assessment Act 1986 (Commonwealth)	21	22	23	23	24
Construction industry leave entitlements paid by LeavePlus	12	13	14	14	15
Wages paid to re-employed apprentices and trainees	8	8	9	9	10
Wages paid by religious institutions	7	8	8	9	10
Wages paid to new entrant apprentices and trainees employed by an approved Group Training Organisation ^(d)	..	..	..	..	..
Wages paid to employees participating in voluntary emergency service work ^(d)	..	..	..	..	..
Total payroll tax expenditures	2 081	2 200	2 310	2 428	2 548
Land transfer duty					
First home buyers of properties valued up to \$750 000	784	740	814	869	918
Transfers of deceased estates	247	243	258	273	285
Off-the-plan concession for owner-occupiers	104	98	107	113	120
Pensioners and concession cardholders	88	83	91	97	102
Principal place of residence	86	81	89	95	100
Commercial and industrial properties in regional Victoria	78	73	80	86	91
Family farms	71	67	73	78	83
Charities and friendly societies	69	43	47	50	53
Temporary off-the-plan concession for apartments, units and townhouses ^(k)	43	88	117	99	52
Foreign purchaser additional duty exemption for corporations and trustees	43	40	58	62	66
Corporate reconstruction ^(l)	33	22	24	26	27
Off-the-plan concession for investors ^(m)	11	8	6	5	4
Temporary discount for new residential property within the City of Melbourne local government area ⁽ⁿ⁾	7	1	1	1	..
Waiver for residential property transactions of up to \$1 million for contracts signed between 25 November 2020 and 1 July 2021	4	3	2	2	1
Farmers under 35 years of age buying their first farmland	2	1	2	2	2
Total land transfer duty expenditures	1 667	1 591	1 770	1 858	1 905
Insurance duty					
Premiums on private health insurance policies	782	814	846	880	915
Premiums on accident cover policies including workers compensation	550	579	606	635	666
Premiums on life insurance policies	157	157	157	157	157
Premiums on business insurance policies ^(o)	98	158	226	304	392
Premiums on products provided by friendly societies ^(d)	..	..	..	..	..
Total insurance duty expenditures	1 587	1 707	1 835	1 976	2 130

Table 5.2: Estimates of tax expenditures that can be costed (continued) (\$ million)

<i>Description</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Motor vehicle taxes and charges					
Light passenger vehicle registration rebate ^(p)	750	..	..	..	..
Motor vehicle duty – non-passenger vehicle concessions ^(q)	178	186	196	206	216
Discounted registration fee for vehicles operated by Health Care Card holders and pensioners	140	144	149	153	158
Discounted registration fee for heavy vehicles operated by primary producers ^(r)	82	87	92	97	103
Discounted registration fee for light vehicles operated by primary producers ^(s)	26	27	27	27	28
Motor vehicle duty – luxury vehicles concession for green cars ^(t)	11	12	..	..	..
Discounted registration for electric and plug-in hybrid-electric vehicles ^(u)	11	..	..	..	..
Discounted registration fee for vehicles operated by charitable, benevolent, or religious institutions	9	9	10	10	10
Discounted registration fee for trade apprentices	9	9	10	10	10
Discounted registration for other vehicles	3	3	3	3	3
Discounted registration fee for vehicles operated by totally and permanently incapacitated persons	2	2	2	2	2
Motor vehicle duty – luxury vehicles concession for primary producers ^(d)	..	..	..	..	..
Motor vehicle duty – exemption for wheelchair accessible commercial passenger vehicles that provide unbooked services ^(d)	..	..	..	..	..
Total motor vehicle taxes and charges expenditures	1 221	479	487	508	530
Congestion levy ^(v)					
Residential Parking	374	406	438	472	509
On Street Parking	128	132	135	139	142
Visitor Parking	59	62	65	67	70
Shift Work Parking	26	27	28	28	29
Other Exemptions including Disabled, Emergency and Car Sales Parking	16	17	17	18	18
Fleet Parking	10	11	11	11	12
Part-year Concession	10	10	10	10	11
Charitable and Other Organisations Parking	8	9	9	9	9
Special Event Parking	5	5	5	5	5
Total congestion levy expenditures	636	677	718	760	805
COVID Debt Levy – Payroll \$10m+					
Wages paid to health care service providers ⁽ⁱ⁾	44	47	50	53	56
Wages paid by public benevolent institutions/charities	36	39	42	45	49
Wages paid by non-profit non-government schools ^(h)	34	36	39	41	43
Wages paid by municipal councils (not wages for trading activities)	23	25	27	29	32
Wages paid by Commonwealth departments/agencies (excluding transport and communication)	20	22	23	25	26
Paid parental leave	5	5	5	6	6
Wages paid to general practitioners for bulk-billed consultations ⁽ⁱ⁾	4	4	4	4	4
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986</i> (Commonwealth)	3	3	3	3	3
Construction industry leave entitlements paid by LeavePlus	1	2	2	2	2

Table 5.2: Estimates of tax expenditures that can be costed (continued) (\$ million)

Description	2025-26	2026-27	2027-28	2028-29	2029-30
COVID Debt Levy – Payroll \$10m+ (continued)					
Wages paid to re-employed apprentices and trainees ^(d)	..	..	..	..	1
Wages paid by religious institutions ^(d)	..	..	..	..	..
Wages paid to employees participating in voluntary emergency service work ^(d)	..	..	..	..	..
Wages paid to new entrant apprentices and trainees employed by an approved Group Training Organisation ^(d)	..	..	..	..	..
Total COVID Debt Levy – Payroll \$10m+ expenditures	171	183	195	208	222
Mental Health and Wellbeing Levy					
Wages paid to health care service providers ⁽ⁱ⁾	44	47	50	53	56
Wages paid by public benevolent institutions/charities	36	39	42	45	49
Wages paid by non-profit non-government schools ^(h)	34	36	39	41	43
Wages paid by municipal councils (not wages for trading activities)	23	25	27	29	32
Wages paid by Commonwealth departments/agencies (excluding transport and communication)	20	22	23	25	26
Paid parental leave	5	5	5	6	6
Wages paid to general practitioners for bulk-billed consultations ⁽ⁱ⁾	4	4	4	4	4
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986</i> (Commonwealth)	3	3	3	3	3
Construction industry leave entitlements paid by LeavePlus	1	2	2	2	2
Wages paid to re-employed apprentices and trainees ^(d)	..	..	..	..	1
Wages paid by religious institutions ^(d)	..	..	..	..	..
Wages paid to employees participating in voluntary emergency service work ^(d)	..	..	..	..	..
Wages paid to new entrant apprentices and trainees employed by an approved Group Training Organisation ^(d)	..	..	..	..	..
Total Mental Health and Wellbeing Levy expenditures	171	183	195	208	222
Gambling taxes					
Lower club tax rate on net electronic gaming machine revenue ^(w)	92	97	101	103	96
Total gambling tax expenditures	92	97	101	103	96
Emergency Services and Volunteers Fund					
Concession for pensioners and Department of Veterans' Affairs cardholders	21	21	21	21	21
Municipal Single Farm Enterprises	10	10	11	11	11
Rebate for eligible Country Fire Authority and Victoria State Emergency Service volunteers and life members ^(x)	6	6	6	6	7
Total Emergency Services and Volunteers Fund expenditures	37	38	38	39	39
Total estimated tax expenditures	19 960	19 820	20 715	21 932	23 222

Notes:

- (a) The COVID Debt Levy – Landholdings measure commenced from 1 January 2024 and is included in the total land tax expenditures.
- (b) The holiday home exemption from the vacant residential land tax (VRLT) has been revised upwards, incorporating the first year of actual expenditure data, following the expansion of the VRLT to all of Victoria in 2025.
- (c) The absentee owner surcharge component of the build-to-rent exemption is included in the general absentee owner surcharge expenditure.
- (d) Estimated expenditures are below \$500 000 in some years due to a low number or value of concessions provided.
- (e) These measures were previously not included due to data limitations.
- (f) This measure has been added to the table as it became available to taxpayers for the first time in 2026.
- (g) From 1 July 2025, the payroll tax-free threshold increased from \$900 000 to \$1 million.
- (h) From 1 July 2026, the income per student threshold for the non-government school's exemption will increase to align with the Schooling Resourcing Standard for secondary students.

Notes (continued):

- (i) Category that includes wages paid to public hospitals, non-profit hospitals and health care services in line with the exemption as prescribed in the Payroll Tax Act 2007.
- (j) From 1 July 2025, wages paid to general practitioners for bulk-billed consultations are exempt.
- (k) Includes temporary off-the-plan land transfer duty concession for apartments, units and townhouses announced in the 2024-25 Budget Update and the extension of this initiative announced in the 2026-27 Budget.
- (l) Land transfer duty exemptions for corporate reconstructions are volatile due to the irregular nature of large corporate reconstructions.
- (m) Off-the-plan land transfer duty concession for investors with contracts signed before 1 July 2017.
- (n) The 2025-26 estimate reflects the completion of several large developments.
- (o) Effective from 1 July 2024, the duty charged on non-motor vehicle business insurance is being gradually abolished, reducing the rate by 1 percentage point per year until fully abolished in 2033.
- (p) A 20 per cent rebate is provided for the cost of up to two light vehicle registrations per person paid for 2025-26.
- (q) The decrease since the 2025-26 Budget reflects an improved calculation method.
- (r) The increase since the 2025-26 Budget primarily reflects higher volumes.
- (s) The increase since the 2025-26 Budget reflects an improved calculation method.
- (t) Estimates reflect the motor vehicle duty concession for luxury green passenger vehicles ceasing from 1 July 2027.
- (u) Estimates reflect the annual \$100 registration discount for zero and low emission vehicles ceasing from 1 January 2026.
- (v) The increase since the 2025-26 Budget reflects the increase in rates in line with New South Wales from 1 January 2026, a revised estimate for residential parking and the inclusion of a new estimate for on-street parking due to changes in data availability, as well as the expansion of the area subject to the congestion levy from 1 January 2026.
- (w) The increase since the 2025-26 Budget reflects increases in EGM revenue following persistent strength in concessionally taxed club venue activity over 2025-26.
- (x) The volunteer rebate estimate has been revised downward to reflect the primary production land rate freeze and updated volunteer data.

Table 5.3 shows the ratio of tax expenditures to revenue by the main categories of tax in 2026-27. Estimated tax expenditures represent 46 per cent of total tax revenue in 2026-27.

Table 5.3: Estimated aggregate tax expenditures and tax revenue in 2026-27 (\$ million)

Description	Tax expenditure	Tax revenue	Ratio
Land tax ^(a)	12 666	7 653	1.66
Payroll tax	2 200	10 077	0.22
Insurance duty	1 707	2 350	0.73
Land transfer duty	1 591	10 009	0.16
Congestion levy	677	218	3.10
Motor vehicle taxes and charges	479	3 869	0.12
COVID Debt Levy – Payroll \$10m+	183	1 231	0.15
Mental Health and Wellbeing Levy	183	1 231	0.15
Gambling tax	97	2 855	0.03
Emergency Services and Volunteers Fund	38	1 609	0.02
Other/miscellaneous	..	2 077	..
Total for items estimated	19 820	43 179	0.46

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 \$8.2 billion in 2026-27.

Table 5.4: Estimated aggregate tax expenditures classified by persons or entities affected (\$ million)

Description	2025-26	2026-27	2027-28	2028-29	2029-30
Owner-occupier households	8 047	8 201	8 518	9 032	9 596
Business not elsewhere included	3 142	3 329	3 565	3 806	4 062
Primary producers	2 525	2 596	2 684	2 842	3 020
Charitable, religious and educational institutions	1 401	1 440	1 507	1 591	1 678
Commonwealth and state governments	911	945	980	1 038	1 102
Local government	899	933	969	1 024	1 085
Hospitals	362	382	401	421	442
Pensioners/concession cardholders	250	250	262	273	283
Gambling clubs	92	97	101	103	96
Sporting, recreation and cultural organisations	75	78	80	85	90
Other	2 257	1 569	1 646	1 718	1 768
Total for items estimated	19 960	19 820	20 715	21 932	23 222

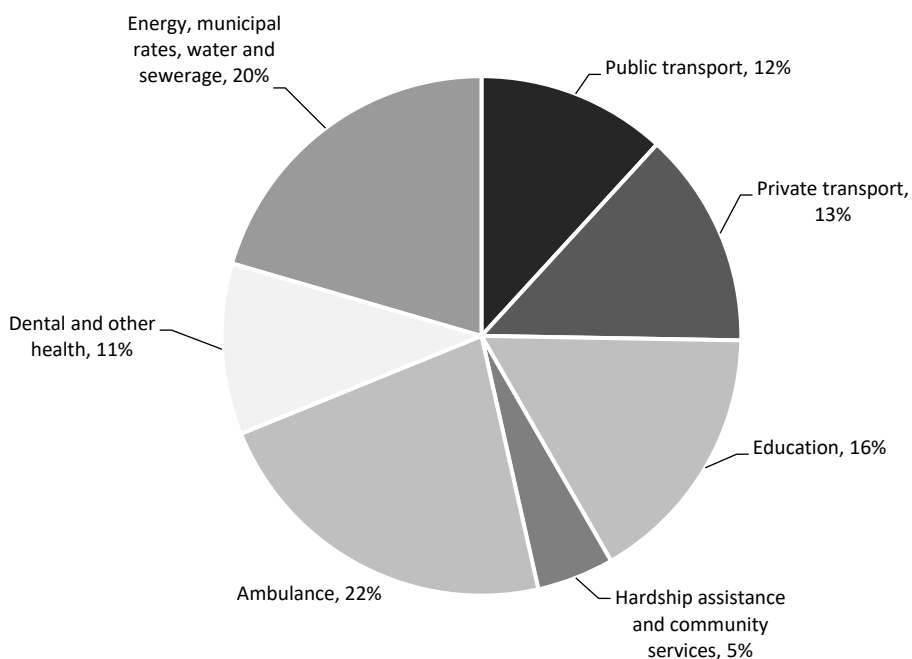
CONCESSIONS

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 2025-26, the State has provided \$20.3 billion in concessions. In 2026-27, concessions are forecast to be \$2.8 billion.

Certain characteristics of a consumer, such as possessing a Commonwealth Government Pensioner Concession Card or Health Care Card, are generally 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 2026-27.

Chart 5.1: Estimated concessions by category 2026-27 ^(a)



Note:

(a) Percentages may not sum to 100 per cent due to rounding.

Table 5.5 classifies the major concessions by category.

Health concessions include concessions for a variety of services such as ambulances, community health programs, dental and spectacles.

Education concessions include concessions for preschool and for vocational education and training.

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. Private transport concessions also include the TAC Premium component of the Trade Apprenticeship Registration Discount scheme.

Public transport concessions include discounted fares for concession cardholders, free public transport for kids and free weekend public transport for seniors.

Eligible concession cardholders receive reduced bills for energy, municipal rates, water and sewerage, funded by the State and paid to service providers and local governments.

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.

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.

Table 5.5: Concessions by category (\$ million)

Description	2025-26	2026-27
Ambulance	601	618
Dental services and spectacles ^(a)	211	153
Community health programs	146	142
Total health	959	912
Water and sewerage	191	193
Electricity	169	171
Municipal rates	111	113
Mains gas	88	90
Total energy, municipal rates, water and sewerage	558	566
Education	422	454
Private transport	348	372
Public transport	285	326
Hardship schemes	122	125
Social and community services	7	7
Total for items estimated	2 701	2 763

Note:

(a) The reduction in Dental services and spectacles concessions from 2025-26 to 2026-27 reflects both the cessation of fixed-term funding for the Victorian Aboriginal Spectacles Subsidy Scheme, and the expansion of activity under the Smile Squad free school dental program in 2025-26.

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 23 April 2026 (arising from outside of government).

Table 6.1: Quantifiable contingent assets (\$ million)

	<i>As at Nov 2025 ^(a)</i>	<i>As at April 2026</i>
Guarantees, indemnities and warranties	62	60
Legal proceedings and disputes	22	86
Other	28	12
Total contingent assets	112	159

Note:

(a) As published in the 2025-26 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 either:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
- present obligations that arise from past events but are not recognised because of either of the following:
 - 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 23 April 2026.

Table 6.2: Quantifiable contingent liabilities (\$ million)

	As at Nov 2025 ^(a)	As at April 2026
Guarantees, indemnities and warranties ^(b)	831	869
Legal proceedings and disputes	590	600
Other	454	460
Non-general government debt ^(c)	19 855	20 266
Total contingent liabilities	21 731	22 196

Notes:

(a) As published in the 2025-26 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 public against the State.

An overview of the more significant non-quantifiable liabilities follows.

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.

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

On 26 March 2015, the Government announced the permanent closure of Fiskville Training College (Fiskville). Fiskville and Victorian Emergency Management Training Centre training grounds owned by the Country Fire Authority (CFA) at Peshurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerenong have been the subject of notices issued by the Environment Protection Authority Victoria (EPA).

The CFA has 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, and any legal claims that may be made.

While the matter is in its final stages, it is not currently practicable to reliably estimate the financial impacts of the associated contingent liabilities.

Foreign Purchaser Additional Duty and Absentee Owner Land Tax Surcharge class action

A class action has been filed in the Federal Court against the State of Victoria and the Commissioner for State Revenue which challenges the imposition of Foreign Purchaser Additional Duty under the *Duties Act 2000* (Vic), and Absentee Owner Surcharge under the *Land Tax Act 2005* (Vic). The representative proceeding was brought by two applicants on their own behalf and on behalf of an open class of group members. The applicants claim that the relevant statutory provisions are constitutionally invalid on the basis of their inconsistency with International Tax Agreements given effect to by the *International Tax Agreements Act 1953* (Cth). The constitutional issues raised by this proceeding were the subject of related High Court proceedings, in which judgment was issued in October 2025, resulting in the applicants filing an amended statement of claim in the class action, limiting their claim to revenue collected pre-1 January 2018.

At this stage it is not possible to quantify the financial effects of this contingent liability.

Historical child sexual abuse claims under the Financial Assistance Scheme

The historical nature of child sexual abuse (CSA) claims under the Financial Assistance Scheme (FAS) results in high uncertainty in the number of potential claimants, the timing of disclosures and the financial impact of individual claims.

Factors such as a lack of specific information about the number of eligible survivors, variability in claim amounts, and the potential for future claims arising from historical abuse prevent a reliable estimate of any future financial liability that may arise.

The provision included in the financial statements is estimated in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* based on available data and assumes no changes to the behaviour of the scheme (including legal or regulatory changes). The impact of potential future changes is not considered to be within scope of the provision under AASB 137 nor able to be estimated reliably with available information.

The State continues to monitor developments in claims and related legal or regulatory changes that may impact its financial position. Any future financial obligation will be assessed for recognition in the financial statements when it becomes probable and can be measured reliably.

This non-quantifiable contingent liability only relates to the CSA component under FAS and does not apply to any other components.

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.

Opal Australian Paper

On 22 September 2025, Opal Australian Paper lodged a Supreme Court action against the State for not fulfilling its obligations to supply native timber under the *Forests (Wood Pulp Agreement) Act 1996*. The State will defend this claim but as this matter is still in the legal process it would prejudice the outcome of the litigation to quantify the amount of any potential final liability at this time.

Per-fluoroalkyl and poly-fluoroalkyl substances (known as PFAS)

Fire Rescue Victoria and the Country Fire Authority (State Fire Services) have determined that there has been per-fluoroalkyl and poly-fluoroalkyl substances contamination at specific State Fire Service properties and adjoining surroundings. The State Fire Services continue to test for exposure and to decontaminate across all sites and locations. Due to the ongoing complexities of each site and adjoining surroundings together with the multiple stages of testing required to establish the level of exposure, the State Fire Services are unable to estimate an underlying value for this liability. This is likely to include any remediation works that may be required to meet environmental and people health and safety obligations across all of the sites while this testing continues and a complete program of works is undertaken to remediate related risks.

Potential insurance claims

The State via the Victorian Managed Insurance Authority (VMIA) has a claims administration agreement to manage its insurance arrangements, including those related to self-insured historical abuse claims that are civil in nature.

The State has been served with self-insured historical abuse claims. The amount provided for historical abuse claims is based on assessed claims lodged on the basis that these represent present obligations in line with the requirements of AASB 137.

Possible future civil abuse claims may or may not be received by future claimants and these possible liabilities can be confirmed by claims being made and subsequent assessment. Given these circumstances, it is impractical to accurately quantify the full financial effects of these potential future claims.

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 landowners. The future liability depends on a range of 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 across the State:

- metropolitan train services with Metro Trains Melbourne from 30 November 2017 until 28 November 2027
- metropolitan tram services with Yarra Journey Makers from 1 December 2024 until 4 December 2033.

The major contingent liabilities arising in the event of early termination or expiry of the contracts 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 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.

The possible liability depends on a number of future events and cannot be reliably and readily quantified.

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. VMIA insures its clients for property, public and products liability, professional indemnity, medical indemnity, contract works and a range of other liabilities. VMIA also provided domestic building insurance to Victorian residential builders from March 2010 to July 2025, when this function transferred to the Building and Plumbing Commission.

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

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 (for example, lotteries revenue for hospitals and charities).

A.1 The Consolidated Fund

Estimated receipts and payments for the year ending 30 June 2026 and 30 June 2027

(\$ million)

	2025-26 budget	2026-27 budget	Variation %
Receipts			
Taxation	41 599	44 760	7.6
Fines and regulatory fees	1 133	1 176	3.8
Grants received	36 097	38 131	5.6
Sales of goods and services (including section 29 FMA annotated)	1 314	1 354	3.1
Interest received	742	980	32.2
Dividends, income tax equivalent and rate equivalent receipts	484	1 427	194.7
Other receipts	1 059	1 173	10.7
Total operating activities	82 428	89 000	8.0
Total cash inflows from investing and financing	24 939	22 007	(11.8)
Total receipts	107 367	111 007	3.4
Payments			
Special appropriations	7 802	8 623	10.5
Appropriations ^(a)			
Provision of outputs	60 498	62 083	2.6
Additions to the net asset base	13 653	12 094	(11.4)
Payments made on behalf of the State	26 061	28 334	8.7
Receipts credited to appropriation			
Provision of outputs	3 356	2 953	(12.0)
Additions to the net asset base	1 406	2 601	85.0
Sub total	112 777	116 688	3.5
Appropriations remaining unspent	(6 232)	(8 090)	29.8
Total payments	106 545	108 598	1.9
Net receipts/(payments)	822	2 409	193.1
Opening balance 1 July ^(b)	(27)	548	(2119.8)
Estimated closing balance 30 June	795	2 957	272.1

Notes:

(a) Includes unapplied appropriations carried over from the previous year.

(b) The opening balance of the consolidated fund for the 2026-27 Budget is based on the 2025-26 opening balances plus the estimated movements for the 2025-26 revised budget. See Note B.10.1 of Appendix B in this budget paper for further details.

A.2 Consolidated Fund receipts

(\$ million)

	2025-26 budget	2026-27 budget	Variation %
Operating receipts			
Taxation ^(a)			
Payroll tax	10 543	11 236	6.6
COVID Debt Levy – Payroll \$10m+	1 345	1 437	6.8
Mental Health and Wellbeing Levy	1 345	1 437	6.8
Land tax	6 123	6 445	5.3
COVID Debt Levy – Landholdings	1 130	1 150	1.7
Emergency Services and Volunteers Fund	1 649	1 615	(2.0)
Windfall gains tax	38	19	(48.9)
Congestion levy	222	218	(1.6)
Gambling taxes	2 742	4 004	46.0
Financial and capital transactions			
Land transfer duty	9 570	10 088	5.4
Growth areas infrastructure contribution	163	205	25.5
Infrastructure Contributions	..	7	..
Metropolitan Planning Levy	22	27	25.4
Financial accommodation levy	225	241	7.0
Levies on statutory corporations	176	177	0.3
Insurance	2 302	2 350	2.1
Motor vehicle			
Registration fees pursuant to the <i>Road Safety Act</i> , No. 127 of 1986	2 403	2 479	3.2
Stamp duty on vehicle transfers	1 412	1 398	(1.0)
Liquor licence fees	34	37	9.5
Other taxes	156	191	22.5
Total	41 599	44 760	7.6
Fines and regulatory fees			
Fines	474	484	2.1
Regulatory fees	659	691	5.0
Total	1 133	1 176	3.8
Grants received by department			
Department of Education	20	25	21.7
Department of Energy, Environment and Climate Action	8	6	(26.1)
Department of Families, Fairness and Housing	18	18	(0.4)
Department of Health	19	3	(84.5)
Department of Jobs, Skills, Industry and Regions	3	..	(100.0)
Department of Justice and Community Safety	3	6	111.7
Department of Transport and Planning	15	16	4.5
Department of Treasury and Finance	36 011	38 058	5.7
Total	36 097	38 131	5.6
Sales of goods and services	1 314	1 354	3.1
Interest received	742	980	32.2
Dividends, income tax equivalent and rate equivalent receipts			
Dividends	264	1 301	393.1
Income tax equivalent receipts	215	120	(44.1)
Local government tax equivalent receipts	6	6	9.3
Total	484	1 427	194.7

A.2 Consolidated Fund receipts *(continued)*

(\$ million)

	2025-26 budget	2026-27 budget	Variation %
Other receipts			
Land rent received	18	18	..
Royalties received	151	152	0.7
Other	890	1 003	12.6
Total	1 059	1 173	10.7
Total operating activities	82 428	89 000	8.0
Cash inflows from investing activities			
Proceeds from sale of investments	1	..	(100.0)
Proceeds from sale of property, plant and equipment	849	702	(17.3)
Other loans	..	..	..
Return of capital – government entities ^(b)	1 205	1 737	44.2
Cash inflows from financing activities			
Loans to government agencies	72	78	8.6
Borrowings	22 813	19 490	(14.6)
Total cash inflows from investing and financing	24 939	22 007	(11.8)
Total Consolidated Fund receipts	107 367	111 007	3.4

Notes:

(a) Refer to Chapter 4 State Revenue of this budget paper for details regarding variations in taxation receipts.

(b) This line includes capital repatriations from the PFC and PNFC sectors, including payments to reflect savings and efficiency initiatives that were announced in the 2023-24 Budget, and other distributions to government that ensure government businesses operate with an efficient capital structure.

A.3 Consolidated Fund appropriations – Summary (\$ thousand)

	2025-26 budget	2026-27 budget	Variation %
Education			
Special appropriations	58 509	8 384	(85.7)
Annual appropriations	19 221 880	19 622 751	2.1
Total	19 280 389	19 631 135	1.8
Energy, Environment and Climate Action			
Special appropriations	8 815	3 475	(60.6)
Annual appropriations	2 614 838	2 876 313	10.0
Total	2 623 653	2 879 788	9.8
Families, Fairness and Housing			
Special appropriations	266 159	336 175	26.3
Annual appropriations	9 210 608	9 394 701	2.0
Total	9 476 766	9 730 876	2.7
Government Services			
Special appropriations	26 555	53 503	101.5
Annual appropriations	636 076	567 631	(10.8)
Total	662 631	621 134	(6.3)
Health			
Special appropriations	4 062 375	3 722 941	(8.4)
Annual appropriations	17 465 562	17 371 079	(0.5)
Total	21 527 937	21 094 020	(2.0)
Jobs, Skills, Industry and Regions			
Special appropriations	29 810	64 581	116.6
Annual appropriations	3 667 087	3 645 574	(0.6)
Total	3 696 897	3 710 154	0.4
Justice and Community Safety			
Special appropriations	166 099	229 601	38.2
Annual appropriations	10 291 726	10 692 319	3.9
Total	10 457 824	10 921 920	4.4
Premier and Cabinet			
Special appropriations	112 239	206 774	84.2
Annual appropriations	318 128	291 131	(8.5)
Total	430 367	497 905	15.7
Transport and Planning			
Special appropriations	899 942	996 819	10.8
Annual appropriations	18 020 040	18 008 560	(0.1)
Total	18 919 981	19 005 379	0.5
Treasury and Finance			
Special appropriations	1 874 811	2 682 239	43.1
Annual appropriations	22 472 018	24 561 188	9.3
Total	24 346 829	27 243 427	11.9

A.3 Consolidated Fund appropriations – Summary (continued)

(\$ thousand)

	2025-26 budget	2026-27 budget	Variation %
Parliament			
Special appropriations	63 213	57 461	(9.1)
Annual appropriations	345 282	364 793	5.7
Total	408 495	422 254	3.4
Courts			
Special appropriations	233 941	261 171	11.6
Annual appropriations	711 145	669 203	(5.9)
Total	945 085	930 374	(1.6)
Total special appropriations	7 802 466	8 623 124	10.5
Total annual appropriations	104 974 389	108 065 243	2.9
Total appropriations ^(a)	112 776 854	116 688 367	3.5

Note:

(a) Includes receipts credited to appropriations and unapplied previous year appropriations carried over.

A.4 Consolidated Fund payments – Special appropriations

(\$ thousand)

	2025-26 budget	2026-27 budget	Variation %
Education			
<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>	48 835	6 516	(86.7)
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	9 391	1 585	(83.1)
Total	58 509	8 384	(85.7)
Energy, Environment and Climate Action			
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	..	2 025	n.a.
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	8 815	1 450	(83.6)
Total	8 815	3 475	(60.6)
Families, Fairness and Housing			
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	199 506	198 346	(0.6)
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	2 718	73 894	2619.1
<i>Gambling Regulation Act No. 114/2003, section 5.4.6 – Contribution to Hospitals and Charities Fund / Mental Health Fund</i>	63 935	63 935	..
Total	266 159	336 175	26.3
Government Services			
<i>Emergency Services and Volunteers Fund Act 2012, Section 62 ^(b)</i>	26 000	6 141	(76.4)
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	..	46 162	n.a.
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	555	1 200	116.4
Total	26 555	53 503	101.5
Health			
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	19 039	53 878	183.0
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	761 881	138 676	(81.8)
<i>Gambling Regulation Act No. 114 of 2003, section 3.6.11 – Hospitals and Charities Fund and Mental Health Fund</i>	1 134 557	1 258 636	10.9
<i>Gambling Regulation Act No. 114 of 2003, section 4.6.8 – Hospitals and Charities Fund</i>	..	60 000	n.a.
<i>Gambling Regulation Act No. 114 of 2003, section 5.4.6 – Contribution to Hospitals and Charities Fund/Mental Health Fund</i>	599 275	566 296	(5.5)
<i>Gambling Regulation Act No. 114 of 2003, section 6A.4.4 – Hospitals and Charities Fund</i>	..	5 000	n.a.
<i>Gambling Taxation Act No. 14 of 2023, section 27 – Keno to Hospital and Charities Fund</i>	13 916	13 632	(2.0)
<i>Gambling Taxation Act No. 14 of 2023, section 35 – Wagering to Hospitals and Charities Fund</i>	176 815	179 679	1.6
<i>Gambling Taxation Act No. 14 of 2023, section 9 – Casino Community Benefit Levy to Hospitals and Charities Fund</i>	11 885	10 260	(13.7)
<i>Mental Health and Wellbeing Levy Act No. 39 of 2022, section 743 – Contributions to Mental Health and Wellbeing Fund</i>	1 345 008	1 436 884	6.8
Total	4 062 375	3 722 941	(8.4)

A.4 Consolidated Fund payments – Special appropriations (continued)

(\$ thousand)

	2025-26 budget	2026-27 budget	Variation %
Jobs, Skills, Industry and Regions			
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	29 370	64 581	119.9
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	440	..	(100.0)
Total	29 810	64 581	116.6
Justice and Community Safety			
<i>Casino Control Act No. 47 of 1991, section 112C – Supervision Charge</i>	23 865	24 462	2.5
<i>Crown Proceedings Act No. 6232</i>	6 682	6 849	2.5
<i>EastLink Project Act No. 39 of 2004, section 26 – Appropriation</i>	2 744	2 812	2.5
<i>Emergency Management Act No 30 of 1986, section 32 – Volunteer Workers Compensation</i>	413	628	52.1
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	1 061	3 329	213.8
<i>Financial Management Act No. 18 of 1994, section 23 – Departmental Working Accounts</i>	30 000	31 250	4.2
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	..	9 800	n.a.
<i>Melbourne City Link, Act No. 107 of 1995, section 14(4)</i>	3 920	4 018	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>	21 583	67 042	210.6
<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>	1 049	2 495	137.8
<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>	3 385	5 484	62.0
<i>Victims of Crime (Financial Assistance Scheme) Act No. 21 of 2022, section 68 – Awards</i>	70 000	70 000	..
<i>Victoria State Emergency Service Act No. 51 of 2005, section 52 – Volunteer Workers Compensation</i>	1 128	1 156	2.5
<i>Work Cover Authority Fund, Corrections Act 1986, part 9D, section 104ZW</i>	269	276	2.6
Total	166 099	229 601	38.2
Premier and Cabinet			
<i>Constitution Act No. 8750 – Executive Council</i>	50	50	..
<i>Constitution Act No. 8750 – Governor’s Salary</i>	535	535	..
<i>Electoral Act No. 23 of 2002, section 215 – Electoral Entitlement</i>	13 760	13 890	0.9
<i>Electoral Act No. 23 of 2002, section 181 – Electoral Expenses</i>	73 894	127 244	72.2
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	2 000	..	(100.0)
<i>Statewide Treaty Act No. 45 of 2025, section 144</i>	..	44 755	n.a.
<i>Treaty Authority and Other Treaty Elements Act 2022, section 16</i>	22 000	20 300	(7.7)
Total	112 239	206 774	84.2

A.4 Consolidated Fund payments – Special appropriations

(continued)

(\$ thousand)

	2025-26 budget	2026-27 budget	Variation %
Transport and Planning			
<i>Business Franchise (Petroleum Products) Act, No.9272 of 1979, section 13</i>	588 092	629 444	7.0
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	71 488	43 740	(38.8)
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	75 406	117 081	55.3
<i>Payments to Building New Communities Fund pursuant to section 201V of the Planning and Environment Act No. 45 of 1987</i>	81 478	102 277	25.5
<i>Payments to Growth Areas Public Transport Fund pursuant to section 201V of the Planning and Environment Act No. 45 of 1987</i>	81 478	102 277	25.5
<i>Transport (Compliance and Miscellaneous) Act 1983, No.9921 of 1983, section 213A(4)</i>	2 000	2 000	..
Total	899 942	996 819	10.8
Treasury and Finance			
<i>Constitution Act No. 8750 – Governors Pension</i>	1 849	1 740	(5.9)
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	19 407	22 510	16.0
<i>County Court Act No. 6230 – Judges</i>	25 234	27 067	7.3
<i>Financial Management Act No. 18 of 1994, section 10 – Appropriation of Commonwealth grants</i>	5 000	..	(100.0)
<i>Financial Management Act No. 18 of 1994, section 39 – Interest on Advances</i>	5 000	5 000	..
<i>Gambling Regulation Act No. 114 of 2003, section 3.6.12 – Community Support Fund</i>	170 267	161 185	(5.3)
<i>Gambling Taxation Act No. 14 of 2023, section 33 – Wagering to Victorian Racing Industry Payment</i>	177 789	181 559	2.1
<i>Gambling Taxation Act No. 14 of 2023, section 34 – Wagering to ANZAC Day Proceeds Fund</i>	974	995	2.1
<i>Liquor Control Reform Act No. 94 of 1998, section 177(2)</i>	6 000	6 000	..
<i>Offshore Petroleum and Green Gas Storage Act 2010, No. 10 of 2010, section 281</i>	..	7 800	n.a.
<i>State Superannuation Act No. 50 of 1988, section 90(2) – Contributions</i>	359 192	593 683	65.3
<i>Taxation Administration Act 1997, section 121</i>	2 000	474 000	23600.0
<i>Treasury Corporation of Victoria Act No. 80 of 1992, section 38 – Debt Retirement ^(c)</i>	1 000 700	1 000 700	..
<i>Victorian Future Fund Act No. 19 of 2023, section 8</i>	101 400	200 000	97.2
Total	1 874 811	2 682 239	43.1

A.4 Consolidated Fund payments – Special appropriations

(continued)

(\$ thousand)

	2025-26 budget	2026-27 budget	Variation %
Parliament			
<i>Audit Act No. 2 of 1994, section 79(3) – Audit of Auditor-Generals Office</i>	41	42	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>	680	697	2.5
<i>Financial Management Act No. 18 of 1994, section 33 – Appropriation to meet certain obligations ^(a)</i>	8 654	1 264	(85.4)
<i>Ombudsman Act No. 8414</i>	643	643	..
<i>Parliamentary Salaries, Allowances and Superannuation Act, No.7723 of 1968 – Salaries and Allowances ^(d)</i>	52 442	54 063	3.1
Total	63 213	57 461	(9.1)
Courts			
<i>Constitution Act No. 8750 – Chief Justice</i>	832	884	6.3
<i>Constitution Act No. 8750 – Judges Court of Appeal</i>	10 179	10 461	2.8
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	37 307	40 670	9.0
<i>Constitution Act No. 8750 – President Court of Appeal</i>	659	701	6.4
<i>Constitution Act No. 8750 – section 87AAT(5) – Judicial Commission investigating panel members</i>	49	62	24.4
<i>County Court Act No. 6230 – Judges</i>	53 663	59 403	10.7
<i>Juries Act No. 53 of 2000, section 59 – Compensation to Jurors</i>	12	14	16.7
<i>Magistrates Court Act No. 51 of 1989</i>	96 958	106 842	10.2
<i>Victims of Crime Assistance Act No. 81 of 1996, section 69 – Awards</i>	7 195	10 669	48.3
<i>Victims of Crime Assistance Act No. 81 of 1996, section 69 – Expenses</i>	744	4 510	506.1
<i>Victorian Civil and Administrative Tribunal Act 53 of 1998, section 17AA</i>	26 343	26 956	2.3
Total	233 941	261 171	11.6
Total special appropriations	7 802 466	8 623 124	10.5

Notes:

(a) Relates to previously applied appropriations.

(b) The volunteer rebate estimate has been revised downward in 2026-27 to reflect the primary production land rate freeze and updated volunteer data.

(c) This special appropriation provides authority for the retirement of TCV debt should circumstances enable it.

(d) Reflects member remuneration under the Members of Parliament (Victoria) Annual Adjustment Determination 2025 from the Victorian Independent Remuneration Tribunal effective 1 July 2025.

A.5 Consolidated Fund payments – Total annual appropriations

Details of total annual appropriations for 2026-27 are outlined below, including estimated amounts of unapplied 2025-26 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 2026-27 Budget are in **bold**. Estimates for the 2025-26 Budget in *italics* reflect amounts published in the 2025-26 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>
Education				
Appropriation ^(a)	17 944 464	1 379 480	..	19 323 944
	<i>17 130 713</i>	<i>1 768 976</i>	..	<i>18 899 689</i>
Receipts credited to appropriation ^(b)	292 307	6 500	..	298 807
	<i>256 774</i>	<i>6 500</i>	..	<i>263 274</i>
Unapplied previous year appropriation carried over ^(c)	..	..	..	..
	<i>8 303</i>	<i>50 614</i>	..	<i>58 917</i>
Total appropriation	18 236 771	1 385 980	..	19 622 751
	<i>17 395 790</i>	<i>1 826 090</i>	..	<i>19 221 880</i>
Energy, Environment and Climate Action				
Appropriation ^(a)	1 493 124	403 456	751 256	2 647 836
	<i>1 499 518</i>	<i>169 325</i>	<i>739 181</i>	<i>2 408 024</i>
Receipts credited to appropriation ^(b)	177 659	50 818	..	228 477
	<i>154 501</i>	<i>52 313</i>	..	<i>206 814</i>
Unapplied previous year appropriation carried over ^(c)	..	..	..	..

Total appropriation	1 670 783	454 274	751 256	2 876 313
	<i>1 654 019</i>	<i>221 638</i>	<i>739 181</i>	<i>2 614 838</i>
Families, Fairness and Housing				
Appropriation ^(a)	4 862 833	725 744	3 239 122	8 827 699
	<i>4 499 875</i>	<i>597 300</i>	<i>3 118 906</i>	<i>8 216 081</i>
Receipts credited to appropriation ^(b)	546 907	20 094	..	567 002
	<i>972 202</i>	<i>20 094</i>	..	<i>992 297</i>
Unapplied previous year appropriation carried over ^(c)	..	..	..	..
	<i>2 230</i>	..	..	<i>2 230</i>
Total appropriation	5 409 740	745 838	3 239 122	9 394 701
	<i>5 474 307</i>	<i>617 394</i>	<i>3 118 906</i>	<i>9 210 608</i>
Government Services				
Appropriation ^(a)	556 175	3 272	..	559 447
	<i>608 145</i>	<i>20 000</i>	..	<i>628 145</i>
Receipts credited to appropriation ^(b)	8 184	..	..	8 184
	<i>7 931</i>	..	..	<i>7 931</i>
Unapplied previous year appropriation carried over ^(c)	..	..	..	..

Total appropriation	564 359	3 272	..	567 631
	<i>616 076</i>	<i>20 000</i>	..	<i>636 076</i>

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>
Health				
Appropriation ^(a)	16 655 038	355 579	..	17 010 617
	16 851 868	226 754	..	17 078 622
Receipts credited to appropriation ^(b)	357 860	1 500	..	359 360
	369 537	3 249	..	372 785
Unapplied previous year appropriation carried over ^(c)	1 102	..	..	1 102
	14 154	..	..	14 154
Total appropriation	17 014 000	357 079	..	17 371 079
	17 235 559	230 003	..	17 465 562
Jobs, Skills, Industry and Regions				
Appropriation ^(a)	2 774 121	242 657	..	3 016 778
	2 911 568	70 501	..	2 982 069
Receipts credited to appropriation ^(b)	625 856	..	..	625 856
	641 740	..	..	641 740
Unapplied previous year appropriation carried over ^(c)	2 940	..	..	2 940
	43 277	..	..	43 277
Total appropriation	3 402 917	242 657	..	3 645 574
	3 596 586	70 501	..	3 667 087
Justice and Community Safety				
Appropriation ^(a)	9 780 005	385 202	122 966	10 288 173
	9 435 891	384 622	63 001	9 883 514
Receipts credited to appropriation ^(b)	403 546	600	..	404 146
	407 612	600	..	408 212
Unapplied previous year appropriation carried over ^(c)	..	..	..	..

Total appropriation	10 183 551	385 802	122 966	10 692 319
	9 843 503	385 222	63 001	10 291 726
Premier and Cabinet				
Appropriation ^(a)	291 131	..	..	291 131
	318 128	..	..	318 128
Receipts credited to appropriation ^(b)	..	..	..	..

Unapplied previous year appropriation carried over ^(c)	..	..	..	..

Total appropriation	291 131	..	..	291 131
	318 128	..	..	318 128

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>
Transport and Planning				
Appropriation ^(a)	6 419 771	8 538 140	130 610	15 088 521
	<i>5 908 310</i>	<i>10 221 149</i>	<i>151 208</i>	<i>16 280 667</i>
Receipts credited to appropriation ^(b)	397 252	2 521 717	..	2 918 969
	<i>415 871</i>	<i>1 323 502</i>	<i>..</i>	<i>1 739 373</i>
Unapplied previous year appropriation carried over ^(c)	1 070	..	..	1 070
	<i>..</i>	<i>..</i>	<i>..</i>	<i>..</i>
Total appropriation	6 818 093	11 059 857	130 610	18 008 560
	<i>6 324 181</i>	<i>11 544 651</i>	<i>151 208</i>	<i>18 020 040</i>
Treasury and Finance				
Appropriation ^(a)	459 779	6 465	24 090 244	24 556 488
	<i>466 196</i>	<i>12 647</i>	<i>21 988 505</i>	<i>22 467 348</i>
Receipts credited to appropriation ^(b)	4 700	..	..	4 700
	<i>4 670</i>	<i>..</i>	<i>..</i>	<i>4 670</i>
Unapplied previous year appropriation carried over ^(c)	..	..	..	..
	<i>..</i>	<i>..</i>	<i>..</i>	<i>..</i>
Total appropriation	464 479	6 465	24 090 244	24 561 188
	<i>470 866</i>	<i>12 647</i>	<i>21 988 505</i>	<i>22 472 018</i>
Parliament				
Appropriation ^(d)	311 531	2 182	..	313 713
	<i>296 011</i>	<i>1 193</i>	<i>..</i>	<i>297 204</i>
Receipts credited to appropriation ^(b)	42 500	..	..	42 500
	<i>39 777</i>	<i>..</i>	<i>..</i>	<i>39 777</i>
Unapplied previous year appropriation carried over ^(c)	8 580	..	..	8 580
	<i>8 301</i>	<i>..</i>	<i>..</i>	<i>8 301</i>
Total appropriation	362 611	2 182	..	364 793
	<i>344 089</i>	<i>1 193</i>	<i>..</i>	<i>345 282</i>
Courts				
Appropriation ^(a)	521 341	52 095	..	573 436
	<i>495 303</i>	<i>130 269</i>	<i>..</i>	<i>625 572</i>
Receipts credited to appropriation ^(b)	95 767	..	..	95 767
	<i>85 573</i>	<i>..</i>	<i>..</i>	<i>85 573</i>
Unapplied previous year appropriation carried over ^(c)	..	..	..	..
	<i>..</i>	<i>..</i>	<i>..</i>	<i>..</i>
Total appropriation	617 108	52 095	..	669 203
	<i>580 876</i>	<i>130 269</i>	<i>..</i>	<i>711 145</i>

Notes:

(a) Appropriation (2026-27) Bill.

(b) Financial Management Act 1994, Section 29.

(c) Financial Management Act 1994, Section 32.

(d) Appropriation (Parliament 2026-27) Bill.

A.6 Appropriation of certain revenue and asset sale proceeds pursuant to Section 29 of the *Financial Management Act 1994*

Estimates for the 2026-27 Budget are in **bold**; estimates for the 2025-26 Budget are in *italics*.

(\$ thousand)

Department	Outputs	Receipt source		Total
		Commonwealth	Other ^(a)	
Education	121 548	170 759	6 500	298 807
	<i>139 175</i>	<i>117 599</i>	<i>6 500</i>	<i>263 274</i>
Energy, Environment and Climate Action	62 626	165 852	..	228 477
	<i>67 366</i>	<i>139 448</i>	..	<i>206 814</i>
Families, Fairness and Housing	38 589	508 319	20 095	567 002
	<i>38 239</i>	<i>933 963</i>	<i>20 095</i>	<i>992 297</i>
Government Services	8 111	73	..	8 184
	<i>7 931</i>	..	..	<i>7 931</i>
Health	299 948	57 912	1 500	359 360
	<i>262 781</i>	<i>106 756</i>	<i>3 249</i>	<i>372 785</i>
Jobs, Skills, Industry and Regions	13 920	611 935	..	625 856
	<i>12 878</i>	<i>628 863</i>	..	<i>641 740</i>
Justice and Community Safety	251 368	152 178	600	404 146
	<i>270 596</i>	<i>137 016</i>	<i>600</i>	<i>408 212</i>
Premier and Cabinet	..	..	..	..

Transport and Planning	96 328	2 821 302	1 339	2 918 969
	<i>102 450</i>	<i>1 618 151</i>	<i>18 771</i>	<i>1 739 373</i>
Treasury and Finance	4 700	..	..	4 700
	<i>4 670</i>	..	..	<i>4 670</i>
Parliament	42 500	..	..	42 500
	<i>39 777</i>	..	..	<i>39 777</i>
Courts	95 767	..	..	95 767
	<i>75 841</i>	<i>9 732</i>	..	<i>85 573</i>

Note:

(a) Includes asset sales and contributions from local governments.

A.7 The Trust Fund

(\$ thousand)

	2025-26 budget	2025-26 revised	2026-27 budget	Variation %
Cash flows from operating activities				
Receipts				
Taxation	828 794	817 205	849 323	2.5
Regulatory fees and fines	218 070	213 354	248 058	13.8
Grants received	25 791 953	28 103 045	29 131 149	12.9
Sale of goods and services	1 170 111	1 246 369	1 323 258	13.1
Interest received	192 543	236 868	217 073	12.7
Dividends received	596 311	961 250	718 890	20.6
Net transfers from Consolidated Fund	8 544 384	9 027 746	8 558 722	0.2
Other receipts	275 470	308 342	251 812	(8.6)
Total receipts	37 617 637	40 914 178	41 298 283	9.8
Payments				
Payments for employees	(364 676)	(474 571)	(427 648)	17.3
Superannuation	(29 548)	(42 828)	(38 222)	29.4
Interest paid	(151 618)	(87 421)	(79 415)	(47.6)
Grants and subsidies	(27 932 067)	(29 757 073)	(30 672 791)	9.8
Goods and services and other payments	(4 430 196)	(4 646 279)	(4 466 701)	0.8
Total payments	(32 908 105)	(35 008 172)	(35 684 777)	8.4
Net cash flows from operating activities	4 709 532	5 906 006	5 613 506	19.2
Cash flows from investing activities				
Purchases of non-financial assets	(2 653 568)	(3 385 991)	(3 154 246)	18.9
Sales of non-financial assets	52 407	52 207	59 033	12.6
Net proceeds from customer loans	52 185	(15 408)	29 644	(43.2)
Other investing activities	(2 297 883)	(3 630 129)	(2 624 453)	14.2
Net cash flows from investing activities	(4 846 858)	(6 979 321)	(5 690 022)	17.4
Cash flows from financing activities				
Net borrowings	(353 696)	122 308	(244 142)	(31.0)
Net cash flow from financing activities	(353 696)	122 308	(244 142)	(31.0)
Net cash inflow/(outflow)	(491 022)	(951 007)	(320 659)	(34.7)
Represented by:				
Cash and cash equivalents held at beginning of reporting period	6 176 075	6 176 075	5 225 068	(15.4)
Cash and cash equivalents held at end of reporting period	5 685 052	5 225 068	4 904 410	(13.7)

APPENDIX B – 2025-26 BUDGET OUTCOME INCORPORATING THE FINANCIAL REPORT FOR THE MARCH QUARTER 2026

OVERVIEW

The financial statements included in this appendix estimate the budget outcomes for the 2025-26 financial year, taking into account government policy decisions and economic developments affecting both income and expenses since the presentation of the *2025-26 Budget* to Parliament in May 2025. This appendix also presents the financial results for the Victorian general government sector for the nine months ended 31 March 2026, prepared in accordance with the *Financial Management Act 1994*.

FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

Revised 2025-26 budget outcome and result for the period to 31 March 2026

For the nine months to 31 March 2026, the general government sector recorded a net result from transactions surplus of \$3.4 billion. This result compares with a full-year revised budget surplus of \$727 million.

The likely 2025-26 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 collection of land tax and the Emergency Services and Volunteers Fund, Commonwealth grants, dividends from public corporations and the timing of activity across departments.

Revenue from transactions

Total revenue for the nine months ended 31 March 2026 was \$85.5 billion. This is 76 per cent of the full-year revised budget estimate and an increase of \$9.1 billion compared with the same period last year.

Taxation revenue was \$33.3 billion, or 80 per cent of the full-year revised budget estimate.

Taxation revenue increased by \$2.7 billion when compared with the same period last year. This was primarily due to an increase of \$1.2 billion in land transfer duty, driven by growth in settlement volumes and an increase in the average duty per transaction, and the commencement of the Emergency Services and Volunteers Fund which replaced the Fire Services Property Levy from 1 July 2025. The increase was also attributable to higher payroll taxes (including Mental Health and Wellbeing Levy and COVID Debt Levy – Payroll \$10m+) of \$351 million due to a strong labour market driven by continued high employment and robust wage growth.

Grants revenue was \$41.2 billion, or 75 per cent of the full-year revised budget estimate. This is slightly above pro rata revised budget, primarily driven by the timing of Commonwealth grants to non-government schools, partially offset by capital grants from the Commonwealth for transport projects which are expected later in the financial year. When compared with the same period last year, grants revenue was higher by \$5.3 billion. This was primarily driven by higher goods and services tax (GST) grants due to an increase in the Victorian GST relativity following the outcome of the Commonwealth Grants Commission's 2025 Methodology Review, as well as growth in the national GST pool and a further increase in Victoria's population share. There was also an increase in Commonwealth funding relating to the National Health Reform Agreement and Disaster Recovery Funding Arrangements. Also driving the increase were higher grants from the Commonwealth to non-government schools and for transport projects.

Dividends and income tax equivalent income was \$1.2 billion, or 63 per cent of the full-year revised budget estimate. This is below the pro rata revised budget primarily due to the timing of dividends from the Transport Accident Commission. Compared with the same period last year, dividends and income tax equivalent income was \$406 million higher, primarily driven by increased distributions from investments relating to the Victorian Future Fund and the Social Housing Growth Fund.

Revenue from the sale of goods and services was \$5.8 billion, or 76 per cent of the full-year revised budget estimate and \$738 million higher when compared with the same period last year. This increase from the prior year is driven by Transmission Use of System charges collected by VicGrid, as part of the transfer of the declared network operations in Victoria from Australian Energy Market Operator (AEMO), which commenced from 1 November 2025. Also driving the increase was insurance premiums revenue as a result of the responsibility for the Domestic Building Insurance function being transferred from the Victorian Managed Insurance Authority in the Public Financial Corporations sector to the new Building and Plumbing Commission in the general government sector from 1 July 2025. The increase was also due to additional land title fee revenue resulting from increased property market activity, as well as higher regulatory fees and a higher share of farebox revenue under the new metropolitan tram franchise agreement.

Other revenue and income was \$2.8 billion or 71 per cent of the revised full-year budget estimate, and \$70 million lower when compared with the same period last year. This is slightly below the pro rata revised budget primarily due to the timing of expected revenue associated with the *Unclaimed Money Act 2008*.

Expenses from transactions

Total expenses to 31 March 2026 were \$82.2 billion, an increase of \$4.9 billion or 6 per cent compared with the same period last year. This increase primarily reflects increased spending on service delivery in the education, health and transport sectors and annual salary growth in line with enterprise bargaining agreements. Also driving the increase was an increase in interest expense primarily due to additional borrowings to fund the State's capital program coupled with an increase in interest rates on new and refinanced borrowings, increased expenditure relating to BPC and VicGrid, following the commencement of both entities after 1 July 2025 and expenditure associated with Commonwealth grants for local government.

Total expenses were \$1.2 billion below pro rata at 74 per cent of the full-year revised budget estimate. The variance to the pro rata revised budget is primarily due to the timing of activity across departments.

Other economic flows

Other economic flows that are not included in the net result from transactions reflected a gain of \$9.6 billion for the nine months to 31 March 2026. This was primarily attributable to the valuation gain in the general government sector's investment in other sector entities, primarily due to gain on the mark-to-market revaluation of the Treasury Corporation of Victoria's (TCV) borrowings and the State's insurance agencies' provisions due to changes in discount rates. Also driving the increase was the remeasurement gain on the State's defined benefit superannuation liability of \$2.7 billion that primarily arose due to an increase in the bond yield that underlies the key superannuation valuation assumptions.

Balance sheet

Total assets increased by \$26.4 billion in the nine months ended 31 March 2026. This increase reflects an increase in financial assets and is partially offset by a reduction in land, buildings, infrastructure, plant and equipment. The increase in financial assets largely reflects the increase in investment in other sector entities primarily due to TCV recognising a mark-to-market gain due to the impact that discount rate changes had on the value of borrowings. Also, the insurers recognised a mark-to-market gain due to the impact that discount rate changes had on the value of claims liabilities. There was an increase in receivables relating to land tax receivables with the majority of land tax assessments issued in the March quarter, and an increase in cash holdings which includes upfront payments to the health sector to meet service delivery requirements. These increases were partially offset by a decrease in land, buildings, infrastructure, plant and equipment, primarily reflecting the transfer of the Metro Tunnel assets to VicTrack in the PNFC sector upon its completion. This decrease was partially offset by the continued delivery of the Government's infrastructure program.

Total liabilities increased by \$14.1 billion to \$265.1 billion as at 31 March 2026. This was largely due to an increase in borrowings of \$15.8 billion, reflecting incremental borrowings primarily to fund the Government's infrastructure investment program, partially offset by the reduction in the superannuation liability of \$2.2 billion mainly due to the impact of an increase in the bond yield that underlies the discount rate that is used to value this liability.

Net debt increased by \$12.2 billion to \$163.1 billion as at 31 March 2026. This was driven mainly by an increase in borrowings and was partially offset by an increase in cash holdings for the reasons outlined above. This increase was also partially offset by an increase in investments, loans and placements, primarily relating to an increase in investments associated with the Victorian Future Fund and the Social Housing Growth Fund.

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 2026 was a surplus of \$3.1 billion compared with a revised budget forecast surplus of \$6.9 billion for the full year. This includes the timing of various receipts such as land tax, dividends from public corporations, and the timing of payments.

Application of cash resources for the general government sector ^(a)	(\$ million)	
	2025-26 actual 31 Mar	2025-26 revised estimate
Net result from transactions	3 363	727
Add back: Operating cash flows not recognised in the net operating balance ^(b)	(226)	6 210
Net cash flows from operating activities	3 137	6 937
Less: Total net investment in fixed assets ^(c)	13 897	19 840
Surplus/(deficit) of cash from operations after funding net investment in fixed assets	(10 760)	(12 903)
Less:		
Leases and service concession arrangements ^(d)	1 251	1 576
Other movements	232	(1)
Decrease/(increase) in net debt	(12 243)	(14 478)

Notes:

- (a) Figures in this table are subject to rounding to the nearest million dollars 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) Includes total purchases of plant, property and equipment, and net capital contributions to other sectors of government net of proceeds from asset sales.*
- (d) Includes most operating leases, which are required to be recognised as lease liabilities, and also includes the financial liabilities relating to public private partnership projects including the Frankston Hospital Redevelopment, the High Capacity Metro Trains, the Metro Tunnel, the new Footscray Hospital, the new Melton Hospital, and the Nyaal Banyul Geelong Convention and Event Centre.*

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 \$15.3 billion for the nine months ended 31 March 2026 or 72 per cent of the revised full-year budget (\$17.3 billion for the corresponding period in 2025).

B.1 CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 31 March

(\$ million)

2024-25 actual 31 Mar		Notes	2025-26 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
Revenue and income from transactions							
30 517	Taxation	B.6.1	33 256	41 518	41 677	(159)	..
1 180	Interest income		1 198	1 595	1 330	265	20
790	Dividends and income tax equivalent income	B.6.2	1 196	1 888	1 097	791	72
5 100	Sales of goods and services	B.6.3	5 838	7 682	8 041	(359)	(4)
35 938	Grants	B.6.4	41 238	55 230	52 586	2 644	5
2 892	Other revenue and income	B.6.5	2 821	4 001	3 612	389	11
76 417	Total revenue and income from transactions		85 547	111 914	108 343	3 570	3
Expenses from transactions							
28 531	Employee expenses	B.7.1	29 710	40 225	38 835	1 389	4
	Superannuation:						
588	Net superannuation interest expense	B.7.3	588	784	789	(5)	(1)
3 388	Other superannuation	B.7.3	3 650	4 719	4 463	256	6
4 069	Depreciation	B.8.2	4 427	6 243	5 884	359	6
4 985	Interest expense	B.9.2	5 717	7 853	7 569	284	4
13 876	Grant expense	B.7.4	14 627	18 315	18 764	(450)	(2)
21 848	Other operating expenses	B.7.5	23 465	33 048	31 428	1 620	5
77 284	Total expenses from transactions	B.7.7	82 185	111 186	107 732	3 454	3
(867)	Net result from transactions – Net operating balance		3 363	727	611	116	19
Other economic flows included in net result							
39	Net gain/(loss) on disposal of non-financial assets		15	21	20	1	6
267	Net gain/(loss) on financial assets or liabilities at fair value		(464)	(145)	149	(294)	(197)
(32)	Share of net profit/(loss) from associates/joint venture entities		(15)	(45)	(45)	..	..
(258)	Other gains/(losses) from other economic flows	B.11.1	(137)	(528)	(424)	(105)	25
16	Total other economic flows included in net result		(600)	(697)	(300)	(397)	133
(851)	Net result		2 763	30	312	(281)	(90)

B.1 CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT (CONTINUED)

For the period ended 31 March

(\$ million)

2024-25 actual 31 Mar		Notes	2025-26 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
	Other economic flows –						
	Other comprehensive income						
	Items that will not be reclassified to net result						
960	Changes in non-financial assets revaluation surplus		626	1 684	3 274	(1 590)	(49)
1 264	Remeasurement of superannuation defined benefits plans	B.7.3	2 664	2 801	482	2 319	481
(8)	Other movements in equity		(19)	(125)	25	(150)	(601)
	Items that may be reclassified subsequently to net result						
(4)	Net gain/(loss) on financial assets at fair value		22	3	3	..	..
(524)	Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets ^(a)		6 279	(17 447)	(22 932)	5 485	(24)
1 688	Total other economic flows – Other comprehensive income		9 573	(13 085)	(19 147)	6 063	(32)
837	Comprehensive result – Total change in net worth		12 335	(13 054)	(18 836)	5 781	(31)
	KEY FISCAL AGGREGATES						
(867)	Net operating balance		3 363	727	611	116	19
9 708	Less: Net acquisition of non-financial assets from transactions ^(b)	B.7.9	(12 364)	(15 293)	(13 966)	(1 328)	10
(10 575)	Net lending/(borrowing)		15 727	16 021	14 577	1 444	10

The accompanying notes form part of these financial statements.

Notes:

- (a) The value against the 2025-26 revised budget includes the derecognition of completed Metro Tunnel assets transferred to VicTrack, as required under AASB 16 Leases.
- (b) The value in 2025-26 includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.

B.2 CONSOLIDATED BALANCE SHEET

As at 31 March

(\$ million)

2024-25 actual 31 Mar	Notes	opening 1 Jul	2025-26 actual 31 Mar	revised budget	published budget ^(a)	Opening to revised budget change	Opening to published budget change	
Assets								
Financial assets								
13 297	Cash and deposits	B.9.3	12 800	16 011	13 467	14 261	667	1 461
6 326	Advances paid		6 407	6 221	6 228	6 379	(178)	(28)
13 766	Receivables and contract assets	B.6.6	10 203	14 730	10 443	10 833	239	630
16 514	Investments, loans and placements		17 781	18 414	19 550	18 553	1 769	772
1 131	Investments accounted for using the equity method		1 141	1 247	1 322	1 121	181	(20)
100 727	Investments in PNFC and PFC sector entities		96 401	126 043	109 677	100 675	13 276	4 274
151 760	Total financial assets		144 732	182 667	160 687	151 822	15 954	7 089
Non-financial assets								
304	Inventories		277	444	325	279	48	2
80	Non-financial assets held for sale		145	195	145	145	..	..
279 644	Land, buildings, infrastructure, plant and equipment	B.8.1	288 244	276 250	274 640	277 611	(13 604)	(10 633)
6 683	Other non-financial assets	B.8.3	6 906	7 193	7 021	6 954	115	48
286 711	Total non-financial assets		295 573	284 082	282 131	284 990	(13 442)	(10 583)
438 471	Total assets		440 305	466 749	442 818	436 811	2 512	(3 494)
Liabilities								
1 494	Deposits held and advances received		1 595	1 686	1 546	1 546	(49)	(49)
5 539	Payables	B.7.6	6 558	6 304	6 822	6 555	264	(4)
185 715	Borrowings	B.9.1	186 259	202 072	203 044	200 614	16 784	14 355
11 820	Employee benefits	B.7.2	12 070	12 167	12 329	12 422	259	352
17 486	Superannuation		18 284	16 118	16 111	18 625	(2 173)	341
3 360	Other provisions		3 762	4 071	4 201	4 048	438	285
22 401	Other liabilities	B.6.7	22 470	22 690	22 514	22 531	43	61
247 816	Total liabilities		250 999	265 107	266 565	266 341	15 567	15 342
190 655	Net assets		189 307	201 642	176 252	170 471	(13 054)	(18 836)
Equity								
43 783	Accumulated surplus/(deficit)		41 982	49 262	45 036	43 146	3 055	1 164
146 872	Reserves		147 325	152 379	131 216	127 325	(16 109)	(20 000)
190 655	Net worth		189 307	201 642	176 252	170 471	(13 054)	(18 836)

B.2 CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 March

(\$ million)

2024-25 actual 31 Mar	Notes	opening 1 Jul	2025-26 actual 31 Mar	revised budget	published budget ^(a)	Opening to revised budget change	Opening to published budget change
FISCAL AGGREGATES							
(96 056)	Net financial worth	(106 266)	(82 441)	(105 879)	(114 519)	388	(8 252)
196 783	Net financial liabilities	202 667	208 484	215 556	215 194	12 888	12 526
151 072	Net debt	150 867	163 110	165 345	162 968	14 478	12 101

The accompanying notes form part of these financial statements.

Note:

(a) Balances represent actual opening balances at 1 July 2025 plus 2025-26 budgeted movements.

B.3 CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 March

(\$ million)

2024-25 actual 31 Mar	Notes	2025-26 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
Cash flows from operating activities						
Receipts						
27 334	Taxes received	29 152	41 293	41 201	92	..
35 806	Grants	41 426	55 357	52 593	2 764	5
5 494	Sales of goods and services ^(a)	6 368	8 423	8 919	(496)	(6)
1 117	Interest received	1 094	1 434	1 168	266	23
857	Dividends and income tax equivalent receipts	1 228	1 915	1 124	791	70
1 575	Other receipts	1 603	2 894	2 543	351	14
72 184	Total receipts	80 870	111 315	107 548	3 767	4
Payments						
(27 787)	Payments for employees	(29 405)	(39 948)	(38 497)	(1 451)	4
(3 451)	Superannuation	(3 740)	(4 876)	(4 429)	(447)	10
(4 746)	Interest paid	(5 460)	(7 616)	(7 343)	(273)	4
(14 800)	Grants and subsidies	(14 798)	(18 124)	(18 695)	571	(3)
(21 813)	Goods and services ^(a)	(22 944)	(32 504)	(30 942)	(1 562)	5
(1 396)	Other payments	(1 387)	(1 311)	(1 480)	169	(11)
(73 992)	Total payments	(77 733)	(104 378)	(101 386)	(2 992)	3
(1 808)	Net cash flows from operating activities	3 137	6 937	6 162	775	13
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
(12 133)	Purchases of non-financial assets	B.7.8 (10 747)	(15 856)	(17 190)	1 334	(8)
156	Sales of non-financial assets	127	283	1 064	(781)	(73)
(11 977)	Net cash flows from investments in non-financial assets	(10 620)	(15 573)	(16 125)	553	(3)
(2 550)	Net cash flows from investments in financial assets for policy purposes	(3 277)	(4 267)	(2 270)	(1 997)	88
(14 527)	Subtotal	(13 897)	(19 840)	(18 396)	(1 444)	8
(1 257)	Net cash flows from investments in financial assets for liquidity management purposes	(1 461)	(2 226)	(669)	(1 556)	233
(15 784)	Net cash flows from investing activities	(15 359)	(22 065)	(19 065)	(3 001)	16

B.3 CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the period ended 31 March

(\$ million)

2024-25 actual 31 Mar	Notes	2025-26 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
Cash flows from financing activities						
(20)	Advances received (net)	(22)	(60)	(60)	..	..
16 610	Net borrowings	14 535	15 036	13 716	1 320	10
(11)	Deposits received (net)	113	11	11	..	..
..	Other financing (net)	808	808	695	112	16
16 579	Net cash flows from financing activities	15 433	15 795	14 363	1 432	10
(1 014)	Net increase/(decrease) in cash and cash equivalents	3 212	667	1 460	(793)	(54)
14 310	Cash and cash equivalents at beginning of reporting period	12 800	12 800	12 800	..	..
13 297	Cash and cash equivalents at end of the reporting period ^(b)	16 011	13 467	14 260	(793)	(6)
FISCAL AGGREGATES						
(1 808)	Net cash flows from operating activities	3 137	6 937	6 162	775	13
(11 977)	Net cash flows from investments in non-financial assets	(10 620)	(15 573)	(16 125)	553	(3)
(13 785)	Cash surplus/(deficit)	(7 483)	(8 635)	(9 963)	1 328	(13)

The accompanying notes form part of these financial statements.

Notes:

(a) These items 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.

B.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March

(\$ million)

	Accumulated surplus/(deficit)	Contributions by owners	Non-financial assets revaluation surplus	Investment in other sector entities revaluation surplus	Other reserves	Total
2024-25 (actual)						
Balance at 1 July 2024	43 354	..	98 544	46 391	1 528	189 818
Net result for the year	(851)	..	..	..	..	(851)
Other comprehensive income for the year	1 280	..	960	(524)	(28)	1 688
Transfer to/(from) accumulated surplus	..	..	..	..	..	..
Total equity as at 31 March 2025	43 783		99 504	45 867	1 500	190 655
2025-26 (actual)						
Balance at 1 July 2025	41 982	..	107 890	37 805	1 630	189 307
Net result for the year	2 763	..	..	..	..	2 763
Other comprehensive income for the year	2 584	..	626	6 279	83	9 573
Transfer to/(from) accumulated surplus	1 934	..	(1 934)	..	..	..
Total equity as at 31 March 2026	49 262		106 582	44 084	1 714	201 642
2025-26 (revised)						
Balance at 1 July 2025	41 982	..	107 890	37 805	1 630	189 307
Net result for the year	30	..	..	..	..	30
Other comprehensive income for the year	2 675	..	1 684	(17 447)	3	(13 085)
Transfer to/(from) accumulated surplus	349	..	(349)	..	..	..
Budget equity as at 30 June 2026	45 036		109 225	20 357	1 633	176 252
2025-26 (budget)						
Balance at 1 July 2025	41 982	..	107 890	37 805	1 630	189 307
Net result for the year	312	..	..	..	..	312
Other comprehensive income for the year	507	..	3 274	(22 932)	3	(19 147)
Transfer to/(from) accumulated surplus	345	..	(345)	..	..	..
Budget equity as at 30 June 2026	43 146		110 819	14 873	1 633	170 471

The accompanying notes form part of these financial statements.

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 2026.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2024-25 Financial Report* for the State of Victoria.

This quarterly financial report does not include all the notes normally included with the annual financial report, and therefore should be read in conjunction with the *2024-25 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 that involve the transfer or redistribution of revenue 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 1.6.4 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 of revenue and income and the related receivables and other liabilities forecast for the general government sector.

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

B.6.1 Taxation

(\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE			
7 009	Payroll tax	7 247	9 585
799	COVID Debt Levy – Payroll \$10m+	855	1 167
799	Mental Health and Wellbeing Levy	855	1 167
8 607	Total taxes on employers' payroll and labour force	8 957	11 920
TAXES ON IMMOVABLE PROPERTY			
5 596	Land tax	5 768	6 258
897	COVID Debt Levy – Landholdings	911	1 170
955	Emergency Services and Volunteers Fund ^(a)	1 464	1 550
126	Congestion levy	207	212
143	Metropolitan improvement levy	163	228
40	Windfall gains tax	49	54
7 757	Total taxes on immovable property	8 561	9 472
TAXES ON THE PROVISION OF GOODS AND SERVICES			
Gambling taxes ^(b)			
460	Public lotteries	454	596
1 065	Electronic gaming machines	1 160	1 523
152	Casino	162	203
303	Racing and other sports betting	332	416
13	Other	18	19
Financial and capital transactions			
6 862	Land transfer duty	8 038	10 601
18	Metropolitan planning levy	25	33
145	Financial accommodation levy	154	212
118	Growth areas infrastructure contribution	146	195
131	Levies on statutory corporations	131	177
1 678	Taxes on insurance	1 713	2 246
10 944	Total taxes on the provision of goods and services	12 332	16 220
TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES			
Motor vehicle taxes			
1 642	Vehicle registration fees ^(c)	1 707	1 558
976	Duty on vehicle registrations and transfers	981	1 334
31	Liquor licence fees	32	36
560	Other	685	979
3 209	Total taxes on the use of goods and performance of activities	3 405	3 907
30 517	Total taxation	33 256	41 518

Notes:

(a) Previously listed as the Fire Services Property Levy.

(b) Public lotteries, electronic gaming machines and casino taxes include gambling licence revenue in the nine months to 31 March 2026 of \$169 million (31 March 2025: \$144 million), recognised under AASB 15. The balance of these items is recognised under AASB 1058.

(c) The 2025-26 revised budget is lower than the March 2026 actuals due to a twenty per cent rebate being provided for the cost of up to two light vehicle registrations per person in the 2025-26 financial year. Refer to Budget Paper No. 3, Chapter 1 Output, asset investment, savings and revenue initiatives for further detail.

B.6.2 Dividends and income tax equivalent income (\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
..	Dividends from PFC sector	..	515
66	Dividends from PNFC sector	73	168
555	Dividends from non-public sector	998	1 006
621	Dividends	1 071	1 688
10	Income tax equivalent income from PFC sector	14	4
155	Income tax equivalent income from PNFC sector	106	190
165	Income tax equivalent income	120	194
5	Local government rate equivalent income	6	7
790	Total dividends and income tax equivalent income	1 196	1 888

Dividends by entity (\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
Public financial corporations			
..	Victorian Managed Insurance Authority	..	3
..	Transport Accident Commission	..	408
..	Treasury Corporation of Victoria	..	96
..	State Trustees Ltd	..	2
..	Victorian Funds Management Corporation	..	6
..	Dividends from PFC sector	..	515
Public non-financial corporations			
10	Greater Western Water	..	..
..	Melbourne Water Corporation	1	1
11	South East Water Corporation	15	21
45	Yarra Valley Water Corporation	30	32
..	Development Victoria	26	26
..	Other/not allocated ^(a)	1	88
66	Dividends from PNFC sector	73	168

Note:

(a) This includes additional dividends that are payable by the PNFC sector to reflect savings and efficiency initiatives that were announced in the 2023-24 Budget.

B.6.3 Sales of goods and services (\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
Amount recognised as revenue from contracts with customers (AASB 15)			
75	Sale of goods	92	103
4 185	Provision of services	4 824	6 479
Amounts recognised as income of not-for-profit entities (AASB 1058)			
206	Motor vehicle regulatory fees	204	257
547	Other regulatory fees	630	752
5	Refunds and reimbursements	7	2
Amounts recognised as lease income (AASB 16)			
82	Rental	82	89
5 100	Total sales of goods and services	5 838	7 682

B.6.4 Grants ^(a) (\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
Grants from the Commonwealth			
18 328	General purpose grants	21 610	28 157
5 377	Specific purpose grants for on-passing	6 030	6 188
11 971	Specific purpose grants	13 384	20 494
35 676	Total grants from the Commonwealth	41 024	54 840
262	Other contributions and grants	213	390
35 938	Total grants	41 238	55 230

Note:

(a) Grants predominantly relate to grants from the Commonwealth Government, which are recognised under AASB 1058. The State has not recognised any material grant revenue under AASB 15 in the current or previous year.

B.6.5 Other revenue and income (\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
Amounts recognised as revenue from contracts with customers (AASB 15)			
119	Royalties	113	151
260	Other revenue – health	258	349
713	Other miscellaneous revenue	700	1 319
Amounts recognised as income of not-for-profit entities (AASB 1058)			
489	Fair value of assets received free of charge or for nominal consideration ^(a)	196	188
447	Fines	567	742
170	Donations and gifts ^(b)	180	233
297	Other income – education	329	326
...	Other miscellaneous income	...	5
Amounts recognised as lease income (AASB 16)			
23	Other non-property rental	22	31
Revenue items accounted for under AASB 1059			
373	Revenue related to economic service concession arrangements	456	657
2 892	Total other revenue and income	2 821	4 001

Notes:

(a) The 2025-26 figure includes \$157 million (2024-25: \$481 million) relating to the progressive recognition of the contribution made by the Cross Yarra Partnerships consortium (assets free of charge) as part of the Metro Tunnel settlement.

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

B.6.6 Receivables and contract assets (\$ million)

2024-25		2025-26		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
Contractual				
900	Sales of goods and services	580	809	631
47	Accrued investment income	102	58	72
2 675	Other receivables	2 719	3 088	2 723
(183)	Allowance for impairment losses of contractual receivables	(143)	(157)	(142)
Statutory				
..	Sales of goods and services	1	4	1
9 793	Taxes receivable	6 098	10 151	6 427
2 510	Fines and regulatory fees	2 528	2 641	2 547
381	GST input tax credits recoverable	541	573	542
..	Other receivables	121	..	..
(2 357)	Allowance for impairment losses of statutory receivables	(2 345)	(2 438)	(2 360)
Other				
..	Contract assets	3	..	2
13 766	Total receivables and contract assets	10 203	14 730	10 443
Represented by:				
12 930	Current receivables and contract assets	9 156	13 629	9 399
835	Non-current receivables and contract assets	1 048	1 101	1 044

B.6.7 Other liabilities (\$ million)

<i>2024-25</i>		<i>2025-26</i>		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>1 Jul</i>	<i>31 Mar</i>	<i>budget</i>
452	Contract liabilities	435	580	438
20 065	Grant of a right to the operator liability	20 125	19 841	19 733
1 884	Unearned income	1 910	2 270	2 342
22 401	Total other liabilities	22 470	22 690	22 514
	Represented by:			
1 605	Current other liabilities	1 736	2 286	2 298
20 796	Non-current other liabilities	20 734	20 404	20 216

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 obligations outstanding as at 31 March 2026.

B.7.1 Employee expenses and provision for employee benefits

Employee expenses (operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. More than 93 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 2026.

B.7.2 Provision for employee benefits (balance sheet)		(\$ million)		
<i>2024-25</i>		<i>2025-26</i>		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>1 Jul</i>	<i>31 Mar</i>	<i>budget</i>
	Current			
1 149	Accrued salaries and wages	967	1 209	890
120	Other employee benefits	146	132	144
3 086	Annual leave	3 337	3 209	3 368
6 334	Long service leave	6 504	6 515	6 650
10 690	Total current employee benefits and on-costs	10 954	11 064	11 053
	Non-current			
1 131	Long service leave	1 116	1 104	1 276
1 131	Total non-current employee benefits and on-costs	1 116	1 104	1 276
11 820	Total employee benefits and on-costs	12 070	12 167	12 329

B.7.3 Superannuation expense (operating statement) (\$ million)

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
Defined benefit plans			
588	Net superannuation interest expense	588	784
751	Current service cost	770	1 027
Remeasurements:			
(481)	Expected return on superannuation assets excluding interest income	(412)	(548)
181	Other actuarial (gain)/loss on superannuation assets	664	664
(965)	Actuarial and other adjustments to unfunded superannuation liability	(2 916)	(2 916)
75	Total expense recognised in respect of defined benefit plans	(1 306)	(990)
Defined contribution plans			
2 559	Employer contributions to defined contribution plans	2 799	3 583
77	Other (including pensions)	80	109
2 636	Total expense recognised in respect of defined contribution plans	2 880	3 692
2 712	Total superannuation (gain)/expense recognised in operating statement	1 574	2 702
Represented by:			
588	Net superannuation interest expense	588	784
3 388	Other superannuation	3 650	4 719
3 976	Superannuation expense from transactions	4 238	5 503
(1 264)	Remeasurement recognised in other comprehensive income	(2 664)	(2 801)
2 712	Total superannuation costs recognised in operating statement	1 574	2 702

B.7.4 Grant expense (\$ million)

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
Current grant expense			
2 409	Commonwealth Government	2 555	3 535
372	Local government (including grants for on-passing)	616	950
5 396	Private sector and not-for-profit on-passing	5 733	5 810
3 289	Other private sector and not-for-profit	3 151	4 727
1 901	Grants within the Victorian Government	2 098	2 680
104	Grants to other state governments	71	132
13 471	Total current grant expense	14 225	17 834
Capital grant expense			
	Commonwealth Government	6	12
146	Local government (including grants for on-passing)	129	140
216	Private sector and not-for-profit on-passing	188	236
10	Other private sector and not-for-profit	6	22
21	Grants within the Victorian Government	49	52
12	Other grants	24	19
405	Total capital grant expense	402	480
13 876	Total grant expense	14 627	18 315

B.7.5 Other operating expenses (\$ million)

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
4 072	Purchase of supplies and consumables	4 391	7 073
18	Cost of goods sold	14	182
50	Finance expenses and fees	59	65
14 383	Purchase of services	15 415	21 183
622	Insurance claims expense	861	1 024
992	Maintenance	1 170	1 728
100	Short-term and low value lease expense	97	104
1 611	Other	1 458	1 689
21 848	Total other operating expenses	23 465	33 048

B.7.6 Payables (\$ million)

<i>2024-25</i>		<i>2025-26</i>		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>1 Jul</i>	<i>31 Mar</i>	<i>budget</i>
Contractual				
1 061	Accounts payable	1 350	1 296	1 315
4 407	Accrued expenses	5 139	4 944	5 062
Statutory				
72	Accrued taxes payable	70	64	445
5 539	Total payables	6 558	6 304	6 822
Represented by:				
5 382	Current payables	6 387	6 101	6 651
157	Non-current payables	171	203	170

B.7.7 Total expenses from transactions by classification of the functions of government and by portfolio department

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

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
7 273	General public services	7 914	11 096
8 830	Public order and safety	9 331	12 814
2 033	Economic affairs	2 400	4 115
862	Environmental protection	882	1 506
1 306	Housing and community amenities	1 779	2 548
24 067	Health	24 876	34 006
814	Recreation, culture and religion	1 047	1 439
19 409	Education	20 566	25 951
6 948	Social protection	6 764	9 205
6 242	Transport	6 965	9 919
(500)	Not allocated by function ^(a)	(340)	(1 413)
77 284	Total expenses from transactions	82 185	111 186

Note:

(a) Mainly comprises departmental underspending and eliminated purchases of supplies and consumables between government entities.

Total expenses from transactions by portfolio department (\$ million)

2024-25		2025-26	
actual		actual	revised
31 Mar		31 Mar	budget
Expenses from transactions			
18 452	Education	19 417	23 880
2 708	Energy, Environment and Climate Action	2 831	4 008
7 046	Families, Fairness and Housing	7 008	8 945
1 121	Government Services	1 334	1 962
24 288	Health	25 117	34 470
3 058	Jobs, Skills, Industry and Regions	3 405	4 832
8 090	Justice and Community Services	8 614	10 794
443	Premier and Cabinet	372	555
7 105	Transport and Planning	7 859	10 653
11 872	Treasury and Finance	12 900	15 809
273	Parliament	283	399
693	Courts	646	905
2 883	Regulatory bodies and other part funded agencies ^(a)	3 630	5 259
88 033	Total expenses by department	93 416	122 471
(10 749)	Less eliminations and adjustments ^(b)	(11 231)	(11 285)
77 284	Total expenses from transactions	82 185	111 186

Notes:

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

(b) Mainly comprising payroll tax (including the COVID Debt Levy – Payroll \$10m+), the mental health and wellbeing levy and interdepartmental transfers. The budget includes contingencies not allocated to departments and estimated departmental underspend.

B.7.8 Purchases of non-financial assets by portfolio department (\$ million)

2024-25		2025-26	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
1 592	Education	1 547	2 393
135	Energy, Environment and Climate Action	93	246
28	Families, Fairness and Housing	15	59
3	Government Services	31	148
1 415	Health	1 003	1 738
207	Jobs, Skills, Industry and Regions	225	290
304	Justice and Community Safety	236	357
6	Premier and Cabinet	7	19
8 056	Transport and Planning	7 283	10 240
6	Treasury and Finance	10	14
12	Parliament	26	17
126	Courts	105	141
277	Regulatory bodies and other part funded agencies ^(a)	172	335
12 169	Total purchases of non-financial assets by department	10 754	15 998
<i>(36)</i>	<i>Less eliminations and adjustments ^(b)</i>	<i>(6)</i>	<i>(142)</i>
12 133	Total purchases of non-financial assets	10 747	15 856

Notes:

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

(b) The revised budget includes contingencies not allocated to departments and estimated departmental underspend.

B.7.9 Net acquisition of non-financial assets from transactions (\$ million)

2024-25		2025-26	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
12 101	Purchases of non-financial assets (including change in inventories)	10 755	15 850
(156)	Less: Sales of non-financial assets	(127)	(283)
(4 069)	Less: Depreciation and amortisation	(4 427)	(6 243)
1 833	Plus/(less): Other movements in non-financial assets ^(a)	(18 565)	(24 617)
9 708	Total net acquisition/(disposal) of non-financial assets from transactions	(12 364)	(15 293)

Note:

(a) The 2025-26 figures include the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.

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		(\$ million)		
2024-25		2025-26		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>1 Jul</i>	<i>31 Mar</i>	<i>budget</i>
60 630	Buildings	61 686	61 022	62 544
96 468	Land and national parks	91 359	91 691	92 365
1 333	Infrastructure	1 761	1 707	1 717
4 167	Plant, equipment and vehicles	4 497	4 420	4 574
31 816	Roads and road infrastructure	43 663	53 846	53 924
12 370	Earthworks	14 403	14 733	14 415
6 838	Cultural assets	7 445	7 581	7 692
66 022	Construction in progress ^(a)	63 431	41 250	37 408
279 644	Total land, buildings, infrastructure, plant and equipment	288 244	276 250	274 640

Note:

(a) The decrease in 2025-26 includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion, as well as the capitalisation of the West Gate Tunnel into the roads and road infrastructure line item upon its completion.

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)

2024-25		2025-26		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
9 380	Buildings	8 997	8 770	8 493
2	Infrastructure	2	2	2
582	Plant, equipment and vehicles	565	563	807
9 964	Total right-of-use assets: land, buildings, infrastructure, plant and equipment	9 564	9 335	9 303

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

2024-25		2025-26		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
2 352	Buildings	2 358	2 103	2 374
3 381	Land and national parks	2 859	3 076	2 979
..	Infrastructure	7	6	6
298	Plant, equipment and vehicles	357	341	332
7 359	Roads and road infrastructure	8 546	18 345	19 898
1 056	Earthworks	913	1 160	913
23 192	Construction in progress ^(a)	23 775	328	635
37 639	Total service concession assets: land, buildings, infrastructure, plant and equipment	38 815	25 359	27 138

Note:

(a) The decrease in the 2025-26 includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion, as well as the capitalisation of the West Gate Tunnel into the roads and road infrastructure line item upon its completion.

B.8.2 Depreciation (\$ million)

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
2 351	Buildings	2 370	3 434
38	Infrastructure	49	65
675	Plant, equipment and vehicles	655	866
849	Roads and road infrastructure	1 219	1 650
9	Cultural assets	11	10
147	Intangible produced assets	122	217
4 069	Total depreciation of buildings, infrastructure, plant and equipment	4 427	6 243

The following two tables are subsets of total depreciation expense.

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

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
520	Buildings	485	807
1	Infrastructure	1	..
88	Plant, equipment and vehicles	90	108
609	Total depreciation of right-of-use assets	576	915

Depreciation of service concession assets (\$ million)

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
67	Buildings	65	76
22	Plant, equipment and vehicles	28	44
174	Roads and road infrastructure	311	449
3	Intangible produced assets	3	1
266	Total depreciation of service concession assets	408	571

B.8.3 Other non-financial assets

(\$ million)

<i>2024-25</i>		<i>2025-26</i>		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>1 Jul</i>	<i>31 Mar</i>	<i>budget</i>
3 152	Intangible produced assets	3 252	3 300	3 432
(1 856)	Accumulated depreciation	(1 877)	(1 950)	(2 079)
3 597	Service concession assets – Intangible produced	3 877	3 937	4 006
(10)	Accumulated depreciation	..	(3)	(1)
76	Intangible non-produced assets	75	75	76
(67)	Accumulated amortisation	(68)	(70)	(67)
4 891	Total intangibles	5 259	5 288	5 367
316	Investment properties	286	281	269
1 475	Other assets	1 361	1 624	1 384
6 683	Total other non-financial assets	6 906	7 193	7 021

B.9 FINANCING OPERATIONS

Introduction

The general government sector's operations are financed through a variety of means including a combination of surplus cash flows from operating activities, asset sales, advances and borrowings.

This section presents the financing of the general government sector operations.

B.9.1 Borrowings		(\$ million)		
2024-25		2025-26		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>1 Jul</i>	<i>31 Mar</i>	<i>budget</i>
	Current borrowings			
22 518	Domestic borrowings	20 115	23 147	20 639
628	Lease liabilities	717	640	660
691	Service concession arrangement liabilities	552	232	427
..	Derivative financial instruments	1	1	1
23 837	Total current borrowings	21 385	24 021	21 727
	Non-current borrowings			
149 496	Domestic borrowings	152 611	165 777	169 126
7 049	Lease liabilities	6 816	6 742	6 700
5 110	Service concession arrangement liabilities	5 224	5 316	5 307
223	Derivative financial instruments	222	215	184
161 878	Total non-current borrowings	164 874	178 051	181 317
185 715	Total borrowings	186 259	202 072	203 044

B.9.2 Interest expense		(\$ million)	
2024-25		2025-26	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
4 399	Interest on interest-bearing liabilities and deposits	5 133	7 036
300	Interest on lease liabilities	277	398
280	Interest on service concession liabilities	301	393
6	Discount interest on payables	6	27
4 985	Total interest expense	5 717	7 853

B.9.3 Reconciliation of cash and cash equivalents		(\$ million)	
2024-25		2025-26	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
2 851	Cash	4 389	4 095
10 446	Deposits at call	11 622	9 372
13 297	Cash and cash equivalents	16 011	13 467
13 297	Balances as per cash flow statement	16 011	13 467

B.10 PUBLIC ACCOUNT

Introduction

This section discloses information in respect of the Public Account.

B.10.1 Consolidated fund receipts and payments		(\$ million)	
<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
	Receipts		
27 862	Taxation	29 941	42 901
706	Fines and regulatory fees	797	1 011
23 025	Grants received	27 551	38 899
811	Sales of goods and services	886	1 341
748	Interest received	788	1 028
302	Dividends, and income tax equivalent receipts	231	909
702	Other receipts	1 007	1 411
54 156	Total cash inflows from operating activities	61 202	87 500
20 110	Total cash inflows from investing and financing	16 495	18 318
74 266	Total consolidated fund receipts	77 697	105 818
	Payments to departments		
13 809	Education	13 985	18 716
2 726	Energy, Environment and Climate Action	2 665	3 748
7 831	Families, Fairness and Housing	7 384	9 454
569	Government Services	721	763
15 740	Health	16 769	21 765
3 034	Jobs, Skills, Industry and Regions	3 230	3 982
8 012	Justice and Community Safety	8 647	10 919
432	Premier and Cabinet	376	515
14 909	Transport and Planning	14 500	20 568
6 459	Treasury and Finance	7 396	15 117
260	Parliament	287	375
748	Courts	645	896
74 529	Sub total	76 606	106 820
..	Appropriations remaining unspent	..	(1 550)
74 529	Total payments	76 606	105 270
(262)	Net receipts/(payments)	1 091	548

B.10.2 Trust fund cash flow statement

(\$ million)

<i>2024-25</i>		<i>2025-26</i>	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
Cash flows from operating activities			
Receipts			
470	Taxation	562	817
209	Regulatory fees and fines	197	213
21 213	Grants received	22 780	28 103
1 362	Sale of goods and services	1 132	1 246
204	Interest received	210	237
542	Dividends received	979	961
7 202	Net transfers from Consolidated Fund	5 991	9 028
124	Other receipts	267	308
31 326	Total receipts	32 118	40 914
Payments			
(445)	Payments for employees	(433)	(475)
(45)	Superannuation	(48)	(43)
(103)	Interest paid	(61)	(87)
(23 618)	Grants and subsidies	(23 823)	(29 757)
(3 305)	Goods and services	(3 167)	(4 646)
(27 516)	Total payments	(27 532)	(35 008)
3 810	Net cash flows from operating activities	4 586	5 906
Cash flows from investing activities			
(103)	Purchases of non-financial assets	(139)	(3 386)
90	Sales of non-financial assets	64	52
(2 439)	Net proceeds from customer loans	(161)	(15)
(4 604)	Other investing activities	(5 166)	(3 630)
(7 056)	Net cash flows from investing activities	(5 401)	(6 979)
Cash flows from financing activities			
(121)	Net borrowings	363	122
(121)	Net cash flows from financing activities	363	122
(3 367)	Net increase/(decrease) in trust fund cash and deposits	(452)	(951)

B.10.3 Reconciliation of cash flows to balances held (\$ million)

	<i>Balances held at 30 Jun 2025</i>	<i>Mar movement YTD</i>	<i>Balances held at 31 Mar 2026</i>
Cash and deposits			
Cash and balances outside of the Public Account	1	..	1
Deposits held with the Public Account – Specific trusts	2 403	502	2 905
Other balances held in the Public Account	3 772	399	4 171
Total cash and deposits	6 176	902	7 078
Investments			
Investments held with the Public Account – Specific trusts	12 986	581	13 567
Total investments	12 986	581	13 567
Total fund balances	19 162	1 483	20 645
Less funds held outside the public account			
Cash	1	..	1
Total fund balances held outside the Public Account	1	..	1
Total fund balances held in the Public Account ^(a)	19 160	1 483	20 643

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)

<i>2024-25 actual 31 Mar</i>		<i>2025-26 opening 1 Jul</i>	<i>actual 31 Mar</i>
14 498	Amounts invested on behalf of specific trust accounts	15 388	16 472
2 384	General account balances	3 772	4 171
16 882	Total Public Account	19 160	20 643
Represented by:			
16 579	Stock, securities, cash and investments	18 798	20 252
Add cash advanced for:			
303	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	362	391
16 882	Total Public Account	19 160	20 643

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)	
2024-25		2025-26	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>31 Mar</i>		<i>31 Mar</i>	<i>budget</i>
38	Net (increase)/decrease in allowances for credit losses	(128)	(53)
(4)	Amortisation of intangible non-produced assets	(4)	(1)
(226)	Bad debts written off	(277)	(462)
(66)	Other gains/(losses)	272	(13)
(258)	Total other gains/(losses) from other economic flows	(137)	(528)

B.11.2 Controlled entities

Note 8.8 *Controlled entities* in the *2024-25 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 1.6.4 of Chapter 1 of this budget paper for changes to general government sector entities since 1 July 2025.

B.11.3 Glossary of technical terms

Note 8.9 in the *2024-25 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)

	2024-25		2025-26		
	Mar	Jun	Sep	Dec	Mar
Revenue and income from transactions					
Taxation	13 638	8 425	10 161	8 776	14 319
Interest income	400	365	410	389	399
Dividends and income tax equivalent income	111	1 493	874	212	111
Sales of goods and services	1 723	1 794	1 893	2 039	1 906
Grants	12 349	11 366	12 263	14 521	14 455
Other revenue and income	1 093	1 520	938	1 002	881
Total revenue and income from transactions	29 313	24 963	26 539	26 938	32 070
Expenses from transactions					
Employee expenses	9 318	9 985	9 895	10 118	9 697
Superannuation:					
Net superannuation interest expense	193	195	199	196	193
Other superannuation	1 094	1 136	1 213	1 319	1 119
Depreciation	1 368	1 393	1 468	1 442	1 517
Interest expense	1 726	1 789	1 810	1 971	1 936
Grant expense	5 356	3 345	4 393	4 536	5 698
Other operating expenses	7 203	8 878	7 589	8 023	7 853
Total expenses from transactions	26 260	26 722	26 567	27 604	28 013
Net result from transactions –	3 053	(1 758)	(28)	(666)	4 057
Net operating balance					
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	14	(47)	..	18	(2)
Net gain/(loss) on financial assets or liabilities at fair value	(100)	946	(406)	222	(280)
Share of net profit/(loss) from associates/joint venture entities	(14)	(34)	..	(9)	(5)
Other gains/(losses) from other economic flows	(69)	(285)	(136)	(60)	59
Total other economic flows included in net result	(169)	579	(542)	171	(229)
Net result	2 885	(1 179)	(570)	(495)	3 828
Other economic flows –					
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	182	8 385	207	301	119
Remeasurement of superannuation defined benefits plans	61	(478)	1 184	1 901	(421)
Other movements in equity	(102)	(2)	1	(2)	(18)

**B.12.1 Consolidated comprehensive operating statement
for the past five quarters (continued)**

(\$ million)

	2024-25		2025-26		
	Mar	Jun	Sep	Dec	Mar
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	(1)	(11)	8	15	(1)
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	..	(8 063)	..	6 169	111
Total other economic flows – Other comprehensive income	140	(169)	1 400	8 383	(210)
Comprehensive result – Total change in net worth	3 024	(1 348)	830	7 888	3 618
KEY FISCAL AGGREGATES					
Net operating balance	3 053	(1 758)	(28)	(666)	4 057
Less: Net acquisition of non-financial assets from transactions ^(a)	1 953	746	2 704	3 025	(18 093)
Net lending/(borrowing)	1 100	(2 504)	(2 732)	(3 691)	22 150

Note:

(a) The value against 2025-26 March quarter includes the transfer of the Metro Tunnel assets from the Department of Transport and Planning in the general government sector to VicTrack in the public non-financial corporations sector upon its completion.

B.12.2 Consolidated balance sheet at the end of the past five quarters (\$ million)

	2024-25		2025-26		
	Mar	Jun	Sep	Dec	Mar
Assets					
Financial assets					
Cash and deposits	13 297	12 800	15 277	14 882	16 011
Advances paid	6 326	6 407	6 228	6 225	6 221
Receivables and contract assets	13 766	10 203	10 468	9 685	14 730
Investments, loans and placements	16 514	17 781	18 140	18 558	18 414
Investments accounted for using the equity method	1 131	1 141	1 199	1 232	1 247
Investments in PNFC and PFC sector entities	100 727	96 401	97 792	105 631	126 043
Total financial assets	151 760	144 732	149 104	156 212	182 667
Non-financial assets					
Inventories	304	277	294	427	444
Non-financial assets held for sale	80	145	126	210	195
Land, buildings, infrastructure, plant and equipment	279 644	288 244	291 125	293 960	276 250
Other non-financial assets	6 683	6 906	8 040	7 460	7 193
Total non-financial assets	286 711	295 573	299 585	302 057	284 082
Total assets	438 471	440 305	448 690	458 269	466 749
Liabilities					
Deposits held and advances received	1 494	1 595	1 649	1 654	1 686
Payables	5 539	6 558	5 871	5 659	6 304
Borrowings	185 715	186 259	194 511	198 934	202 072
Employee benefits	11 820	12 070	12 382	11 780	12 167
Superannuation	17 486	18 284	17 169	15 486	16 118
Other provisions	3 360	3 762	4 125	3 950	4 071
Other liabilities	22 401	22 470	22 847	22 782	22 690
Total liabilities	247 816	250 999	258 553	260 245	265 107
Net assets	190 655	189 307	190 136	198 024	201 642
Equity					
Accumulated surplus/(deficit)	43 783	41 982	42 605	43 920	49 262
Reserves	146 872	147 325	147 531	154 104	152 379
Net worth	190 655	189 307	190 136	198 024	201 642
FISCAL AGGREGATES					
Net financial worth	(96 056)	(106 266)	(109 449)	(104 033)	(82 441)
Net financial liabilities	196 783	202 667	207 241	209 663	208 484
Net debt	151 072	150 867	156 515	160 924	163 110

B.12.3 Consolidated cash flow statement for the past five quarters (\$ million)

	2024-25		2025-26		
	Mar	Jun	Sep	Dec	Mar
Cash flows from operating activities					
Receipts					
Taxes received	8 611	12 080	10 090	9 796	9 266
Grants	12 344	11 223	12 367	14 594	14 466
Sales of goods and services ^(a)	2 098	1 985	1 996	2 133	2 239
Interest received	386	332	403	338	353
Dividends and income tax equivalent receipts	194	1 489	903	215	111
Other receipts	213	1 414	604	436	563
Total receipts	23 846	28 523	26 362	27 512	26 996
Payments					
Payments for employees	(8 798)	(9 808)	(9 560)	(10 592)	(9 252)
Superannuation	(1 109)	(1 012)	(1 343)	(1 297)	(1 101)
Interest paid	(1 685)	(1 675)	(1 722)	(1 802)	(1 935)
Grants and subsidies	(5 345)	(3 188)	(4 601)	(4 549)	(5 648)
Goods and services ^(a)	(6 443)	(7 255)	(8 813)	(7 320)	(6 811)
Other payments	(407)	(544)	(545)	(479)	(363)
Total payments	(23 787)	(23 482)	(26 584)	(26 039)	(25 110)
Net cash flows from operating activities	59	5 041	(222)	1 473	1 887
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(3 290)	(4 087)	(3 432)	(4 162)	(3 154)
Sales of non-financial assets	55	76	41	47	39
Net cash flows from investments in non-financial assets	(3 235)	(4 011)	(3 391)	(4 114)	(3 115)
Net cash flows from investments in financial assets for policy purposes	(569)	(1 081)	(1 416)	(1 280)	(581)
Sub-total	(3 804)	(5 092)	(4 807)	(5 394)	(3 696)
Net cash flows from investments in financial assets for liquidity management purposes	(126)	(460)	(1 166)	(156)	(139)
Net cash flows from investing activities	(3 931)	(5 552)	(5 973)	(5 550)	(3 835)
Cash flows from financing activities					
Advances received (net)	(11)	50	(7)	(8)	(7)
Net borrowings	2 263	(87)	7 923	3 677	2 935
Deposits received (net)	71	50	61	13	38
Other financing (net)	..	..	695	..	112
Net cash flows from financing activities	2 322	14	8 673	3 682	3 079
Net increase/(decrease) in cash and cash equivalents	(1 550)	(497)	2 477	(395)	1 130
Cash and cash equivalents at beginning of reporting period	14 847	13 297	12 800	15 277	14 882
Cash and cash equivalents at end of the reporting period	13 297	12 800	15 277	14 882	16 011
FISCAL AGGREGATES					
Net cash flows from operating activities	59	5 041	(222)	1 473	1 887
Net cash flows from investments in non-financial assets	(3 235)	(4 011)	(3 391)	(4 114)	(3 115)
Cash surplus/(deficit)	(3 176)	1 030	(3 614)	(2 641)	(1 228)

Note:

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

APPENDIX C – COMPLIANCE INDEX: REQUIREMENTS OF THE *FINANCIAL MANAGEMENT ACT 1994* AND *AUDIT ACT 1994*

The budget papers comply with the provisions of the *Financial Management Act 1994* and *Audit Act 1994*.

Table C.1 details the requirements of the *Financial Management Act 1994* together with appropriate references in the document.

Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2026-27 Budget

<i>Financial Management Act 1994 reference</i>	<i>Requirement</i>	<i>Location</i>
Section 23E-G	Statement of financial policy objectives and strategic objectives 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.	Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i> Budget Paper No. 5, Chapter 1 <i>Estimated financial statements for the general government Sector</i>
Section 23H-J	<p>Estimated general government sector financial statements for the year comprising:</p> <ul style="list-style-type: none"> (a) an estimated statement of financial performance (b) an estimated statement of financial position at the end of the year (c) an estimated statement of cash flows for the year (d) a statement of the accounting policies on which these statements are based and explanatory notes. <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>	Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i> Budget Paper No. 5, Chapter 1 <i>Estimated financial statements for the general government Sector</i>

Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2026-27 Budget (continued)

<i>Financial Management Act 1994 reference</i>	<i>Requirement</i>	<i>Location</i>
Section 23K	Accompanying statements that take into account Government decisions and other circumstances that may have a material effect on each set of estimated financial statements comprising: <ul style="list-style-type: none"> (a) a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements (b) a discussion of the sensitivity of the estimated financial statements to changes in those economic and other assumptions (c) an overview of the estimated tax expenditures for the financial years covered by the estimated financial statements (d) 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. 	Budget Paper No. 2, Chapter 2 <i>Economic context</i> Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i> Budget Paper No. 5, Chapter 1 <i>Estimated financial statements for the general government sector</i> Budget Paper No. 2, Chapter 6 <i>Sensitivity analysis</i> Budget Paper No. 5, Chapter 1 <i>Estimated financial statements for the general government sector</i> Budget Paper No. 5, Chapter 5 <i>Tax expenditures and concessions</i> Budget Paper No. 2, Chapter 2 <i>Economic context</i> Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i> Budget Paper No. 5, Chapter 6 <i>Contingent assets and contingent liabilities</i>
Section 23O(1)	The Minister must prepare a statement of the gender impacts of the budget for each financial year in association with the budget for that financial year.	<i>Gender Equality Budget Statement</i>

Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2026-27 Budget (continued)

<i>Financial Management Act 1994 reference</i>	<i>Requirement</i>	<i>Location</i>
Section 26(1)	The Minister must prepare a quarterly financial report for each financial year.	Budget Paper No. 5, Appendix B <i>2025-26 Budget outcome incorporating the financial report for the March quarter 2026</i>
Section 26(2)	A quarterly financial report comprises: <ul style="list-style-type: none"> (a) a statement of financial performance of the Victorian general government sector for the quarter (b) a statement of financial position of the Victorian general government sector at the end of the quarter (c) a statement of cash flows of the Victorian general government sector for the quarter a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based.	Budget Paper No. 5, Appendix B <i>2025-26 Budget outcome incorporating the financial report for the March quarter 2026</i>
Section 26(2A)	A quarterly financial report must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks.	Budget Paper No. 5, Appendix B <i>2025-26 Budget outcome incorporating the financial report for the March quarter 2026</i>
Section 26(3)	The quarterly financial report for the quarter ending on 31 March in a financial year must include, in addition to the statements referred to in sub-section (2)(a) to (d) for that quarter, those statements for the period of 9 months ending on that 31 March.	Budget Paper No. 5, Appendix B <i>2025-26 Budget outcome incorporating the financial report for the March quarter 2026</i>

Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2026-27 Budget (continued)

<i>Financial Management Act 1994 reference</i>	<i>Requirement</i>	<i>Location</i>
Section 40(1)	The Minister must prepare, in association with the annual appropriation Bills, a statement of information under departmental headings setting out:	
	(a) 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	<i>2026-27 Department Performance Statements</i>
	(b) 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	<i>Budget Paper No. 5, Chapter 3 Departmental financial statements 2026-27 Department Performance Statements</i>
	(c) 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.	<i>2026-27 Department Performance Statements</i>

Table C.2 details the requirements of the *Audit Act 1994* together with appropriate references in the document.

Table C.2: Statements required by the *Audit Act 1994* and their location in the 2026-27 Budget

<i>Audit Act 1994 reference</i>	<i>Requirement</i>	<i>Location</i>
Section 19(1)	<p>The Auditor-General must conduct an assurance review of each set of estimated financial statements and make a report to the Parliament as to whether it appears that:</p> <ul style="list-style-type: none"> (a) the statements have been prepared on a basis consistent with the accounting policies on which they are stated to be based; and (b) the statements are consistent with the targets specified in the current financial policy objectives and strategies statement for each key financial measure specified in that statement; and (c) the statements have been properly prepared on the basis of the assumptions contained in the accompanying statement prepared in association with the statements under section 23K of the <i>Financial Management Act 1994</i>; and (d) the methodologies used to determine those assumptions are reasonable. 	Budget Paper No. 5, Chapter 1 <i>Estimated financial statements for the general government sector</i>
Section 19(3)	The Minister must cause each report under subsection (1) to be laid before each House of the Parliament with the estimated financial statements to which it relates.	Budget Paper No. 5, Chapter 1 <i>Estimated financial statements for the general government sector</i>

STYLE CONVENTIONS

The source of data for tables and charts is the Department of Treasury and Finance unless specified otherwise.

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage 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 for additional terms and references.

Victorian Budget
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Statement of Finances

(incorporating Quarterly Financial Report No. 3)

BUDGET PAPER NO. 5

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