**Quarterly Financial Report No. 1**

**September 2024**



Presented by

**Tim Pallas 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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ISSN 2204-7166 (online)

Published November 2024

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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 2024, prepared in accordance with the *Financial Management Act 1994*.

The Victorian economy continues to grow, and the labour market is healthy. High inflation and elevated interest rates have slowed growth, as is the case nationally and globally. However, the Victorian economy has proved resilient, with economic growth supported by business investment, public investment and population growth.

State final demand rose by 2.1 per cent in the year to June 2024. This solid growth was achieved despite cost‑of‑living pressures and elevated interest rates weighing on spending. Real household consumption growth slowed in the year as consumers cut back on discretionary goods and services. Both business and public investment grew strongly in the year reflecting a solid project pipeline including significant energy and transport projects, and increased investment in machinery and equipment compared with the previous year.

Victoria’s labour market remains healthy, with employment growing strongly over the year and a record-high share of Victorians in employment. Unemployment remains low by historical standards, at 4.4 per cent in September, however, it has risen due to a rise in workforce participation to a record high.

Strong population growth is supporting the Victorian economy. The Victorian population rose by 2.7 per cent over the year to March 2024.

# Financial results for the general government sector

For the three months to 30 September 2024, the net result from transactions for the general government sector recorded a deficit of $1.7 billion, an improvement of $803 million compared with the $2.5 billion deficit for the corresponding period in the prior year. This result compares with a full-year budget deficit of $2.2 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 and income from transactions

Total revenue for the three months to 30 September 2024 was $23.2 billion. This is 24.2 per cent of the full-year budget estimate and an increase of $2.6 billion compared with the same period last year.

Taxation revenue was $8.9 billion, or 22.9 per cent of the full-year budget estimate. Taxation revenue increased by $716 million when compared with the same time last year. This was primarily due to an increase in land transfer duty revenue resulting from growth in both settlement volumes and transaction prices, and higher payroll tax resulting from a strong labour market, including high employment levels and a robust wage growth in 2023-24 that continued into early 2024-25.

Dividends, income tax equivalent and rate equivalent income was $472 million for the three months to 30 September 2024. This is 46.5 per cent of the full-year budget estimate and an increase of $387 million compared with the same period last year. The increase was primarily due to increased distributions received from investments relating to the Victorian Future Fund and the Social Housing Growth Fund.

Grant revenue was $10.9 billion, or 24.3 per cent of the full-year budget estimate. This is below the pro‑rata budget, primarily due to the timing of Commonwealth grants. Grant revenue was $1.4 billion 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 Victorian GST relativity and the national GST pool compared with the same period in the prior year, and higher grants from the Commonwealth relating to the Energy Bill Relief Payments.

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 2024 were $24.9 billion, an increase of $1.8 billion compared with the same time last year. This increase primarily reflects the increased spending on service delivery in the health sector, an increase in interest expense associated with additional borrowings and an increase in interest rates on borrowings, and increases in remuneration and associated costs in line with enterprise agreement outcomes.

Total expenses were $335 million above pro-rata at 25.3 per cent of the budget estimate. The variance to the pro-rata budget is primarily due to the timing of remuneration and associated costs in line with enterprise agreement outcomes.

**Other economic flows – Other comprehensive income**

Other economic flows that are not included in the net result reflected a loss of $305 million for the three months to 30 September 2024. This was primarily due to the remeasurement loss on the State’s defined benefit superannuation liability of $978 million that primarily arose due to a decrease in the bond yield that underlies the key superannuation valuation assumptions, partially offset by remeasurement gains on superannuation assets. This loss was partially offset by a gain resulting from the revaluation of assets in the health and creative agency sectors.

### Balance sheet

Total assets increased by $5.6 billion in the three months to 30 September 2024, mainly due to the continuous investments in the Government’s infrastructure program.

Total liabilities increased by $7.8 billion to $239.6 billion as at 30 September 2024. This increase was primarily due to additional borrowings to finance the State’s capital program.

Net debt increased by $7.4 billion to $140.7 billion as at 30 September 2024. This was mainly driven by an increase in borrowings as discussed above, partially offset by an increase in investments associated with the Victorian Homebuyer Fund, the Victorian Future Fund and the Social Housing Growth Fund.

### Cash flow statement

The net cash flows from operating activities was a deficit of $1.9 billion for the three months to 30 September 2024. The net cash flows from operating activities declined by $1.3 billion from the equivalent period in the prior year, primarily relating to higher payments for goods and services and grants, including accrued local government grants received from the Commonwealth in June 2024.

Compared to the full-year budget surplus of $1.8 billion, the deficit recorded for the first three months to 30 September 2024 was primarily driven by the timing of goods and services and grant payments.

### 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 $5.4 billion for the three months to 30 September 2024 ($5.5 billion for the corresponding period in 2023).

# Consolidated comprehensive operating statement

For the period ended 30 September ($ million)

| 2023‑24 |  |  | 2024‑25 |
| --- | --- | --- | --- |
| actual30 Sep |  | Notes | actual30 Sep | publishedbudget |
|  | **Revenue and income from transactions** |  |  |  |
| 8 208 | Taxation | 2.1 | 8 923 | 38 979 |
| 401 | Interest income |  | 398 | 1 283 |
| 85 | Dividends, income tax equivalent and rate equivalent income | 2.2 | 472 | 1 015 |
| 1 569 | Sales of goods and services | 2.3 | 1 615 | 6 794 |
| 9 516 | Grants | 2.4 | 10 906 | 44 812 |
| 852 | Other revenue and income | 2.5 | 907 | 3 201 |
| **20 631** | **Total revenue and income from transactions** |  | **23 223** | **96 084** |
|  | **Expenses from transactions** |  |  |  |
| 8 712 | Employee expenses |  | 9 477 | 36 538 |
| 181 | Net superannuation interest expense | 3.2 | 195 | 774 |
| 1 036 | Other superannuation | 3.2 | 1 140 | 3 872 |
| 1 187 | Depreciation | 4.2 | 1 328 | 5 234 |
| 1 212 | Interest expense |  | 1 553 | 6 502 |
| 3 824 | Grant expense | 3.3 | 4 272 | 17 619 |
| 6 963 | Other operating expenses | 3.4 | 6 940 | 27 737 |
| **23 116** | **Total expenses from transactions** | 3.6 | **24 904** | **98 276** |
| **(2 485)** | **Net result from transactions – Net operating balance** |  | **(1 682)** | **(2 191)** |
|  | **Other economic flows included in net result** |  |  |  |
| 12 | Net gain/(loss) on disposal of non‑financial assets |  | 20 | 11 |
| 12 | Net gain/(loss) on financial assets or liabilities at fair value |  | (46) | 80 |
| .. | Share of net profit/(loss) from associates/joint venture entities |  | .. | 32 |
| (39) | Other gains/(losses) from other economic flows | 6.1 | (148) | (459) |
| **(16)** | **Total other economic flows included in net result** |  | **(174)** | **(336)** |
| **(2 500)** | **Net result** |  | **(1 856)** | **(2 527)** |
|  | **Other economic flows – Other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| (47) | Changes in non‑financial assets revaluation surplus |  | 586 | 6 787 |
| 2 034 | Remeasurement of superannuation defined benefits plans | 3.2 | (978) | 725 |
| 35 | Other movements in equity |  | 104 | 13 |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| 6 | Net gain/(loss) on financial assets at fair value |  | (16) | 25 |
| .. | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | (4 143) |
| **2 028** | **Total other economic flows – Other comprehensive income** |  | **(305)** | **3 407** |
| **(472)** | **Comprehensive result – Total change in net worth** |  | **(2 161)** | **880** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES** |  |  |  |
| **(2 485)** | **Net operating balance** |  | **(1 682)** | **(2 191)** |
| 3 797 | Less: Net acquisition of non‑financial assets from transactions | 3.8 | 3 443 | 9 088 |
| **(6 282)** | **Net lending/(borrowing)** |  | **(5 124)** | **(11 279)** |

# Consolidated balance sheet

As at 30 September ($ million)

| 2023‑24 |  |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- | --- |
| actual30 Sep |  | Notes | opening1 Jul (a)(b) | actual30 Sep | revisedbudget (c) |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 16 332 | Cash and deposits | 5.2 | 14 310 | 14 332 | 14 784 |
| 5 480 | Advances paid |  | 6 421 | 6 377 | 6 342 |
| 8 745 | Receivables and contract assets | 2.6 | 10 163 | 9 428 | 10 738 |
| 12 483 | Investments, loans and placements |  | 14 866 | 15 625 | 16 407 |
| 1 181 | Investments accounted for using the equity method |  | 1 143 | 1 161 | 1 222 |
| 96 136 | Investments in other sector entities |  | 98 143 | 98 974 | 101 916 |
| **140 356** | **Total financial assets** |  | **145 047** | **145 897** | **151 410** |
|  | **Non‑financial assets** |  |  |  |  |
| 485 | Inventories |  | 404 | 330 | 372 |
| 100 | Non‑financial assets held for sale |  | 232 | 242 | 228 |
| 253 364 | Land, buildings, infrastructure, plant and equipment | 4.1 | 269 690 | 273 295 | 285 716 |
| 6 826 | Other non‑financial assets | 4.3 | 6 224 | 7 442 | 5 937 |
| **260 775** | **Total non‑financial assets** |  | **276 551** | **281 310** | **292 254** |
| **401 131** | **Total assets** |  | **421 598** | **427 207** | **443 664** |
|  | **Liabilities** |  |  |  |  |
| 1 761 | Deposits held and advances received |  | 1 525 | 1 577 | 1 520 |
| 6 975 | Payables (d) | 3.5 | 7 741 | 5 930 | 7 444 |
| 153 123 | Borrowings | 5.1 | 167 309 | 175 439 | 189 574 |
| 10 563 | Employee benefits | 3.1 | 11 122 | 11 574 | 11 105 |
| 17 181 | Superannuation |  | 18 226 | 19 368 | 18 122 |
| 2 821 | Other provisions |  | 3 446 | 3 138 | 3 026 |
| 22 396 | Other liabilities (d) | 2.7 | 22 411 | 22 524 | 22 176 |
| **214 820** | **Total liabilities** |  | **231 780** | **239 550** | **252 966** |
| **186 311** | **Net assets** |  | **189 818** | **187 657** | **190 698** |
|  | **Equity** |  |  |  |  |
| 45 805 | Accumulated surplus/(deficit) |  | 43 354 | 40 614 | 41 565 |
| 140 506 | Reserves |  | 146 464 | 147 043 | 149 133 |
| **186 311** | **Net worth** |  | **189 818** | **187 657** | **190 698** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |  |
| (74 464) | Net financial worth |  | (86 733) | (93 653) | (101 556) |
| 170 600 | Net financial liabilities |  | 184 877 | 192 627 | 203 472 |
| 120 589 | Net debt |  | 133 237 | 140 682 | 153 559 |

Notes:

(a) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024 and the residual financial assets were transferred to the Department of Energy, Environment and Climate Action. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

(b) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

(c) Balances represent actual opening balances at 1 July 2024 plus 2024-25 budgeted movements.

(d) The grant of a right to the operator liability, unearned income and contract liabilities line items previously disclosed within payables have now been disclosed within the Other liabilities line item to more accurately reflect the nature of these items.

# Consolidated cash flow statement

For the period ended 30 September ($ million)

| 2023‑24 |  |  | 2024‑25 |
| --- | --- | --- | --- |
| actual30 Sep |  | Notes | actual30 Sep | publishedbudget |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts** |  |  |  |
| 8 688 | Taxes received |  | 9 623 | 38 488 |
| 9 583 | Grants |  | 10 983 | 44 811 |
| 1 650 | Sales of goods and services (a) |  | 1 638 | 7 389 |
| 404 | Interest received |  | 379 | 1 121 |
| 154 | Dividends, income tax equivalent and rate equivalent receipts |  | 474 | 1 043 |
| 505 | Other receipts |  | 806 | 2 097 |
| **20 985** | **Total receipts** |  | **23 903** | **94 949** |
|  | **Payments** |  |  |  |
| (8 362) | Payments for employees |  | (9 083) | (36 567) |
| (906) | Superannuation |  | (1 172) | (4 025) |
| (1 116) | Interest paid |  | (1 480) | (6 258) |
| (3 997) | Grants and subsidies |  | (5 089) | (17 485) |
| (6 939) | Goods and services (a) |  | (8 598) | (27 756) |
| (253) | Other payments |  | (390) | (1 060) |
| **(21 572)** | **Total payments** |  | **(25 811)** | **(93 152)** |
| **(587)** | **Net cash flows from operating activities** |  | **(1 908)** | **1 797** |
|  | **Cash flows from investing activities** |  |  |  |
|  | **Cash flows from investments in non‑financial assets** |  |  |  |
| (4 250) | Purchases of non‑financial assets | 3.7 | (4 085) | (17 669) |
| 52 | Sales of non‑financial assets |  | 48 | 677 |
| **(4 198)** | **Net cash flows from investments in non‑financial assets** |  | **(4 037)** | **(16 991)** |
| (259) | Net cash flows from investments in financial assets for policy purposes |  | (820) | (3 552) |
| **(4 457)** | **Sub‑total** |  | **(4 857)** | **(20 544)** |
| (8 613) | Net cash flows from investments in financial assets for liquidity management purposes |  | (731) | (1 487) |
| **(13 069)** | **Net cash flows from investing activities** |  | **(5 588)** | **(22 031)** |
|  | **Cash flows from financing activities** |  |  |  |
| (10) | Advances received (net) |  | (7) | (5) |
| 10 145 | Net borrowings |  | 7 465 | 20 713 |
| 156 | Deposits received (net) |  | 59 | .. |
| **10 291** | **Net cash flows from financing activities** |  | **7 518** | **20 707** |
| **(3 366)** | **Net increase/(decrease) in cash and cash equivalents** |  | **22** | **474** |
| 19 698 | Cash and cash equivalents at beginning of reporting period (b) |  | 14 310 | 14 310 |
| **16 332** | **Cash and cash equivalents at end of the reporting period** | 5.2 | **14 332** | **14 784** |
|  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |
| (587) | Net cash flows from operating activities |  | (1 908) | 1 797 |
| (4 198) | Net cash flows from investments in non‑financial assets |  | (4 037) | (16 991) |
| **(4 785)** | **Cash surplus/(deficit)** |  | **(5 945)** | **(15 194)** |

Notes:

(a) These items include goods and services tax.

(b) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024 and the residual financial assets were transferred to the Department of Energy, Environment and Climate Action. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

# 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 |
| --- | --- | --- | --- | --- | --- | --- |
| **2024‑25** |  |  |  |  |  |  |
| Balance at 1 July 2024 | 43 405 | .. | 98 544 | 46 381 | 1 528 | 189 859 |
| Opening balance adjustment (a)(b) | (51) | .. | .. | 10 | .. | (41) |
| **Restated balance at 1 July 2024** | **43 354** | **..** | **98 544** | **46 391** | **1 528** | **189 818** |
| Net result for the year | (1 856) | .. | .. | .. | .. | (1 856) |
| Other comprehensive income for the year | (884) | .. | 586 | .. | (7) | (305) |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| **Total equity as at 30 September 2024** | **40 614** | **..** | **99 130** | **46 391** | **1 522** | **187 657** |
| **Budget equity as at 30 June 2025** | **41 565** | **..** | **105 332** | **42 248** | **1 554** | **190 698** |
| **2023‑24** |  |  |  |  |  |  |
| Balance at 1 July 2023 | 45 889 | .. | 91 269 | 48 245 | 1 380 | 186 783 |
| Net result for the year | (2 500) | .. | .. | .. | .. | (2 500) |
| Other comprehensive income for the year | 2 042 | .. | (47) | .. | 33 | 2 028 |
| Transfer to/(from) accumulated surplus | 375 | .. | (375) | .. | .. | .. |
| **Total equity as at 30 September 2023** | **45 805** | **..** | **90 847** | **48 245** | **1 413** | **186 311** |

Notes:

(a) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024 and the residual financial assets were transferred to the Department of Energy, Environment and Climate Action. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

(b) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

# 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 2024.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2023-24 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 *2023-24 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.

This quarterly financial report was authorised for issue by the Treasurer on 13 November 2024.

### Basis of accounting and measurement

The accrual basis of accounting has been applied where assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when 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 6.2. 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)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **TAXES ON EMPLOYERS’ PAYROLL AND LABOUR FORCE** |  |  |
| 2 376 | Payroll tax | 2 526 | 9 071 |
| 164 | COVID Debt Levy – Payroll $10m+ | 233 | 1 031 |
| 206 | Mental Health and Wellbeing Levy | 233 | 1 031 |
| **2 745** | **Total taxes on employers’ payroll and labour force** | **2 992** | **11 133** |
|  | **TAXES ON IMMOVABLE PROPERTY** |  |  |
| 215 | Land tax | 160 | 6 523 |
|  | COVID Debt Levy – Landholdings | (2) | 1 258 |
| 817 | Fire Services Property Levy | 913 | 1 033 |
| (2) | Congestion levy | 3 | 118 |
| 67 | Metropolitan improvement levy | 41 | 214 |
|  | Windfall gains tax | 14 | 109 |
| **1 097** | **Total taxes on property** | **1 128** | **9 256** |
|  | **TAXES ON THE PROVISION OF GOODS AND SERVICES** |  |  |
|  | **Gambling taxes (a)** |  |  |
| 155 | Public lotteries | 149 | 694 |
| 349 | Electronic gaming machines | 366 | 1 407 |
| 36 | Casino | 57 | 196 |
| 62 | Racing and other sports betting | 83 | 435 |
| 4 | Other | 5 | 18 |
|  | **Financial and capital transactions** |  |  |
| 2 000 | Land transfer duty | 2 306 | 8 526 |
| 5 | Metropolitan planning levy | 5 | 21 |
| 41 | Financial accommodation levy | 47 | 207 |
| 67 | Growth areas infrastructure contribution | 32 | 336 |
| **38** | **Levies on statutory corporations** | **39** | **176** |
| **575** | **Taxes on insurance** | **634** | **2 191** |
| **3 332** | **Total taxes on the provision of goods and services** | **3 722** | **14 207** |
|  | **TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES** |  |  |
|  | **Motor vehicle taxes** |  |  |
| 528 | Vehicle registration fees | 560 | 2 244 |
| 353 | Duty on vehicle registrations and transfers | 331 | 1 370 |
| **..** | **Liquor licence fees** | **1** | **31** |
| **153** | **Other** | **189** | **738** |
| **1 034** | **Total taxes on the use of goods and performance of activities** | **1 081** | **4 383** |
| **8 208** | **Total taxation** | **8 923** | **38 979** |

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 2024 of $ 42.3 million (30 September 2023: $47.7 million) recognised under AASB 15. The balance of these items is recognised under AASB 1058.

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

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| .. | Dividends from PFC sector | .. | 84 |
| .. | Dividends from PNFC sector | .. | 157 |
| 30 | Dividends from non‑public sector | 422 | 549 |
| **30** | **Dividends** | **422** | **789** |
| 2 | Income tax equivalent income from PFC sector | .. | 7 |
| 53 | Income tax equivalent income from PNFC sector | 50 | 213 |
| **55** | **Income tax equivalent income** | **50** | **221** |
| .. | Local government rate equivalent income | .. | 5 |
| **85** | **Total dividends, income tax equivalent and rate equivalent income** | **472** | **1 015** |

## 2.3 Sales of goods and services ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |
| 23 | Sale of goods | 25 | 92 |
| 1 223 | Provision of services | 1 313 | 5 466 |
|  | **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |
| 103 | Motor vehicle regulatory fees | 72 | 318 |
| 193 | Other regulatory fees | 175 | 823 |
| .. | Refunds and reimbursements | 1 | .. |
|  | **Amounts recognised as lease income (AASB 16)** |  |  |
| 26 | Rental | 29 | 95 |
| **1 569** | **Total sales of goods and services** | **1 615** | **6 794** |

## 2.4 Grants (a) ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 4 734 | General purpose grants | 5 494 | 23 487 |
| 1 194 | Specific purpose grants for on‑passing | 1 275 | 6 000 |
| 3 570 | Specific purpose grants | 4 060 | 14 611 |
| **9 498** | **Total** | **10 829** | **44 098** |
| 18 | Other contributions and grants | 78 | 714 |
| **9 516** | **Total grants** | **10 906** | **44 812** |

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.

## 2.5 Other revenue and income ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |
| 35 | Royalties | 39 | 144 |
| 73 | Other revenue – Health | 89 | 261 |
| 192 | Other miscellaneous revenue | 297 | 631 |
|  | **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |
| 116 | Fair value of assets received free of charge or for nominal consideration (a) | 44 | 98 |
| 174 | Fines | 186 | 946 |
| 61 | Donations and gifts (b) | 60 | 214 |
| 76 | Other income – Education | 64 | 373 |
|  | **Amounts recognised as lease income (AASB 16)** |  |  |
| 9 | Other non‑property rental | 11 | 31 |
|  | **Revenue items accounted for under AASB 1059** |  |  |
| 116 | Revenue related to economic service concession arrangements | 116 | 502 |
| **852** | **Total other revenue and income** | **907** | **3 201** |

Note:

(a) The 2024-25 figure includes $43 million (2023-24: $115 million) relating to the progressive recognition of the contribution made by Cross Yarra Partnerships consortium (assets free of charge) to the Metro Tunnel settlement.

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

## 2.6 Receivables and contract assets ($ million)

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul (a) | actual30 Sep | revisedbudget |
|  | **Contractual** |  |  |  |
| 1 085 | Sales of goods and services | 681 | 963 | 710 |
| 52 | Accrued investment income | 81 | 52 | 84 |
| 1 654 | Other receivables | 2 373 | 2 153 | 2 481 |
| (183) | Allowance for impairment losses of contractual receivables | (158) | (159) | (155) |
|  | **Statutory** |  |  |  |
| 2 | Sales of goods and services | 1 | .. | 1 |
| 5 361 | Taxes receivable | 6 477 | 5 793 | 6 853 |
| 2 638 | Fines and regulatory fees | 2 601 | 2 612 | 2 716 |
| 438 | GST input tax credits recoverable | 530 | 440 | 531 |
| (2 303) | Allowance for impairment losses of statutory receivables | (2 424) | (2 427) | (2 482) |
| **8 745** | **Total receivables and contract assets** | **10 163** | **9 428** | **10 738** |
|  | **Represented by:** |  |  |  |
| 8 213 | Current receivables and contract assets | 9 392 | 8 655 | 9 968 |
| 532 | Non‑current receivables and contract assets | 771 | 773 | 770 |

Note:

(a) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

## 2.7 Other liabilities ($ million)

| 2023‑24actual30 Sep |  | opening1 Jul | 2024‑25actual30 Sep | revisedbudget |
| --- | --- | --- | --- | --- |
| 372 | Contract liabilities | 477 | 482 | 478 |
| 19 885 | Grant of a right to the operator liability | 20 089 | 20 100 | 19 950 |
| 2 139 | Unearned income | 1 846 | 1 943 | 1 748 |
| **22 396** | **Total other liabilities** | **22 411** | **22 524** | **22 176** |
|  | **Represented by:** |  |  |  |
| 2 568 | Current other liabilities | 1 680 | 1 809 | 1 826 |
| 19 828 | Non‑current other liabilities | 20 732 | 20 714 | 20 351 |

# 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 2024.

## 3.1 Employee expenses and provision for employee benefits liabilities

###

### 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 wages and salaries. Employee expenses are recognised in the period in which the employee provides the services.

### Provision for 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 2024.

## Provision for employee benefits (Balance sheet) ($ million)

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul (a) | actual30 Sep | revisedbudget |
|  | **Current** |  |  |  |
| 861 | Accrued salaries and wages | 820 | 1 167 | 475 |
| 124 | Other employee benefits | 138 | 128 | 138 |
| 2 765 | Annual leave | 3 041 | 2 983 | 3 075 |
| 5 614 | Long service leave | 6 027 | 6 184 | 6 172 |
| **9 364** | **Total current employee benefits and on‑costs** | **10 027** | **10 462** | **9 860** |
|  | **Non‑current** |  |  |  |
| 1 199 | Long service leave | 1 095 | 1 112 | 1 245 |
| **1 199** | **Total non‑current employee benefits and on‑costs** | **1 095** | **1 112** | **1 245** |
| **10 563** | **Total employee benefits and on‑costs** | **11 122** | **11 574** | **11 105** |

Note:

(a) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

## 3.2 Superannuation (Operating statement) ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Defined benefit plans** |  |  |
| 181 | Net superannuation interest expense | 195 | 774 |
| 284 | Current service cost | 261 | 1 037 |
|  | Remeasurements: |  |  |
| (214) | Expected return on superannuation assets excluding interest income | (183) | (725) |
| 324 | Other actuarial (gain)/loss on superannuation assets | (361) | .. |
| (2 144) | Actuarial and other adjustments to unfunded superannuation liability | 1 522 | .. |
| **(1 569)** | **Total expense recognised in respect of defined benefit plans** | **1 434** | **1 086** |
|  | **Defined contribution plans** |  |  |
| 741 | Employer contributions to defined contribution plans | 852 | 2 732 |
| 11 | Other (including pensions) | 27 | 103 |
| **752** | **Total expense recognised in respect of defined contribution plans** | **879** | **2 835** |
| **(817)** | **Total superannuation (gain)/expense recognised in operating statement** | **2 313** | **3 921** |
|  | **Represented by:** |  |  |
| 181 | Net superannuation interest expense | 195 | 774 |
| 1 036 | Other superannuation | 1 140 | 3 872 |
| **1 216** | **Superannuation expense from transactions** | **1 335** | **4 646** |
| **(2 034)** | **Remeasurement recognised in other comprehensive income** | **978** | **(725)** |
| **(817)** | **Total superannuation costs recognised in operating statement** | **2 313** | **3 921** |

## 3.3 Grant expense ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Current grant expense** |  |  |
| 775 | Commonwealth Government | 831 | 3 297 |
| 64 | Local government (including grants for on‑passing) | 137 | 1 476 |
| 1 204 | Private sector and not‑for‑profit on‑passing | 1 286 | 5 235 |
| 1 111 | Other private sector and not‑for‑profit | 1 266 | 4 769 |
| 581 | Grants within the Victorian Government | 610 | 2 339 |
| 10 | Grants to other state governments | 17 | 102 |
| **3 745** | **Total current grant expense** | **4 145** | **17 218** |
|  | **Capital grant expense** |  |  |
| 16 | Local government (including grants for on‑passing) | 47 | 191 |
| 52 | Private sector and not‑for‑profit on‑passing | 62 | 187 |
| .. | Other private sector and not‑for‑profit | 2 | 4 |
| 10 | Grants within the Victorian Government | 16 | .. |
| 1 | Other grants | .. | 19 |
| **79** | **Total capital grant expense** | **127** | **401** |
| **3 824** | **Total grant expense** | **4 272** | **17 619** |

## 3.4 Other operating expenses ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 1 395 | Purchase of supplies and consumables | 1 243 | 8 392 |
| 25 | Cost of goods sold | 7 | 33 |
| 14 | Finance expenses and fees | 18 | 27 |
| 4 462 | Purchase of services | 4 716 | 16 386 |
| 89 | Insurance claims expense | 199 | 369 |
| 288 | Maintenance | 317 | 1 352 |
| 28 | Short‑term and low value lease expense | 31 | 100 |
| 663 | Other | 408 | 1 079 |
| **6 963** | **Total other operating expenses** | **6 940** | **27 737** |

## 3.5 Payables (a) ($ million)

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul (b) | actual30 Sep | revisedbudget |
|  | **Contractual** |  |  |  |
| 1 609 | Accounts payable | 1 456 | 1 008 | 1 461 |
| 5 315 | Accrued expenses | 6 219 | 4 842 | 5 915 |
|  | **Statutory** |  |  |  |
| 52 | Accrued taxes payable | 67 | 80 | 67 |
| **6 975** | **Total payables** | **7 741** | **5 930** | **7 443** |
|  | **Represented by:** |  |  |  |
| 6 821 | Current payables | 7 582 | 5 776 | 7 284 |
| 154 | Non‑current payables | 159 | 153 | 159 |

Notes:

(a) The grant of a right to the operator liability, unearned income and contract liabilities line items previously disclosed within this note are now separately disclosed in Note 2.7 to more accurately reflect the nature of these items.

(b) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

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

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

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 1 918 | General public services | 2 429 | 10 055 |
| 2 710 | Public order and safety | 2 969 | 11 313 |
| 654 | Economic affairs | 634 | 3 013 |
| 265 | Environmental protection | 252 | 1 021 |
| 396 | Housing and community amenities | 472 | 2 630 |
| 7 293 | Health | 7 968 | 29 995 |
| 615 | Recreation, culture and religion | 306 | 1 158 |
| 5 400 | Education | 5 817 | 24 132 |
| 1 924 | Social protection | 2 214 | 8 424 |
| 1 955 | Transport | 2 025 | 8 441 |
| (14) | Not allocated by function (a) | (182) | (1 906) |
| **23 116** | **Total Expenses by COFOG** | **24 904** | **98 276** |

Note:

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

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

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
|  | **Expenses from transactions** |  |  |
| 5 147 | Education | 5 516 | 22 016 |
| 920 | Energy, Environment and Climate Action | 716 | 3 114 |
| 1 947 | Families, Fairness and Housing | 2 253 | 8 158 |
| 398 | Government Services | 423 | 2 147 |
| 7 412 | Health | 8 064 | 27 874 |
| 847 | Jobs, Skills, Industry and Regions | 982 | 4 385 |
| 2 771 | Justice and Community Safety | 2 842 | 9 632 |
| 126 | Premier and Cabinet | 171 | 546 |
| 2 138 | Transport and Planning | 2 326 | 8 617 |
| 3 220 | Treasury and Finance | 3 366 | 14 198 |
| 86 | Parliament | 91 | 381 |
| 208 | Courts | 240 | 887 |
| 856 | Regulatory bodies and other part funded agencies (a) | 947 | 3 321 |
| **26 076** | **Total expenses by department** | **27 937** | **105 275** |
| *(2 960)* | *Less eliminations and adjustments (b)* | *(3 033)* | *(6 999)* |
| **23 116** | **Total expenses** | **24 904** | **98 276** |

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.

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

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 631 | Education | 517 | 2 729 |
| 46 | Energy, Environment and Climate Action | 57 | 286 |
| 6 | Families, Fairness and Housing | 3 | 71 |
| 61 | Government Services | 21 | 108 |
| 212 | Health | 335 | 2 253 |
| 58 | Jobs, Skills, Industry and Regions | 88 | 186 |
| 119 | Justice and Community Safety | 114 | 459 |
| 2 | Premier and Cabinet | 1 | 15 |
| 3 039 | Transport and Planning | 2 830 | 8 078 |
| 5 | Treasury and Finance | 3 | 15 |
| 2 | Parliament | 2 | 7 |
| 35 | Courts | 48 | 307 |
| 13 | Regulatory bodies and other part funded agencies (a) | 63 | 327 |
| **4 230** | **Total purchases of non‑financial assets by department** | **4 082** | **14 841** |
| *20* | *Eliminations and adjustments (b)* | *3* | *2 828* |
| **4 250** | **Total purchases of non‑financial assets** | **4 085** | **17 669** |

Notes:

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

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

## 3.8 Net acquisition of non-financial assets from transactions ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 4 230 | Purchases of non‑financial assets (including change in inventories) | 4 085 | 17 646 |
| (52) | Less: Sales of non‑financial assets | (48) | (677) |
| (1 187) | Less: Depreciation and amortisation | (1 328) | (5 234) |
| 807 | Plus/(less): Other movements in non‑financial assets | 734 | (2 646) |
| **3 797** | **Total net acquisition of non‑financial assets from transactions** | **3 443** | **9 088** |

# 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)

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul (a) | actual30 Sep | revisedbudget |
| 51 858 | Buildings | 60 469 | 60 569 | 59 378 |
| 95 390 | Land and national parks | 95 974 | 96 201 | 98 891 |
| 1 251 | Infrastructure | 1 318 | 1 307 | 1 250 |
| 3 959 | Plant, equipment and vehicles | 4 302 | 4 248 | 4 018 |
| 32 641 | Roads and road infrastructure | 32 660 | 32 380 | 35 002 |
| 12 170 | Earthworks | 12 370 | 12 370 | 12 456 |
| 6 759 | Cultural assets | 6 810 | 6 821 | 6 934 |
| 49 336 | Construction in progress (b) | 55 789 | 59 399 | 67 788 |
| 253 364 | Total land, buildings, infrastructure, plant and equipment | 269 690 | 273 295 | 285 717 |

Notes:

(a) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

(b) Assets that are currently being constructed which were previously disclosed under their relevant asset class are now reflected in the new Construction in progress line.

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

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

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 8 783 | Buildings | 9 683 | 9 558 | 9 196 |
| .. | Infrastructure | 2 | 2 | 3 |
| 367 | Plant, equipment and vehicles | 643 | 622 | 551 |
| **9 150** | **Total right‑of‑use assets: buildings, infrastructure, plant and equipment** | **10 329** | **10 182** | **9 750** |

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

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
| 2 017 | Buildings | 2 418 | 2 400 | 2 350 |
| 3 353 | Land and national parks | 3 381 | 3 381 | 3 729 |
| 297 | Plant, equipment and vehicles | 318 | 311 | 290 |
| 7 708 | Roads and road infrastructure | 7 534 | 7 475 | 8 115 |
| 1 056 | Earthworks | 1 056 | 1 056 | 1 130 |
| 18 400 | Construction in progress (a) | 21 100 | 21 578 | 22 007 |
| **32 830** | **Total service concession assets: land, buildings, infrastructure, plant and equipment** | **35 806** | **36 201** | **37 622** |

Note:

(a) Assets that are currently being constructed which were previously disclosed under their relevant asset class are now reflected in the new Construction in progress line.

## 4.2 Depreciation ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 650 | Buildings | 767 | 2 900 |
| 10 | Infrastructure | 11 | 67 |
| 192 | Plant, equipment and vehicles | 215 | 850 |
| 277 | Roads and road infrastructure | 283 | 1 086 |
| 5 | Cultural assets | 3 | 12 |
| 53 | Intangible produced assets | 48 | 318 |
| **1 187** | **Total depreciation** | **1 328** | **5 234** |

The following two tables are subsets of total depreciation expense.

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

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 158 | Buildings | 177 | 803 |
| 27 | Plant, equipment and vehicles | 30 | 117 |
| **186** | **Total depreciation of right‑of‑use assets** | **207** | **920** |

###

### Depreciation of service concession assets ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| 18 | Buildings | 19 | 61 |
| 7 | Plant, equipment and vehicles | 8 | 28 |
| 58 | Roads and road infrastructure | 58 | 177 |
| 1 | Intangible produced assets | 1 | 1 |
| **84** | **Total depreciation of service concession assets** | **85** | **268** |

## 4.3 Other non-financial assets ($ million)

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul (a) | actual30 Sep | revisedbudget |
| 2 989 | Intangible produced assets | 3 050 | 3 093 | 3 045 |
| (1 679) | Accumulated depreciation | (1 727) | (1 773) | (2 004) |
| 3 370 | Service concession assets – Intangible produced (b) | 3 540 | 3 585 | 3 540 |
| (5) | Accumulated depreciation | (8) | (9) | (9) |
| 79 | Intangible non‑produced assets | 76 | 76 | 77 |
| (60) | Accumulated amortisation | (63) | (64) | (67) |
| **4 695** | **Total intangibles** | **4 868** | **4 908** | **4 581** |
| 305 | Investment properties | 321 | 318 | 321 |
| 1 826 | Other assets (c) | 1 035 | 2 217 | 1 035 |
| **6 826** | **Total other non‑financial assets** | **6 224** | **7 442** | **5 937** |

Notes:

(a) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

(b) This includes the Registration and Licensing and the Land Titling and Registry databases.

(c) Biological assets, which were previously separately disclosed, are now included in other assets.

# 5. Financing state 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.

## 5.1 Borrowings ($ million)

| 2023‑24 |  |  | 2024‑25 |  |
| --- | --- | --- | --- | --- |
| actual30 Sep |  | opening1 Jul | actual30 Sep | revisedbudget |
|  | **Current borrowings** |  |  |  |
| 20 387 | Domestic borrowings | 19 538 | 19 857 | 14 479 |
| 720 | Lease liabilities | 710 | 678 | 609 |
| 2 180 | Service concession arrangement liabilities | 650 | 571 | 450 |
| .. | Derivative financial instruments | 46 | 1 | 46 |
| **23 286** | **Total current borrowings** | **20 944** | **21 107** | **15 585** |
|  | **Non‑current borrowings** |  |  |  |
| 117 946 | Domestic borrowings | 133 956 | 141 570 | 161 856 |
| 7 229 | Lease liabilities | 7 330 | 7 234 | 6 941 |
| 4 451 | Service concession arrangement liabilities | 4 856 | 5 295 | 4 955 |
| 210 | Derivative financial instruments | 223 | 233 | 237 |
| **129 837** | **Total non‑current borrowings** | **146 365** | **154 332** | **173 989** |
| **153 123** | **Total borrowings** | **167 309** | **175 439** | **189 574** |

## 5.2 Reconciliation of cash and cash equivalents ($ million)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep |
| 7 093 | Cash | 3 400 |
| 9 239 | Deposits at call | 10 932 |
| **16 332** | **Cash and cash equivalents** | **14 332** |
| .. | Bank overdraft | .. |
| **16 332** | **Balances as per cash flow statement** | **14 332** |

# 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)

| 2023‑24 |  | 2024‑25 |
| --- | --- | --- |
| actual30 Sep |  | actual30 Sep | publishedbudget |
| (4) | Net (increase)/decrease in allowances for credit losses | (11) | (94) |
| (1) | Amortisation of intangible non‑produced assets | (1) | (7) |
| (3) | Bad debts written off | (5) | (320) |
| (31) | Other gains/(losses) | (130) | (38) |
| **(39)** | **Total other gains/(losses) from other economic flows** | **(148)** | **(459)** |

## 6.2 Controlled entities

Note 9.8 in Chapter 4 of the *2023-24 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 2024, which have been consolidated in this financial report:

| General government |
| --- |
| Department of Energy, Environment and Climate Action (a)(b)**Department of Jobs, Skills, Industry and Regions (c)** |
| Department of Justice and Community Safety (d) |

Notes:

(a) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024.

(b) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

(c) On 21 August 2024, Victoria 2026 Pty Ltd, was officially deregistered as a company from Australian Securities and Investments Commission (ASIC). The decision to deregister was made following the July 2023 announcement that Victoria would no longer host the 2026 Commonwealth Games.

(d) The Victorian Responsible Gambling Foundation ceased operations on 1 July 2024 and all property, rights and liabilities have been transferred to the Department of Justice and Community Safety following proclamation of the Victorian Responsible Gambling Foundation Repeal and Advisory Councils Act 2024, effective from 25 June 2024.

## 6.3 Glossary of technical terms

The *2023-24 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)

|  | 2023‑24 |  |  |  | 2024‑25 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 8 208 | 7 424 | 12 937 | 8 307 | 8 923 |
| Interest income | 401 | 405 | 377 | 579 | 398 |
| Dividends, income tax equivalent and rate equivalent income | 85 | 258 | 118 | 1 738 | 472 |
| Sales of goods and services | 1 569 | 1 664 | 1 520 | 1 460 | 1 615 |
| Grants | 9 516 | 10 964 | 10 784 | 10 533 | 10 906 |
| Other revenue and income | 852 | 1 000 | 811 | 1 547 | 907 |
| **Total revenue and income from transactions** | **20 631** | **21 716** | **26 546** | **24 163** | **23 223** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 8 712 | 8 975 | 8 792 | 9 557 | 9 477 |
| Net superannuation interest expense | 181 | 208 | 192 | 192 | 195 |
| Other superannuation | 1 036 | 968 | 1 017 | 1 041 | 1 140 |
| Depreciation | 1 187 | 1 220 | 1 217 | 1 343 | 1 328 |
| Interest expense | 1 212 | 1 423 | 1 423 | 1 580 | 1 553 |
| Grant expense | 3 824 | 3 776 | 4 913 | 4 162 | 4 272 |
| Other operating expenses | 6 963 | 6 843 | 6 901 | 8 419 | 6 940 |
| **Total expenses from transactions** | **23 116** | **23 413** | **24 455** | **26 295** | **24 904** |
| **Net result from transactions – Net operating balance** | **(2 485)** | **(1 697)** | **2 090** | **(2 132)** | **(1 682)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 12 | 21 | (1) | (34) | 20 |
| Net gain/(loss) on financial assets or liabilities at fair value | 12 | 109 | 406 | (182) | (46) |
| Share of net profit/(loss) from associates/joint venture entities | .. | (13) | (14) | (19) | .. |
| Other gains/(losses) from other economic flows | (39) | (260) | (155) | (112) | (148) |
| **Total other economic flows included in net result** | **(16)** | **(143)** | **236** | **(347)** | **(174)** |
| **Net result** | **(2 500)** | **(1 840)** | **2 327** | **(2 478)** | **(1 856)** |
| **Other economic flows – Other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | (47) | 387 | 125 | 7 185 | 586 |
| Remeasurement of superannuation defined benefits plans | 2 034 | (2 077) | 286 | 1 418 | (978) |
| Other movements in equity | 35 | 39 | 42 | (8) | 104 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 6 | (11) | 3 | 16 | (16) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | (2 305) | .. | 441 | .. |
| **Total other economic flows – Other comprehensive income** | **2 028** | **(3 967)** | **456** | **9 052** | **(305)** |
| **Comprehensive result – Total change in net worth** | **(472)** | **(5 807)** | **2 782** | **6 573** | **(2 161)** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **(2 485)** | **(1 697)** | **2 090** | **(2 132)** | **(1 682)** |
| Less: Net acquisition of non‑financial assets from transactions | 3 797 | 4 213 | 2 004 | 2 861 | 3 443 |
| **Net lending/(borrowing)** | **(6 282)** | **(5 911)** | **87** | **(4 993)** | **(5 124)** |

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

|  | 2023‑24 |  |  |  | 2024‑25 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 16 332 | 12 913 | 13 567 | 14 306 | 14 332 |
| Advances paid | 5 480 | 5 961 | 6 127 | 6 421 | 6 377 |
| Receivables and contract assets | 8 745 | 7 701 | 12 428 | 10 163 | 9 428 |
| Investments, loans and placements | 12 483 | 13 578 | 14 422 | 14 866 | 15 625 |
| Investments accounted for using the equity method | 1 181 | 1 149 | 1 191 | 1 143 | 1 161 |
| Investments in other sector entities | 96 136 | 94 147 | 95 172 | 98 178 | 98 974 |
| **Total financial assets** | **140 356** | **135 449** | **142 907** | **145 077** | **145 897** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 485 | 447 | 396 | 402 | 330 |
| Non‑financial assets held for sale | 100 | 278 | 284 | 232 | 242 |
| Land, buildings, infrastructure, plant and equipment | 253 364 | 257 529 | 259 936 | 269 690 | 273 295 |
| Other non‑financial assets | 6 826 | 6 467 | 6 281 | 6 222 | 7 442 |
| **Total non‑financial assets** | **260 775** | **264 722** | **266 897** | **276 546** | **281 310** |
| **Total assets** | **401 131** | **400 170** | **409 804** | **421 623** | **427 207** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 1 761 | 1 850 | 1 771 | 1 525 | 1 577 |
| Payables | 6 975 | 5 325 | 5 558 | 7 741 | 5 930 |
| Borrowings | 153 123 | 157 362 | 164 635 | 167 309 | 175 439 |
| Employee benefits | 10 563 | 10 517 | 10 815 | 11 120 | 11 574 |
| Superannuation | 17 181 | 19 437 | 19 358 | 18 226 | 19 368 |
| Other provisions | 2 821 | 2 774 | 2 838 | 3 431 | 3 138 |
| Other liabilities | 22 396 | 22 401 | 21 542 | 22 411 | 22 524 |
| **Total liabilities** | **214 820** | **219 667** | **226 518** | **231 764** | **239 550** |
| **Net assets** | **186 311** | **180 504** | **183 286** | **189 859** | **187 657** |
| **Equity** |  |  |  |  |  |
| Accumulated surplus/(deficit) | 45 805 | 41 894 | 44 554 | 43 405 | 40 614 |
| Reserves | 140 506 | 138 609 | 138 731 | 146 454 | 147 043 |
| **Net worth** | **186 311** | **180 504** | **183 286** | **189 859** | **187 657** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | (74 464) | (84 218) | (83 611) | (86 686) | (93 653) |
| Net financial liabilities | 170 600 | 178 365 | 178 783 | 184 865 | 192 627 |
| Net debt | 120 589 | 126 760 | 132 290 | 133 241 | 140 682 |

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

|  | 2023‑24 |  |  |  | 2024‑25 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 8 688 | 8 320 | 8 116 | 11 371 | 9 623 |
| Grants | 9 583 | 10 842 | 10 009 | 10 628 | 10 983 |
| Sales of goods and services (a) | 1 650 | 1 608 | 1 640 | 1 996 | 1 638 |
| Interest received | 404 | 389 | 375 | 523 | 379 |
| Dividends, income tax equivalent and rate equivalent receipts | 154 | 652 | 118 | 1 721 | 474 |
| Other receipts | 505 | 581 | 521 | 801 | 806 |
| **Total receipts** | **20 985** | **22 391** | **20 780** | **27 041** | **23 903** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (8 362) | (9 049) | (8 545) | (9 117) | (9 083) |
| Superannuation | (906) | (998) | (1 002) | (947) | (1 172) |
| Interest paid | (1 116) | (1 324) | (1 339) | (1 483) | (1 480) |
| Grants and subsidies | (3 997) | (3 853) | (4 918) | (3 168) | (5 089) |
| Goods and services (a) | (6 939) | (7 497) | (6 466) | (5 966) | (8 598) |
| Other payments | (253) | (332) | (278) | (719) | (390) |
| **Total payments** | **(21 572)** | **(23 053)** | **(22 547)** | **(21 402)** | **(25 811)** |
| **Net cash flows from operating activities** | **(587)** | **(662)** | **(1 767)** | **5 639** | **(1 908)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (4 250) | (4 847) | (3 433) | (4 845) | (4 085) |
| Sales of non‑financial assets | 52 | 62 | 62 | 143 | 48 |
| **Net cash flows from investments in non‑financial assets** | **(4 198)** | **(4 785)** | **(3 371)** | **(4 702)** | **(4 037)** |
| Net cash flows from investments in financial assets for policy purposes | (259) | (744) | (386) | (942) | (820) |
| **Sub‑total** | **(4 457)** | **(5 529)** | **(3 757)** | **(5 644)** | **(4 857)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (8 613) | (996) | (444) | (496) | (731) |
| **Net cash flows from investing activities** | **(13 069)** | **(6 525)** | **(4 201)** | **(6 140)** | **(5 588)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (10) | 152 | (157) | (211) | (7) |
| Net borrowings | 10 145 | 3 679 | 6 701 | 1 486 | 7 465 |
| Deposits received (net) | 156 | (63) | 79 | (35) | 59 |
| **Net cash flows from financing activities** | **10 291** | **3 768** | **6 623** | **1 240** | **7 518** |
| **Net increase/(decrease) in cash and cash equivalents** | **(3 366)** | **(3 419)** | **654** | **738** | **22** |
| Cash and cash equivalents at beginning of the reporting period (b) | 19 698 | 16 332 | 12 913 | 13 567 | 14 310 |
| **Cash and cash equivalents at end of the reporting period** | **16 332** | **12 913** | **13 567** | **14 306** | **14 332** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | (587) | (662) | (1 767) | 5 639 | (1 908) |
| Net cash flows from investments in non‑financial assets | (4 198) | (4 785) | (3 371) | (4 702) | (4 037) |
| **Cash surplus/(deficit)** | **(4 785)** | **(5 447)** | **(5 139)** | **937** | **(5 945)** |

Notes:

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

(b) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024 and the residual financial assets were transferred to the Department of Energy, Environment and Climate Action. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

# 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