



**Victorian Budget**  
2023/24

# Quarterly Financial Report No. 1

Presented by Danny Pearson MP  
Acting Treasurer of the State of Victoria



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## September 2023

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## OVERVIEW

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

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

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

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

## FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

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

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

### Revenue from transactions

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

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

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

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

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

### Expenses from transactions

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

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

## Other economic flows

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

## Balance sheet

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

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

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

## Cash flow statement

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



## Government infrastructure investment

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

### The Government's infrastructure scorecard as at 30 September 2023

Major projects in progress include:

- 85 by 2025 (Level Crossing Removal)
- A Pathway to More Acute Mental Health Beds
- Additional Acute Mental Health Beds in Regional Victoria
- Additional VLocity trains
- Ballarat Health Services expansion and redevelopment
- Barwon Heads Road Upgrade Stage 2
- Barwon Women's and Children's Hospital
- Best Start, Best Life: Infrastructure
- Big Housing Build
- Casey Hospital Emergency Department Expansion Project
- City Loop fire and safety upgrade (Stage 2) and intruder alarm
- Courts case management system
- E-Class Tram Infrastructure Program
- Enrolment Growth and New Schools (Land acquisition for new schools, New schools construction, Relocatable Buildings Program, School upgrades: established area growth)
- Forensic Mental Health Expansion Project (Thomas Embling Hospital)
- Frankston Hospital Redevelopment
- Geelong Convention and Exhibition Centre (part of Geelong City Deal)
- Geelong Fast Rail
- Gippsland Line Upgrade Stage 1
- High Capacity Metro Trains
- Homes Victoria Ground Lease Model Project 1
- Homes Victoria Ground Lease Model Project 2
- Hospital Infrastructure Delivery Fund
- Hurstbridge Line upgrade Stage 2
- Kananook Train Maintenance Facility Stage 2
- Kardinia Park Stadium Stage 5 Redevelopment
- M80 Ring Road upgrade
- Melbourne Arts Precinct Transformation Phase One
- Melton Line Upgrade
- Men's prison system capacity
- Metro Tunnel
- Metropolitan Network Modernisation program

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

- More VLocity trains
- Murray Basin Rail Project
- New Footscray Hospital
- New Melton Hospital
- New metropolitan trains
- New trains for Sunbury
- New Wyndham Law Court
- Next generation computer aided dispatch system for Triple Zero
- Next Generation Trams
- North East Link – Primary Package (Tunnels)
- North East Link (State and Freeway Packages)
- Princes Highway East Duplication - Stage 3
- Public housing renewal program
- Public transport ticketing asset renewal
- Redevelopment of Royal Melbourne Hospital and Royal Women's Hospital and new Arden Hospital
- Shepparton Line Upgrade – Stage 3
- South Dynon Train Maintenance Facility Stage 1
- South Dynon Train Maintenance Facility Stage 2
- Suburban Rail Loop – Airport
- Suburban Rail Loop East
- Suburban Roads Upgrade
- Technology and resources to support Victoria's fines system
- Ten new community hospitals to give patients the best care
- Tram infrastructure upgrades
- Twenty-five more level crossing removals by 2030
- Warrnambool Base Hospital Redevelopment
- Warrnambool Line Upgrade – Stage 2
- Waurn Ponds Track Duplication – Stage 2
- West Gate Tunnel
- Western Highway duplication – Ballarat to Stawell
- Western Rail Plan

# CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 30 September

(\$ million)

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

Note:

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

## CONSOLIDATED BALANCE SHEET

As at 30 September

(\$ million)

2022-23		2023-24			
actual			opening	actual	revised
30 Sep		Notes	1 Jul	30 Sep	budget
<b>Assets</b>					
<b>Financial assets</b>					
22 544	Cash and deposits	6.2	19 698	16 332	12 204
5 025	Advances paid		5 308	5 480	6 770
8 041	Receivables and contract assets	5.1	9 046	8 745	9 728
3 472	Investments, loans and placements		3 853	12 483	13 374
1 221	Investments accounted for using the equity method		1 180	1 181	1 180
89 414	Investments in other sector entities		96 042	96 136	97 389
<b>129 716</b>	<b>Total financial assets</b>		<b>135 128</b>	<b>140 356</b>	<b>140 645</b>
<b>Non-financial assets</b>					
1 130	Inventories		574	485	157
154	Non-financial assets held for sale		110	100	88
229 316	Land, buildings, infrastructure, plant and equipment	4.1	249 480	253 364	258 538
6 970	Other non-financial assets <sup>(a)</sup>	4.7	5 898	6 826	5 772
<b>237 569</b>	<b>Total non-financial assets <sup>(a)</sup></b>		<b>256 062</b>	<b>260 775</b>	<b>264 556</b>
<b>367 285</b>	<b>Total assets <sup>(a)</sup></b>		<b>391 190</b>	<b>401 131</b>	<b>405 200</b>
<b>Liabilities</b>					
1 762	Deposits held and advances received		1 615	1 761	1 581
27 048	Payables	5.2	28 047	28 999	28 230
358	Contract liabilities	5.2	352	372	324
125 758	Borrowings		142 289	153 123	164 529
9 911	Employee benefits	3.2	10 250	10 563	10 583
18 845	Superannuation		18 904	17 181	19 009
2 026	Other provisions		2 950	2 821	2 979
<b>185 707</b>	<b>Total liabilities</b>		<b>204 407</b>	<b>214 820</b>	<b>227 235</b>
<b>181 578</b>	<b>Net assets <sup>(a)</sup></b>		<b>186 783</b>	<b>186 311</b>	<b>177 965</b>
52 290	Accumulated surplus/(deficit)		45 889	45 805	42 365
129 289	Reserves <sup>(a)</sup>		140 894	140 506	135 601
<b>181 578</b>	<b>Net worth <sup>(a)</sup></b>		<b>186 783</b>	<b>186 311</b>	<b>177 965</b>
<b>FISCAL AGGREGATES</b>					
(55 991)	Net financial worth		(69 279)	(74 464)	(86 590)
145 405	Net financial liabilities		165 321	170 600	183 980
96 479	Net debt		115 044	120 589	133 763

Note:

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

## CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 September

(\$ million)

2022-23 actual 30 Sep		Notes	2023-24 actual 30 Sep	published budget
<b>Cash flows from operating activities</b>				
<b>Receipts</b>				
7 962	Taxes received		8 688	34 121
9 307	Grants		9 583	41 753
2 097	Sales of goods and services <sup>(a)</sup>		1 650	6 618
235	Interest received		404	1 557
88	Dividends, income tax equivalent and rate equivalent receipts		154	1 551
8 171	Other receipts		505	2 063
<b>27 859</b>	<b>Total receipts</b>		<b>20 985</b>	<b>87 664</b>
<b>Payments</b>				
(8 282)	Payments for employees		(8 362)	(34 959)
(838)	Superannuation		(906)	(3 532)
(724)	Interest paid		(1 116)	(5 246)
(4 190)	Grants and subsidies		(3 997)	(16 859)
(6 033)	Goods and services <sup>(a)</sup>		(6 939)	(25 318)
(240)	Other payments		(253)	(921)
<b>(20 307)</b>	<b>Total payments</b>		<b>(21 572)</b>	<b>(86 835)</b>
<b>7 552</b>	<b>Net cash flows from operating activities</b>		<b>(587)</b>	<b>829</b>
<b>Cash flows from investing activities</b>				
<b>Cash flows from investments in non-financial assets</b>				
(3 500)	Purchases of non-financial assets	3.5	(4 250)	(15 647)
73	Sales of non-financial assets		52	545
<b>(3 426)</b>	<b>Net cash flows from investments in non-financial assets</b>		<b>(4 198)</b>	<b>(15 102)</b>
(391)	Net cash flows from investments in financial assets for policy purposes		(259)	(3 648)
<b>(3 818)</b>	<b>Sub-total</b>		<b>(4 457)</b>	<b>(18 750)</b>
(71)	Net cash flows from investments in financial assets for liquidity management purposes		(8 613)	(9 516)
<b>(3 889)</b>	<b>Net cash flows from investing activities</b>		<b>(13 069)</b>	<b>(28 267)</b>
<b>Cash flows from financing activities</b>				
(111)	Advances received (net)		(10)	(34)
7 968	Net borrowings		10 145	19 978
38	Deposits received (net)		156	..
<b>7 896</b>	<b>Net cash flows from financing activities</b>		<b>10 291</b>	<b>19 944</b>
<b>11 559</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3 366)</b>	<b>(7 494)</b>
10 985	Cash and cash equivalents at beginning of reporting period		19 698	19 698
<b>22 544</b>	<b>Cash and cash equivalents at end of the reporting period</b>	6.2	<b>16 332</b>	<b>12 204</b>
<b>FISCAL AGGREGATES</b>				
7 552	Net cash flows from operating activities		(587)	829
(3 426)	Net cash flows from investments in non-financial assets		(4 198)	(15 102)
<b>4 126</b>	<b>Cash surplus/(deficit)</b>		<b>(4 785)</b>	<b>(14 273)</b>

Note:

(a) These items include goods and services tax.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September

(\$ million)

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

Note:

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

## 1. ABOUT THIS REPORT

### Basis of preparation

This September Quarterly Financial Report presents the unaudited financial report for the general government sector for the three months to 30 September 2023.

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

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

### Statement of compliance

These financial statements have been prepared in accordance with section 26 of the *Financial Management Act 1994*, having regard to the recognition and measurement principles of the applicable Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB).

The financial statements are also presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where applicable, those paragraphs of AAS applicable to not-for-profit entities have been applied.

### Basis of accounting and measurement

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

### Reporting entity

The general government sector includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of entities in the general government sector is to provide public services (outputs), which are mainly non-market in nature, for the collective consumption of the community, and involve the transfer or redistribution of revenue, which is financed mainly through taxes and other compulsory levies.

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

### Basis of consolidation

The September Quarterly Financial Report includes all reporting entities in the general government sector that are controlled by the State. Information on entities consolidated for the general government sector is included in Note 6.3. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

## 2. HOW FUNDS ARE RAISED

### Introduction

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

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

### 2.1 Taxation

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

Note:

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



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

(\$ million)

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
..	Dividends from PFC sector	..	610
..	Dividends from PNFC sector	..	162
20	Dividends from non-public sector	30	236
<b>20</b>	<b>Dividends</b>	<b>30</b>	<b>1 008</b>
2	Income tax equivalent income from PFC sector	2	8
66	Income tax equivalent income from PNFC sector	53	254
<b>68</b>	<b>Income tax equivalent income</b>	<b>55</b>	<b>261</b>
..	Local government rate equivalent income	..	5
<b>88</b>	<b>Total dividends, income tax equivalent and rate equivalent income</b>	<b>85</b>	<b>1 275</b>

## 2.3 Sales of goods and services

(\$ million)

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
<b>Amounts recognised as revenue from contracts with customers (AASB 15)</b>			
24	Sale of goods	23	92
1 415	Provision of services	1 223	4 883
<b>Amounts recognised as income of not-for-profit entities (AASB 1058)</b>			
55	Motor vehicle regulatory fees	103	306
184	Other regulatory fees	193	736
<b>Amounts recognised as lease income (AASB 16)</b>			
17	Rental	26	93
<b>1 696</b>	<b>Total sales of goods and services</b>	<b>1 569</b>	<b>6 111</b>

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

(\$ million)

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
4 434	General purpose grants	4 734	19 836
1 132	Specific purpose grants for on-passing	1 194	5 559
3 692	Specific purpose grants	3 570	15 211
<b>9 257</b>	<b>Total</b>	<b>9 498</b>	<b>40 607</b>
8	Other contributions and grants	18	1 144
<b>9 265</b>	<b>Total grants</b>	<b>9 516</b>	<b>41 751</b>

Note:

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

## 2.5 Other revenue and income

		(\$ million)	
2022-23 <i>actual</i> 30 Sep		2023-24 <i>actual</i> 30 Sep	<i>published</i> <i>budget</i>
	<b>Amounts recognised as revenue from contracts with customers (AASB 15)</b>		
35	Royalties	35	142
77	Other revenue – Health	73	254
184	Other miscellaneous revenue	192	693
	<b>Amounts recognised as income of not-for-profit entities (AASB 1058)</b>		
87	Fair value of assets received free of charge or for nominal consideration	116	432
136	Fines	174	942
43	Donations and gifts <sup>(a)</sup>	61	216
87	Other income – Education	76	396
	<b>Amounts recognised as lease income (AASB 16)</b>		
9	Other non-property rental	9	27
	<b>Revenue items accounted for under AASB 1059</b>		
92	Revenue related to economic service concession arrangements	116	515
<b>751</b>	<b>Total other revenue and income</b>	<b>852</b>	<b>3 617</b>

Note:

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

### 3. HOW FUNDS ARE SPENT

#### Introduction

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

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

##### Employee expenses (operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. More than 90 per cent of employee expenses in the operating statement are wages and salaries. Employee expenses are recognised in the period in which the employee provides the services.

##### Employee benefits (balance sheet)

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

#### 3.2 Employee benefits (balance sheet)

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
30 Sep		1 Jul	30 Sep	budget
<b>Current</b>				
874	Accrued salaries and wages	579	861	595
184	Other employee benefits	143	124	143
2 549	Annual leave	2 723	2 765	2 758
5 209	Long service leave	5 634	5 614	5 778
<b>8 817</b>	<b>Total current employee benefits and on-costs</b>	<b>9 079</b>	<b>9 364</b>	<b>9 274</b>
<b>Non-current</b>				
1 094	Long service leave	1 171	1 199	1 309
<b>1 094</b>	<b>Total non-current employee benefits and on-costs</b>	<b>1 171</b>	<b>1 199</b>	<b>1 309</b>
<b>9 911</b>	<b>Total employee benefits and on-costs</b>	<b>10 250</b>	<b>10 563</b>	<b>10 583</b>

### 3.3 Superannuation (operating statement)

(\$ million)

2022-23		2023-24	
<i>actual</i>		<i>actual</i>	<i>published</i>
<i>30 Sep</i>		<i>30 Sep</i>	<i>budget</i>
<b>Defined benefit plans</b>			
172	Net superannuation interest expense	181	718
357	Current service cost	284	1 131
Remeasurements:			
(248)	Expected return on superannuation assets excluding interest income	(214)	(852)
407	Other actuarial (gain)/loss on superannuation assets	324	..
(1 443)	Actuarial and other adjustments to unfunded superannuation liability	(2 144)	..
<b>(755)</b>	<b>Total expense recognised in respect of defined benefit plans</b>	<b>(1 569)</b>	<b>997</b>
<b>Defined contribution plans</b>			
660	Employer contributions to defined contribution plans	741	2 573
22	Other (including pensions)	11	67
<b>682</b>	<b>Total expense recognised in respect of defined contribution plans</b>	<b>752</b>	<b>2 640</b>
<b>(73)</b>	<b>Total superannuation (gain)/expense recognised in operating statement</b>	<b>(817)</b>	<b>3 637</b>
<b>Represented by:</b>			
172	Net superannuation interest expense	181	718
1 039	Other superannuation	1 036	3 771
<b>1 211</b>	<b>Superannuation expense from transactions</b>	<b>1 216</b>	<b>4 489</b>
<b>(1 284)</b>	<b>Remeasurement recognised in other comprehensive income</b>	<b>(2 034)</b>	<b>(852)</b>
<b>(73)</b>	<b>Total superannuation costs recognised in operating statement</b>	<b>(817)</b>	<b>3 637</b>

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

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

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
1 532	General public services	1 918	8 930
2 589	Public order and safety	2 710	11 150
991	Economic affairs	654	2 975
247	Environmental protection	265	952
422	Housing and community amenities	396	2 649
7 137	Health	7 293	29 141
286	Recreation, culture and religion	615	996
4 850	Education	5 400	22 389
1 884	Social protection	1 924	7 909
1 743	Transport	1 955	7 484
(366)	Not allocated by purpose <sup>(a)</sup>	(14)	(1 299)
<b>21 315</b>	<b>Total expenses from transactions</b>	<b>23 116</b>	<b>93 277</b>

Note:

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

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

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
<b>Expenses from transactions</b>			
4 994	Education	5 147	20 400
1 077	Energy, Environment and Climate Action	920	3 411
1 914	Families, Fairness and Housing	1 947	7 794
..	Government Services	398	2 167
7 276	Health	7 412	28 071
787	Jobs, Skills, Industry and Regions	847	4 107
2 389	Justice and Community Safety	2 771	9 234
250	Premier and Cabinet	126	427
1 785	Transport and Planning	2 138	8 015
2 511	Treasury and Finance	3 220	12 518
81	Parliament	86	366
201	Courts	208	891
791	Regulatory bodies and other part budget funded agencies <sup>(b)</sup>	856	3 135
<b>24 057</b>	<b>Total expenses by department</b>	<b>26 076</b>	<b>100 535</b>
(2 742)	Less eliminations and adjustments <sup>(c)</sup>	(2 960)	(7 258)
<b>21 315</b>	<b>Total expenses from transactions</b>	<b>23 116</b>	<b>93 277</b>

Notes:

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

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

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

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

(\$ million)

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
461	Education	631	2 642
59	Energy, Environment and Climate Action	46	324
13	Families, Fairness and Housing	6	85
..	Government Services	61	115
387	Health	212	2 001
17	Jobs, Skills, Industry and Regions	58	219
190	Justice and Community Safety	119	578
2	Premier and Cabinet	2	3
2 228	Transport and Planning	3 039	6 635
3	Treasury and Finance	5	15
5	Parliament	2	11
76	Courts	35	292
7	Regulatory bodies and other part funded agencies <sup>(b)</sup>	13	196
<b>3 447</b>	<b>Total purchases of non-financial assets by department</b>	<b>4 230</b>	<b>13 116</b>
52	Eliminations and adjustments <sup>(c)</sup>	20	2 531
<b>3 500</b>	<b>Total purchases of non-financial assets</b>	<b>4 250</b>	<b>15 647</b>

Notes:

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

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

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

### 3.6 Net acquisition of non-financial assets from transactions

(\$ million)

2022-23		2023-24	
actual		actual	published
30 Sep		30 Sep	budget
3 368	Purchases of non-financial assets (including change in inventories)	4 230	15 230
(73)	Less: Sales of non-financial assets	(52)	(545)
(1 085)	Less: Depreciation and amortisation	(1 187)	(4 890)
482	Plus/(less): Other movements in non-financial assets	807	(2 757)
<b>2 692</b>	<b>Total net acquisition of non-financial assets from transactions</b>	<b>3 797</b>	<b>7 039</b>

## 4. MAJOR ASSETS AND INVESTMENTS

### Introduction

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

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

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
30 Sep		1 Jul	30 Sep	budget
52 992	Buildings	58 034	58 519	61 108
93 340	Land and national parks	95 317	95 390	95 972
21 306	Infrastructure systems	25 620	28 573	29 790
5 529	Plant, equipment and vehicles	6 296	5 455	5 382
39 268	Roads and road infrastructure	45 294	46 498	47 571
10 231	Earthworks	12 170	12 170	12 085
6 649	Cultural assets	6 749	6 759	6 630
<b>229 316</b>	<b>Total land, buildings, infrastructure, plant and equipment</b>	<b>249 480</b>	<b>253 364</b>	<b>258 538</b>

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

### Total right-of-use (leased) assets: buildings, infrastructure, plant and equipment

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
30 Sep		1 Jul	30 Sep	budget
8 505	Buildings	8 807	8 783	8 356
1	Infrastructure systems	..	..	1
454	Plant, equipment and vehicles	380	367	283
<b>8 960</b>	<b>Total right-of-use assets: buildings, infrastructure, plant and equipment</b>	<b>9 187</b>	<b>9 150</b>	<b>8 640</b>

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

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
30 Sep		1 Jul	30 Sep	budget
1 949	Buildings	2 050	2 033	2 009
3 353	Land and national parks	3 353	3 353	3 353
7 290	Infrastructure systems	8 586	9 057	10 218
1 207	Plant, equipment and vehicles	1 516	546	182
13 693	Roads and road infrastructure	16 349	16 785	17 739
916	Earthworks	1 056	1 056	1 056
<b>28 406</b>	<b>Total service concession assets: land, buildings, infrastructure, plant and equipment</b>	<b>32 911</b>	<b>32 830</b>	<b>34 557</b>

## 4.2 Depreciation

(\$ million)

2022-23		2023-24	
<i>actual</i>		<i>actual</i>	<i>published</i>
30 Sep		30 Sep	budget
577	Buildings	650	2 694
10	Infrastructure systems	10	54
196	Plant, equipment and vehicles	192	868
235	Roads and road infrastructure	277	957
4	Cultural assets	5	12
63	Intangible produced assets	53	306
<b>1 085</b>	<b>Total depreciation</b>	<b>1 187</b>	<b>4 890</b>

The following two tables are subsets of total depreciation expense.

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

(\$ million)

2022-23		2023-24	
<i>actual</i>		<i>actual</i>	<i>published</i>
30 Sep		30 Sep	budget
160	Buildings	158	752
29	Plant, equipment and vehicles	27	125
<b>189</b>	<b>Total depreciation of right-of-use assets</b>	<b>186</b>	<b>876</b>

### Depreciation of service concession assets

(\$ million)

2022-23		2023-24	
<i>actual</i>		<i>actual</i>	<i>published</i>
30 Sep		30 Sep	budget
16	Buildings	18	47
6	Plant, equipment and vehicles	7	28
51	Roads and road infrastructure	58	178
..	Intangible produced assets	1	1
<b>74</b>	<b>Total depreciation of service concession assets</b>	<b>84</b>	<b>255</b>

## 4.3 Land and buildings

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
30 Sep		1 Jul	30 Sep	budget
57 722	Buildings	61 904	63 039	67 715
(4 730)	Accumulated depreciation	(3 870)	(4 519)	(6 607)
<b>52 992</b>	<b>Buildings (net carrying amount)</b>	<b>58 034</b>	<b>58 519</b>	<b>61 108</b>
91 331	Land	93 307	93 380	93 972
2 010	National parks and other 'land only' holdings	2 010	2 010	2 000
<b>93 340</b>	<b>Land and national parks</b>	<b>95 317</b>	<b>95 390</b>	<b>95 972</b>
<b>146 333</b>	<b>Total land and buildings</b>	<b>153 351</b>	<b>153 909</b>	<b>157 080</b>



#### 4.4 Plant, equipment and vehicles, and infrastructure systems

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>30 Sep</i>		<i>1 Jul</i>	<i>30 Sep</i>	<i>budget</i>
21 870	Infrastructure systems	26 251	29 215	30 475
(564)	Accumulated depreciation	(631)	(642)	(685)
<b>21 306</b>	<b>Infrastructure systems (net carrying amount)</b>	<b>25 620</b>	<b>28 573</b>	<b>29 790</b>
11 324	Plant, equipment and vehicles	12 131	11 434	11 995
(5 795)	Accumulated depreciation	(5 835)	(5 979)	(6 614)
<b>5 529</b>	<b>Plant, equipment and vehicles (net carrying amount)</b>	<b>6 296</b>	<b>5 455</b>	<b>5 382</b>
<b>26 835</b>	<b>Total plant, equipment and vehicles, and infrastructure systems</b>	<b>31 916</b>	<b>34 027</b>	<b>35 171</b>

#### 4.5 Roads, road infrastructure and earthworks

(\$ million)

2022-23		2023-24		
<i>actual</i>		<i>opening</i>	<i>actual</i>	<i>revised</i>
<i>30 Sep</i>		<i>1 Jul</i>	<i>30 Sep</i>	<i>budget</i>
41 583	Roads and roads infrastructure	45 294	46 775	48 535
(2 314)	Accumulated depreciation	..	(277)	(964)
<b>39 268</b>	<b>Roads and road infrastructure (net carrying amount)</b>	<b>45 294</b>	<b>46 498</b>	<b>47 571</b>
<b>10 231</b>	<b>Earthworks</b>	<b>12 170</b>	<b>12 170</b>	<b>12 085</b>
<b>49 500</b>	<b>Total roads, road infrastructure and earthworks</b>	<b>57 465</b>	<b>58 668</b>	<b>59 656</b>

## 4.6 Cultural assets

(\$ million)

2022-23		2023-24		
actual 30 Sep		opening 1 Jul	actual 30 Sep	revised budget
6 748	Cultural assets	6 859	6 874	6 665
(100)	Accumulated depreciation	(110)	(115)	(35)
<b>6 649</b>	<b>Total cultural assets</b>	<b>6 749</b>	<b>6 759</b>	<b>6 630</b>

## 4.7 Other non-financial assets

(\$ million)

2022-23		2023-24		
actual 30 Sep		opening 1 Jul	actual 30 Sep	revised budget
3 020	Intangible produced assets	2 921	2 989	3 102
(1 691)	Accumulated depreciation	(1 628)	(1 679)	(1 914)
3 723	Service concession assets – Intangible produced <sup>(a)</sup>	3 370	3 370	3 370
..	Accumulated depreciation	(4)	(5)	(5)
78	Intangible non-produced assets	79	79	81
(56)	Accumulated amortisation	(59)	(60)	(65)
<b>5 074</b>	<b>Total intangibles<sup>(a)</sup></b>	<b>4 680</b>	<b>4 695</b>	<b>4 569</b>
320	Investment properties	305	305	306
5	Biological assets	4	4	6
1 570	Other assets	909	1 822	892
<b>6 970</b>	<b>Total other non-financial assets<sup>(a)</sup></b>	<b>5 898</b>	<b>6 826</b>	<b>5 772</b>

Note:

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

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

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

### 5.1 Receivables and contract assets

(\$ million)

2022-23		2023-24		
actual 30 Sep		opening 1 Jul	actual 30 Sep	revised budget
<b>Contractual</b>				
870	Sales of goods and services	734	1 085	757
31	Accrued investment income	130	52	133
1 587	Other receivables	1 653	1 654	1 827
(204)	Allowance for impairment losses of contractual receivables	(202)	(183)	(200)
<b>Statutory</b>				
11	Sales of goods and services	1	2	1
5 083	Taxes receivable	5 840	5 361	6 257
2 740	Fines and regulatory fees	2 593	2 638	2 731
408	GST input tax credits recoverable	600	438	600
(2 486)	Allowance for impairment losses of statutory receivables	(2 303)	(2 303)	(2 379)
<b>Other</b>				
..	Contract assets	1	..	1
<b>8 041</b>	<b>Total receivables and contract assets</b>	<b>9 046</b>	<b>8 745</b>	<b>9 728</b>
<b>Represented by:</b>				
7 526	Current receivables and contract assets	8 517	8 213	9 199
514	Non-current receivables and contract assets	530	532	528

### 5.2 Payables and contract liabilities

(\$ million)

2022-23		2023-24		
actual 30 Sep		opening 1 Jul	actual 30 Sep	revised budget
<b>Contractual</b>				
1 293	Accounts payable	865	1 609	887
5 046	Accrued expenses	5 356	5 315	5 333
19 255	Grant of a right to the operator liability	19 725	19 885	19 984
1 412	Unearned income	1 960	2 076	1 886
<b>Statutory</b>				
42	Accrued taxes payable	78	52	77
..	Unearned income	63	63	63
<b>Other</b>				
358	Contract liabilities	352	372	324
<b>27 406</b>	<b>Total payables and contract liabilities</b>	<b>28 398</b>	<b>29 371</b>	<b>28 554</b>
<b>Represented by:</b>				
7 975	Current payables and contract liabilities	8 544	9 389	8 462
19 431	Non-current payables and contract liabilities	19 855	19 982	20 092

## 6. OTHER DISCLOSURES

### Introduction

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

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

		(\$ million)	
2022-23		2023-24	
<i>actual</i>		<i>actual</i>	<i>published</i>
30 Sep		30 Sep	budget
(8)	Net (increase)/decrease in allowances for credit losses	(4)	(112)
..	Amortisation of intangible non-produced assets	(1)	(7)
(4)	Bad debts written off	(3)	(335)
8	Other gains/(losses)	(31)	(20)
<b>(5)</b>	<b>Total other gains/(losses) from other economic flows</b>	<b>(39)</b>	<b>(473)</b>

### 6.2 Reconciliation of cash and cash equivalents

		(\$ million)	
2022-23		2023-24	
<i>actual</i>		<i>actual</i>	
30 Sep		30 Sep	
6 394	Cash	7 093	
16 150	Deposits at call	9 239	
<b>22 544</b>	<b>Cash and cash equivalents</b>	<b>16 332</b>	
..	Bank overdraft	..	
<b>22 544</b>	<b>Balances as per cash flow statement</b>	<b>16 332</b>	

### 6.3 Controlled entities

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

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

#### **General government**

##### **Department of Transport and Planning**

Secretary, Project Development <sup>(a)</sup>

*Note:*

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

### 6.4 Glossary of technical terms

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

## 7. RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

### Introduction

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

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

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

Note:

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

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

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

Note:

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

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

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

Note:

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



## STYLE CONVENTIONS

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

The notation used in the tables is as follows:

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

