**Quarterly Financial Report No. 1**

**September 2022**



Presented by

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# Overview

This financial report presents the financial results for the Victorian general government sector for the three months ended 30 September 2022, prepared in accordance with the *Financial Management Act 1994*.

# Financial results for the general government sector

For the three months to 30 September 2022, the net result from transactions for the general government sector recorded a deficit of $1.4 billion. This result compares with a full-year revised budget deficit of $10.2 billion.

Caution needs to be exercised in interpreting and drawing conclusions from variances against the full‑year deficit in the revised budget, as the revised budget estimate includes forecast expenditure in the year associated with the recent severe flood event which is expected to be incurred in the course of the remaining nine months of 2022-23.

Caution also 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 and Commonwealth grants.

### Revenue from transactions

Total revenue for the three months to 30 September 2022 was $19.9 billion. This is 24.4 per cent of the full-year revised budget estimate and an increase of $2 billion compared with the same period last year.

Taxation revenue was $7.8 billion, or 25.2 per cent of the full-year revised budget estimate. Taxation revenue increased by $824 million when compared with the same period last year. This was primarily due to an increase in payroll tax due to the strong labour market, and the introduction of the Mental Health and Wellbeing Levy which came into effect on 1 January 2022. Gambling taxes from electronic gaming machines also drove the increase due to the lifting of public health restrictions on in-person gambling venues when compared with the same period last year.

Grants revenue was $9.3 billion, or 23.6 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 $567 million higher when compared with the same period last year. This was primarily driven by an increase in grants from the Commonwealth relating to the National Health Reform Agreement and the COVID-19 health response, and capital grants for road and rail projects, including for the Monash Freeway Upgrade – Stage 2 and the Shepparton Corridor Upgrade.

Revenue from the sale of goods and services was $1.7 billion, or 27.9 per cent of the full‑year revised budget estimate. The sale of goods and services was $413 million higher when compared with the same period last year. This was above the pro‑rata budget primarily due to the upfront recognition of the licence revenue from the VicRoads Modernisation Joint Venture (VicRoads Modernisation) for its right to deliver administrative and cash collection services for the Transport Accident Commission and the State Revenue Office.

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

### Expenses from transactions

Total expenses to the end of September 2022 were $21.3 billion, a decrease of $3.1 billion compared with the same period last year. The decrease in total expenses mainly reflects the one-off impact in 2021‑22 of the Government’s response to COVID‑19 to support businesses.

Total expenses were $1.6 billion below pro-rata at 23.3 per cent of the budget estimate. The variance to the pro-rata budget for expenditure other than grants is primarily due to the timing of expenditure programs across departments. Also driving the variance is the forecast expenditure to meet the immediate needs of flood-affected communities and support the emergency response. This expenditure will be incurred in the remaining nine months of 2022-23.

### Other economic flows

Other economic flows that are not included in the net result from transactions reflected a positive impact of $5.3 billion for the three months to 30 September 2022. This was primarily due to the revaluation of the registration and licensing database as required by AASB 1059 *Service Concession Arrangements: Grantors* following the VicRoads Modernisation. There was also a remeasurement gain on the State’s defined benefit superannuation liability of $1.3 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 $20.8 billion in the three months to 30 September 2022. This mainly reflects an increase in cash and deposits, primarily relating to the upfront proceeds of $7.9 billion received from the VicRoads Modernisation, which have been used to establish the Victorian Future Fund. The VicRoads Modernisation also resulted in an increase in total assets due to the recognition and valuation of the registration and licensing database and the recognition of the State’s minority interest in the joint venture. Also driving the increase in total assets was the Government’s infrastructure investment program.

Total liabilities increased by $16.8 billion to $185.7 billion as at 30 September 2022. This increase was primarily due to an increase in payables resulting from the grant of a right to the operator liability recognised as part of the VicRoads Modernisation, and higher borrowings to fund the Government’s infrastructure program and the operating deficit for the quarter.

Net debt decreased by $3.5 billion to $96.5 billion as at 30 September 2022. This was driven by the upfront proceeds from the VicRoads Modernisation transaction, partially offset by funding the Government's infrastructure program and the operating deficit for the quarter.

### Cash flow statement

The net cash flows from operating activities was a surplus of $7.6 billion for the three months to 30 September 2022. The net cash flows from operating activities improved by $13.5 billion from the equivalent period in the prior year, primarily relating to the upfront proceeds of $7.9 billion received from the VicRoads Modernisation, and the lower net result from transactions deficit compared with the prior year.

### Government infrastructure investment

The State continues to deliver its infrastructure program to support economic activity and jobs, growing community needs and ongoing productivity improvements. 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 $4.8 billion for the three months to 30 September 2022 ($3.8 billion for the corresponding period in 2021).

The Government’s infrastructure scorecard as at 30 September 2022

Major projects in progress include:

A Pathway to More Acute Mental Health Beds

Additional Acute Mental Health Beds in Regional Victoria

Additional VLocity trains

Ballarat Health Services expansion and redevelopment

Barwon Heads Road Upgrade

Barwon Women’s and Children’s Hospital

Big Housing Build

Building a World-Class Geelong Performing Arts Centre

City Loop fire and safety upgrade (Stage 2) and intruder alarm

Courts case management system

E-Class Tram Infrastructure Program

Echuca-Moama Bridge

Expanding and improving bed-based forensic mental health services: Thomas Embling Hospital

Frankston Hospital Redevelopment

Frankston line stabling

Geelong Convention and Exhibition Centre

Geelong Fast Rail

Goulburn Valley Health redevelopment

Gippsland Line Upgrade – Stage 1

High Capacity Metro Trains Project

Homes Victoria Ground Lease Model Project 1

Hurstbridge Line upgrade – Stage 2

Kardinia Park Stadium – Stage 5 redevelopment

Level Crossing Removal Project: 85 by 2025

M80 Ring Road upgrade

Melbourne Arts Precinct Transformation – Phase 1

Melbourne Airport Rail

Melbourne Park redevelopment – Stage 3

Men’s prison system capacity

Metro Tunnel

Metropolitan Network Modernisation program

Monash Freeway Upgrade – Stage 2

The Government’s infrastructure scorecard as at 30 September 2022 *(continued)*

Murray Basin Rail Project

New Footscray Hospital

New Melton Hospital

New metropolitan trains

New schools (land acquisition, construction, relocatable buildings, school upgrades)

New trains for Sunbury

New Wyndham Law Court

Next Generation Trams

North East Link – Primary Package (Tunnels)

North East Link – State and Freeway Packages

Northern Hospital inpatient expansion – Stage 2

Princes Highway East – Stage 3

Public housing renewal program

Public transport ticketing asset renewal

Redevelopment of the Thomas Embling Hospital – Stage 2

Royal Victorian Eye and Ear Hospital redevelopment

Shepparton Corridor Upgrade – Stages 2 and 3

South Dynon train maintenance facility

Suburban Rail Loop

Suburban Roads Upgrade

Technology and resources to support Victoria’s fines system

Ten new community hospitals

Tram infrastructure upgrades

Victorian Heart Hospital

Warrnambool Base Hospital Redevelopment

Waurn Ponds Track Duplication – Stage 2

West Gate Tunnel Project

Western Highway duplication – Ballarat to Stawell

Western Plains Correctional Centre

Western Rail Plan

Women’s prison system capacity

# Consolidated comprehensive operating statement

For the period ended 30 September ($ million)

| 2021‑22 |  |  | 2022‑23 | |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | Notes | actual 30 Sep | revised budget |
|  | **Revenue and income from transactions** |  |  |  |
| 7 018 | Taxation (a) | 2.1 | 7 842 | 31 166 |
| 133 | Interest income |  | 259 | 831 |
| 94 | Dividends, income tax equivalent and rate equivalent income | 2.2 | 88 | 559 |
| 1 283 | Sales of goods and services | 2.3 | 1 696 | 6 067 |
| 8 698 | Grants | 2.4 | 9 265 | 39 290 |
| 690 | Other revenue and income | 2.5 | 751 | 3 547 |
| **17 915** | **Total revenue and income from transactions (a)** |  | **19 900** | **81 460** |
|  | **Expenses from transactions** |  |  |  |
| 7 882 | Employee expenses |  | 8 361 | 33 474 |
| 142 | Net superannuation interest expense | 3.3 | 172 | 719 |
| 969 | Other superannuation | 3.3 | 1 039 | 3 413 |
| 1 048 | Depreciation | 4.2 | 1 085 | 4 712 |
| 639 | Interest expense |  | 822 | 3 863 |
| 7 950 | Grant expense |  | 4 021 | 18 779 |
| 5 763 | Other operating expenses |  | 5 814 | 26 682 |
| **24 393** | **Total expenses from transactions** | 3.4 | **21 315** | **91 643** |
| **(6 477)** | **Net result from transactions – net operating balance (a)** |  | **(1 415)** | **(10 183)** |
|  | **Other economic flows included in net result** |  |  |  |
| 27 | Net gain/(loss) on disposal of non‑financial assets |  | 32 | 54 |
| (33) | Net gain/(loss) on financial assets or liabilities at fair value |  | (7) | 60 |
| .. | Share of net profit/(loss) from associates/joint venture entities |  | 3 | 26 |
| 113 | Other gains/(losses) from other economic flows | 6.1 | (5) | (479) |
| **108** | **Total other economic flows included in net result** |  | **23** | **(339)** |
| **(6 369)** | **Net result (a)** |  | **(1 392)** | **(10 522)** |
|  | **Other economic flows – other comprehensive income** |  |  |  |
|  | **Items that will not be reclassified to net result** |  |  |  |
| 258 | Changes in non‑financial assets revaluation surplus |  | 4 393 | 6 154 |
| 690 | Remeasurement of superannuation defined benefits plans | 3.3 | 1 284 | 1 872 |
| (34) | Other movements in equity |  | (437) | 21 |
|  | **Items that may be reclassified subsequently to net result** |  |  |  |
| 18 | Net gain/(loss) on financial assets at fair value |  | 87 | 95 |
| .. | Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | (3 869) |
| **931** | **Total other economic flows – other comprehensive income** |  | **5 328** | **4 274** |
| **(5 439)** | **Comprehensive result – total change in net worth (a)** |  | **3 936** | **(6 248)** |
|  |  |  |  |  |
|  | **KEY FISCAL AGGREGRATES (a)** |  |  |  |
| **(6 477)** | **Net operating balance** |  | **(1 415)** | **(10 183)** |
| 2 483 | Less: Net acquisition of non‑financial assets from transactions | 3.6 | 2 692 | 9 164 |
| **(8 960)** | **Net lending/(borrowing)** |  | **(4 106)** | **(19 347)** |

Note:

(a) The September 2021 taxation revenue and corresponding totals have been restated to reflect more current information.

# Consolidated balance sheet

As at 30 September ($ million)

| 2021‑22 |  |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- | --- |
| actual 30 Sep |  | Notes | opening 1 Jul | actual 30 Sep | revised budget |
|  | **Assets** |  |  |  |  |
|  | **Financial assets** |  |  |  |  |
| 15 786 | Cash and deposits (a)(b) | 6.2 | 10 985 | 22 544 | 11 118 |
| 5 284 | Advances paid |  | 4 934 | 5 025 | 5 326 |
| 8 142 | Receivables and contract assets (a)(c) | 5.1 | 8 416 | 8 041 | 7 904 |
| 3 017 | Investments, loans and placements |  | 3 370 | 3 472 | 12 549 |
| 10 | Investments accounted for using the equity method |  | 10 | 1 221 | 1 219 |
| 73 288 | Investments in other sector entities |  | 89 162 | 89 414 | 89 226 |
| **105 527** | **Total financial assets (a)(c)** |  | **116 876** | **129 716** | **127 342** |
|  | **Non‑financial assets** |  |  |  |  |
| 849 | Inventories |  | 1 262 | 1 130 | 753 |
| 183 | Non‑financial assets held for sale |  | 171 | 154 | 187 |
| 198 442 | Land, buildings, infrastructure, plant and equipment (a) | 4.1 | 225 771 | 229 316 | 238 100 |
| 3 860 | Other non‑financial assets | 4.7 | 3 313 | 7 859 | 7 342 |
| **203 333** | **Total non‑financial assets** |  | **230 516** | **238 459** | **246 382** |
| **308 860** | **Total assets (a)(c)** |  | **347 392** | **368 175** | **373 724** |
|  | **Liabilities** |  |  |  |  |
| 2 366 | Deposits held and advances received |  | 1 835 | 1 762 | 1 386 |
| 15 731 | Payables | 5.2 | 17 567 | 27 048 | 26 416 |
| 381 | Contract liabilities | 5.2 | 342 | 358 | 338 |
| 103 944 | Borrowings |  | 117 421 | 125 758 | 143 651 |
| 9 642 | Employee benefits | 3.2 | 9 859 | 9 911 | 10 099 |
| 26 894 | Superannuation |  | 19 756 | 18 845 | 17 461 |
| 1 542 | Other provisions |  | 2 082 | 2 026 | 2 090 |
| **160 500** | **Total liabilities** |  | **168 861** | **185 707** | **201 441** |
| **148 360** | **Net assets (a)(c)** |  | **178 531** | **182 468** | **172 283** |
| 52 746 | Accumulated surplus/(deficit) |  | 52 827 | 52 290 | 44 198 |
| 95 614 | Reserves |  | 125 704 | 130 178 | 128 085 |
| **148 360** | **Net worth (a)(c)** |  | **178 531** | **182 468** | **172 283** |
|  |  |  |  |  |  |
|  | **FISCAL AGGREGATES (a)(c)** |  |  |  |  |
| (54 973) | Net financial worth |  | (51 985) | (55 991) | (74 099) |
| 128 262 | Net financial liabilities |  | 141 147 | 145 405 | 163 326 |
| 82 224 | Net debt |  | 99 968 | 96 479 | 116 045 |

Notes:

* + - * 1. On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.
        2. The increase in cash and deposits from the 1 July 2022 opening balance is primarily due to the $7.9 billion received from the VicRoads Modernisation Joint Venture, which has been used to establish the Victorian Future Fund.
        3. The September 2021 receivables and contract assets and corresponding totals have been restated to reflect more current information.

# Consolidated cash flow statement

For the period ended 30 September ($ million)

| 2021‑22 |  |  | 2022‑23 | |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | Notes | actual 30 Sep | revised budget |
|  | **Cash flows from operating activities** |  |  |  |
|  | **Receipts** |  |  |  |
| 6 932 | Taxes received |  | 7 962 | 31 439 |
| 8 758 | Grants |  | 9 307 | 39 283 |
| 1 709 | Sales of goods and services (a) |  | 2 097 | 6 634 |
| 130 | Interest received |  | 235 | 780 |
| 94 | Dividends, income tax equivalent and rate equivalent receipts |  | 88 | 888 |
| 483 | Other receipts |  | 8 171 | 10 381 |
| **18 106** | **Total receipts** |  | **27 859** | **89 406** |
|  | **Payments** |  |  |  |
| (7 618) | Payments for employees |  | (8 282) | (33 241) |
| (746) | Superannuation |  | (838) | (4 554) |
| (578) | Interest paid |  | (724) | (3 556) |
| (8 280) | Grants and subsidies |  | (4 190) | (18 764) |
| (6 547) | Goods and services (a) |  | (6 033) | (25 996) |
| (236) | Other payments |  | (240) | (1 415) |
| **(24 004)** | **Total payments** |  | **(20 307)** | **(87 525)** |
| **(5 898)** | **Net cash flows from operating activities** |  | **7 552** | **1 880** |
|  | **Cash flows from investing activities** |  |  |  |
|  | **Cash flows from investments in non‑financial assets** |  |  |  |
| (3 041) | Purchases of non‑financial assets | 3.5 | (3 500) | (14 681) |
| 44 | Sales of non‑financial assets |  | 73 | 423 |
| **(2 996)** | **Net cash flows from investments in non‑financial assets** |  | **(3 426)** | **(14 259)** |
| 78 | Net cash flows from investments in financial assets for policy purposes |  | (391) | (1 755) |
| **(2 918)** | **Sub‑total** |  | **(3 818)** | **(16 014)** |
| (69) | Net cash flows from investments in financial assets for liquidity management purposes |  | (71) | (9 079) |
| **(2 987)** | **Net cash flows from investing activities** |  | **(3 889)** | **(25 092)** |
|  | **Cash flows from financing activities** |  |  |  |
| (499) | Advances received (net) |  | (111) | (448) |
| 10 486 | Net borrowings |  | 7 968 | 23 794 |
| 74 | Deposits received (net) |  | 38 | .. |
| **10 062** | **Net cash flows from financing activities** |  | **7 896** | **23 346** |
| **1 177** | **Net increase/(decrease) in cash and cash equivalents** |  | **11 559** | **133** |
| 14 609 | Cash and cash equivalents at beginning of the reporting period |  | 10 985 | 10 985 |
| **15 786** | **Cash and cash equivalents at end of the reporting period** | 6.2 | **22 544** | **11 118** |
|  |  |  |  |  |
|  | **FISCAL AGGREGATES** |  |  |  |
| (5 898) | Net cash flows from operating activities |  | 7 552 | 1 880 |
| (2 996) | Net cash flows from investments in non‑financial assets |  | (3 426) | (14 259) |
| **(8 894)** | **Cash surplus/(deficit)** |  | **4 126** | **(12 378)** |

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) | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- |
| **2022‑23** |  |  |  |  |  |
| Balance at 1 July 2022 (a) | 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 | 854 | 4 393 | .. | 81 | 5 328 |
| **Total equity as at 30 September 2022** | **52 290** | **84 112** | **44 815** | **1 250** | **182 468** |
| **Budget equity as at 30 June 2023** | **44 198** | **85 874** | **40 946** | **1 265** | **172 283** |
| **2021‑22** |  |  |  |  |  |
| Balance at 1 July 2021 | 58 642 | 61 017 | 32 981 | 1 159 | 153 799 |
| Net result for the year (b) | (6 369) | .. | .. | .. | (6 369) |
| Other comprehensive income for the year | 473 | 258 | .. | 200 | 931 |
| **Total equity as at 30 September 2021 (b)** | **52 746** | **61 275** | **32 981** | **1 358** | **148 360** |

Notes:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DELWP to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

(b) The September 2021 figures have been restated to reflect more current information.

# 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 ended 30 September 2022.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2021-22 Financial Report* for the State of Victoria.

This quarterly financial report does not include all of the notes normally included with the annual financial report, and therefore should be read in conjunction with the *2021-22 Financial Report*.

### Statement of compliance

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

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

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

### Basis of accounting and measurement

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

### Reporting entity

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

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

### Basis of consolidation

The 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.

# 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*.

## Taxation

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
|  | **TAXES ON EMPLOYERS’ PAYROLL AND LABOUR FORCE** |  |  |
| 1 583 | Payroll tax (a) | 1 830 | 7 145 |
| .. | Mental Health and Wellbeing Levy | 199 | 858 |
| **1 583** | **Total taxes on employers’ payroll and labour force (a)** | **2 029** | **8 003** |
|  | **TAXES ON IMMOVABLE PROPERTY** |  |  |
| 162 | Land tax | 188 | 5 158 |
| 745 | Fire Services Property Levy | 766 | 800 |
| (6) | Congestion levy | (4) | 117 |
| 147 | Metropolitan improvement levy | 147 | 202 |
| **1 049** | **Total taxes on property** | **1 097** | **6 276** |
|  | **TAXES ON THE PROVISION OF GOODS AND SERVICES** |  |  |
|  | **Gambling taxes (b)** |  |  |
| 155 | Public lotteries | 136 | 636 |
| 167 | Electronic gaming machines | 353 | 1 348 |
| 9 | Casino | 48 | 183 |
| 66 | Racing and other sports betting | 65 | 309 |
| 2 | Other | 4 | 14 |
|  | **Financial and capital transactions** |  |  |
| 2 571 | Land transfer duty | 2 506 | 8 064 |
| 5 | Metropolitan planning levy | 6 | 22 |
| 39 | Financial accommodation levy | 39 | 160 |
| 46 | Growth areas infrastructure contribution | 97 | 320 |
| **38** | **Levies on statutory corporations** | **38** | **173** |
| **477** | **Taxes on insurance** | **521** | **1 846** |
| **3 576** | **Total taxes on the provision of goods and services** | **3 814** | **13 078** |
|  | **TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES** |  |  |
|  | **Motor vehicle taxes** |  |  |
| 436 | Vehicle registration fees | 481 | 1 976 |
| 258 | Duty on vehicle registrations and transfers | 291 | 1 176 |
| **..** | **Liquor licence fees** | **..** | **27** |
| **116** | **Other** | **130** | **629** |
| **810** | **Total taxes on the use of goods and performance of activities** | **902** | **3 808** |
| **7 018** | **Total taxation (a)** | **7 842** | **31 166** |

Notes:

(a) The 2021 figure has been restated to reflect more current information.

(b) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue to   
30 September 2022 of $41.9 million (30 September 2021: $39.3 million) recognised under AASB 15. The balance of these items is recognised under AASB 1058.

## Dividends, income tax equivalent and rate equivalent income

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| .. | Dividends from PFC sector | .. | 60 |
| .. | Dividends from PNFC sector | .. | 100 |
| 23 | Dividends from non‑public sector | 20 | 150 |
| **23** | **Dividends** | **20** | **310** |
| 1 | Income tax equivalent income from PFC sector | 2 | 8 |
| 69 | Income tax equivalent income from PNFC sector | 66 | 235 |
| **71** | **Income tax equivalent income** | **68** | **244** |
| .. | Local government rate equivalent income | .. | 5 |
| **94** | **Total dividends, income tax equivalent and rate equivalent income** | **88** | **559** |

## Sales of goods and services

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
|  | **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |
| 18 | Sale of goods | 24 | 91 |
| 1 010 | Provision of services | 1 415 | 5 052 |
|  | **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |
| 72 | Motor vehicle regulatory fees | 55 | 190 |
| 160 | Other regulatory fees | 184 | 639 |
| 1 | Refunds and reimbursements | .. | .. |
|  | **Amounts recognised as lease income (AASB 16)** |  |  |
| 22 | Rental | 17 | 94 |
| **1 283** | **Total sales of goods and services** | **1 696** | **6 067** |

## Grants (a)

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 4 487 | General purpose grants | 4 434 | 18 403 |
| 1 104 | Specific purpose grants for on‑passing | 1 132 | 4 704 |
| 3 040 | Specific purpose grants | 3 692 | 15 756 |
| **8 631** | **Total** | **9 257** | **38 864** |
| 68 | Other contributions and grants | 8 | 426 |
| **8 698** | **Total grants** | **9 265** | **39 290** |

Note:

(a) Grants predominantly relate to grants from the Commonwealth Government which are recognised under AASB 1058.

## Other revenue and income

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
|  | **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |
| 25 | Royalties | 35 | 140 |
| 67 | Other revenue – health | 77 | 248 |
| 138 | Other miscellaneous revenue | 184 | 812 |
|  | **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |
| 156 | Fair value of assets received free of charge or for nominal consideration | 87 | 384 |
| 148 | Fines | 136 | 857 |
| 41 | Donations and gifts | 43 | 209 |
| 48 | Other income – education | 87 | 386 |
|  | **Amounts recognised as lease income (AASB 16)** |  |  |
| 7 | Other non‑property rental | 9 | 29 |
|  | **Revenue items accounted for under AASB 1059** |  |  |
| 61 | Revenue related to economic service concession arrangements | 92 | 483 |
| **690** | **Total other revenue and income** | **751** | **3 547** |

# 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 2022.

## 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. The majority 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 2022.

## Employee benefits (balance sheet)

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
|  | **Current** |  |  |  |
| 708 | Accrued salaries and wages | 772 | 874 | 787 |
| 100 | Other employee benefits | 209 | 184 | 141 |
| 2 482 | Annual leave | 2 563 | 2 549 | 2 581 |
| 5 178 | Long service leave | 5 240 | 5 209 | 5 387 |
| **8 468** | **Total current employee benefits and on‑costs** | **8 785** | **8 817** | **8 896** |
|  | **Non‑current** |  |  |  |
| 1 174 | Long service leave | 1 074 | 1 094 | 1 203 |
| **1 174** | **Total non‑current employee benefits and on‑costs** | **1 074** | **1 094** | **1 203** |
| **9 642** | **Total employee benefits and on‑costs** | **9 859** | **9 911** | **10 099** |

## Superannuation (operating statement)

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
|  | **Defined benefit plans** |  |  |
| 142 | Net superannuation interest expense | 172 | 719 |
| 375 | Current service cost | 357 | 988 |
|  | Remeasurements: |  |  |
| (313) | Expected return on superannuation assets excluding interest income | (248) | (836) |
| (5) | Other actuarial (gain)/loss on superannuation assets | 407 | 407 |
| (372) | Actuarial and other adjustments to unfunded superannuation liability | (1 443) | (1 443) |
| **(172)** | **Total expense recognised in respect of defined benefit plans** | **(755)** | **(165)** |
|  | **Defined contribution plans** |  |  |
| 570 | Employer contributions to defined contribution plans | 660 | 2 357 |
| 24 | Other (including pensions) | 22 | 67 |
| **594** | **Total expense recognised in respect of defined contribution plans** | **682** | **2 424** |
| **422** | **Total superannuation (gain)/expense recognised in operating statement** | **(73)** | **2 260** |
|  | **Represented by:** |  |  |
| 142 | Net superannuation interest expense | 172 | 719 |
| 969 | Other superannuation | 1 039 | 3 413 |
| **1 111** | **Superannuation expense from transactions** | **1 211** | **4 132** |
| **(690)** | **Remeasurement recognised in other comprehensive income** | **(1 284)** | **(1 872)** |
| **422** | **Total superannuation costs recognised in operating statement** | **(73)** | **2 260** |

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

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

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep (a) |  | actual 30 Sep | revised budget |
| 1 567 | General public services | 1 532 | 7 593 |
| 2 748 | Public order and safety | 2 589 | 12 437 |
| 4 845 | Economic affairs | 991 | 4 595 |
| 267 | Environmental protection | 247 | 1 119 |
| 479 | Housing and community amenities | 422 | 2 158 |
| 6 434 | Health | 7 137 | 28 930 |
| 209 | Recreation, culture and religion | 286 | 1 421 |
| 4 535 | Education | 4 850 | 20 872 |
| 1 727 | Social protection | 1 884 | 8 204 |
| 1 760 | Transport | 1 743 | 7 390 |
| (178) | Not allocated by purpose | (366) | (3 077) |
| **24 393** | **Total expenses from transactions** | **21 315** | **91 643** |

Note:

(a) The September 2021 figures have been reclassified between various expenses by COFOG classifications to more correctly reflect the nature of the transactions.

Total expenses from transactions by portfolio department ($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
|  | **Expenses from transactions** |  |  |
| 4 794 | Education and Training | 4 994 | 21 302 |
| 866 | Environment, Land, Water and Planning | 1 077 | 4 328 |
| 1 782 | Families, Fairness and Housing | 1 914 | 7 826 |
| 6 498 | Health | 7 276 | 28 592 |
| 5 002 | Jobs, Precincts and Regions | 787 | 4 392 |
| 2 628 | Justice and Community Safety | 2 389 | 9 888 |
| 173 | Premier and Cabinet | 250 | 1 106 |
| 1 787 | Transport | 1 785 | 7 147 |
| 2 334 | Treasury and Finance | 2 511 | 11 552 |
| 79 | Parliament | 81 | 357 |
| 188 | Courts | 201 | 877 |
| 744 | Regulatory bodies and other part budget funded agencies (a) | 791 | 3 486 |
| **26 876** | **Total expenses by department** | **24 057** | **100 852** |
| *(2 483)* | *Less eliminations and adjustments (b)* | *(2 742)* | *(9 209)* |
| **24 393** | **Total expenses from transactions** | **21 315** | **91 643** |

Notes:

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

(b) Mainly comprising payroll tax and inter‑departmental transfers. The revised budget also includes contingencies not allocated to departments and departmental underspend estimates.

## Purchases of non-financial assets by portfolio department

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 529 | Education and Training | 461 | 3 316 |
| 55 | Environment, Land, Water and Planning | 59 | 417 |
| 1 | Families, Fairness and Housing | 13 | 128 |
| 94 | Health | 387 | 2 235 |
| 36 | Jobs, Precincts and Regions | 17 | 384 |
| 318 | Justice and Community Safety | 190 | 1 011 |
| 1 | Premier and Cabinet | 2 | 41 |
| 2 046 | Transport | 2 228 | 11 738 |
| 3 | Treasury and Finance | 3 | 216 |
| 6 | Parliament | 5 | 28 |
| 5 | Courts | 76 | 222 |
| 23 | Regulatory bodies and other part funded agencies (a) | 7 | 211 |
| **3 116** | **Total purchases of non‑financial assets by department** | **3 447** | **19 945** |
| *(76)* | *Eliminations and adjustments (b)* | *52* | *(5 264)* |
| **3 041** | **Total purchases of non‑financial assets** | **3 500** | **14 681** |

Notes:

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

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

## Net acquisition of non-financial assets from transactions

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 2 981 | Purchases of non‑financial assets (including change in inventories) | 3 368 | 14 174 |
| (44) | Less: Sales of non‑financial assets | (73) | (423) |
| (1 048) | Less: Depreciation and amortisation | (1 085) | (4 712) |
| 594 | Plus/(less): Other movements in non‑financial assets | 482 | 125 |
| **2 483** | **Total net acquisition of non‑financial assets from transactions** | **2 692** | **9 164** |

# 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.

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

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul (a) | actual 30 Sep | revised budget |
| 46 758 | Buildings | 52 468 | 52 992 | 54 426 |
| 77 885 | Land and national parks | 93 099 | 93 340 | 94 476 |
| 16 034 | Infrastructure systems | 19 826 | 21 306 | 25 680 |
| 4 723 | Plant, equipment and vehicles | 5 360 | 5 529 | 6 506 |
| 36 480 | Roads and road infrastructure | 38 019 | 39 268 | 40 213 |
| 10 023 | Earthworks | 10 231 | 10 231 | 10 035 |
| 6 539 | Cultural assets | 6 768 | 6 649 | 6 765 |
| **198 442** | **Total land, buildings, infrastructure, plant and equipment** | **225 771** | **229 316** | **238 100** |

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

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

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

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
| 8 329 | Buildings | 8 573 | 8 505 | 8 185 |
| 2 | Infrastructure systems | 1 | 1 | 1 |
| 503 | Plant, equipment and vehicles | 489 | 454 | 401 |
| **8 834** | **Total right‑of‑use assets: buildings, infrastructure, plant and equipment** | **9 063** | **8 960** | **8 587** |

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

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
| 1 998 | Buildings | 1 965 | 1 949 | 1 927 |
| 2 876 | Land and national parks | 3 353 | 3 353 | 3 353 |
| 5 788 | Infrastructure systems | 6 929 | 7 290 | 8 590 |
| 819 | Plant, equipment and vehicles | 1 151 | 1 207 | 1 430 |
| 11 194 | Roads and road infrastructure (a) | 13 129 | 13 693 | 15 242 |
| 924 | Earthworks (a) | 916 | 916 | 916 |
| **23 600** | **Total service concession assets: land, buildings, infrastructure, plant and equipment** | **27 444** | **28 406** | **31 457** |

Note:

(a) The September 2021 figures have been reclassified between roads and road infrastructure and earthworks.

## Depreciation

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 539 | Buildings | 577 | 2 490 |
| 9 | Infrastructure systems | 10 | 53 |
| 187 | Plant, equipment and vehicles | 196 | 888 |
| 240 | Roads and road infrastructure | 235 | 967 |
| 5 | Cultural assets | 4 | 16 |
| 67 | Intangible produced assets | 63 | 298 |
| **1 048** | **Total depreciation** | **1 085** | **4 712** |

The following two tables are subsets of total depreciation expense.

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

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 161 | Buildings | 160 | 764 |
| 29 | Plant, equipment and vehicles | 29 | 127 |
| **190** | **Total depreciation of right‑of‑use assets** | **189** | **891** |

Depreciation of service concession assets ($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 18 | Buildings | 16 | 47 |
| 5 | Plant, equipment and vehicles | 6 | 28 |
| 55 | Roads and road infrastructure | 51 | 199 |
| .. | Intangible produced assets | .. | 1 |
| **79** | **Total depreciation of service concession assets** | **74** | **276** |

## Land and buildings

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul (a) | actual 30 Sep | revised budget |
| 51 819 | Buildings | 56 666 | 57 722 | 61 325 |
| (5 060) | Accumulated depreciation | (4 198) | (4 730) | (6 899) |
| **46 758** | **Buildings (net carrying amount)** | **52 468** | **52 992** | **54 426** |
| 76 218 | Land | 91 089 | 91 331 | 92 475 |
| 1 667 | National parks and other ‘land only’ holdings | 2 010 | 2 010 | 2 000 |
| **77 885** | **Land and national parks** | **93 099** | **93 340** | **94 476** |
| **124 644** | **Total land and buildings** | **145 567** | **146 333** | **148 901** |

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## Plant, equipment and vehicles, and infrastructure systems

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul (a) | actual 30 Sep | revised budget |
| 16 572 | Infrastructure systems | 20 380 | 21 870 | 26 287 |
| (538) | Accumulated depreciation | (554) | (564) | (608) |
| **16 034** | **Infrastructure systems (net carrying amount)** | **19 826** | **21 306** | **25 680** |
| 10 157 | Plant, equipment and vehicles | 11 074 | 11 324 | 12 918 |
| (5 434) | Accumulated depreciation | (5 714) | (5 795) | (6 412) |
| **4 723** | **Plant, equipment and vehicles (net carrying amount)** | **5 360** | **5 529** | **6 506** |
| **20 757** | **Total plant, equipment and vehicles, and infrastructure systems** | **25 186** | **26 835** | **32 185** |

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

## Roads, road infrastructure and earthworks

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
| 37 840 | Roads and roads infrastructure | 40 098 | 41 583 | 43 267 |
| (1 361) | Accumulated depreciation | (2 080) | (2 314) | (3 054) |
| **36 480** | **Roads and road infrastructure (net carrying amount)** | **38 019** | **39 268** | **40 213** |
| **10 023** | **Earthworks** | **10 231** | **10 231** | **10 035** |
| **46 502** | **Total roads, road infrastructure and earthworks** | **48 250** | **49 500** | **50 248** |

## Cultural assets

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
| 6 764 | Cultural assets | 6 952 | 6 748 | 6 966 |
| (225) | Accumulated depreciation | (184) | (100) | (201) |
| **6 539** | **Total cultural assets** | **6 768** | **6 649** | **6 765** |

## Other non-financial assets

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
| 2 829 | Intangible produced assets | 3 035 | 3 020 | 3 249 |
| (1 441) | Accumulated depreciation | (1 634) | (1 691) | (1 916) |
| 485 | Service concession assets – intangible produced | 512 | 4 612 | 4 612 |
| .. | Accumulated depreciation | .. | .. | (1) |
| 111 | Intangible non‑produced assets | 78 | 78 | 80 |
| (53) | Accumulated amortisation | (55) | (56) | (60) |
| **1 931** | **Total intangibles** | **1 936** | **5 964** | **5 964** |
| 303 | Investment properties | 320 | 320 | 302 |
| 2 | Biological assets | 5 | 5 | 7 |
| 1 623 | Other assets | 1 052 | 1 570 | 1 070 |
| **3 860** | **Total other non‑financial assets** | **3 313** | **7 859** | **7 342** |

# Other assets and liabilities

### Introduction

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

## Receivables and contract assets

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
|  | **Contractual** |  |  |  |
| 923 | Sales of goods and services (a) | 741 | 870 | 720 |
| 8 | Accrued investment income | 18 | 31 | 20 |
| 1 269 | Other receivables | 1 725 | 1 587 | 1 382 |
| (180) | Allowance for impairment losses of contractual receivables | (202) | (204) | (199) |
|  | **Statutory** |  |  |  |
| 6 | Sales of goods and services | 11 | 11 | 11 |
| 4 713 | Taxes receivable (b) | 5 156 | 5 083 | 4 968 |
| 2 742 | Fines and regulatory fees | 2 728 | 2 740 | 2 750 |
| 382 | GST input tax credits recoverable | 607 | 408 | 605 |
| 737 | Other receivables | .. | .. | .. |
| (2 458) | Allowance for impairment losses of statutory receivables | (2 368) | (2 486) | (2 352) |
|  | **Other** |  |  |  |
| .. | Contract assets | 1 | .. | 1 |
| **8 142** | **Total receivables and contract assets (a)(b)** | **8 416** | **8 041** | **7 904** |
|  | **Represented by:** |  |  |  |
| 7 649 | Current receivables and contract assets (a)(b) | 7 902 | 7 526 | 7 393 |
| 493 | Non‑current receivables and contract assets | 514 | 514 | 512 |

Notes:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DELWP to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance.

(b) The September 2021 figures have been restated to reflect more current information.

## Payables and contract liabilities

($ million)

| 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- |
| actual 30 Sep |  | opening 1 Jul | actual 30 Sep | revised budget |
|  | **Contractual** |  |  |  |
| 907 | Accounts payable | 838 | 1 293 | 844 |
| 3 968 | Accrued expenses | 5 152 | 5 046 | 4 727 |
| 9 650 | Grant of a right to the operator liability | 10 305 | 19 255 | 19 705 |
| 1 175 | Unearned income | 1 203 | 1 412 | 1 070 |
|  | **Statutory** |  |  |  |
| 31 | Accrued taxes payable | 69 | 42 | 71 |
|  | **Other** |  |  |  |
| 381 | Contract liabilities | 342 | 358 | 338 |
| **16 111** | **Total payables and contract liabilities** | **17 909** | **27 406** | **26 754** |
|  | **Represented by:** |  |  |  |
| 6 160 | Current payables and contract liabilities | 7 260 | 7 975 | 7 001 |
| 9 951 | Non‑current payables and contract liabilities | 10 649 | 19 431 | 19 753 |

# Other disclosures

### Introduction

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

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

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep | revised budget |
| 112 | Net (increase)/decrease in allowances for credit losses | (8) | (21) |
| (1) | Amortisation of intangible non‑produced assets | .. | (7) |
| (3) | Bad debts written off | (4) | (398) |
| 5 | Other gains/(losses) | 8 | (54) |
| **113** | **Total other gains/(losses) from other economic flows** | **(5)** | **(479)** |

## Reconciliation of cash and cash equivalents

($ million)

| 2021‑22 |  | 2022‑23 |
| --- | --- | --- |
| actual 30 Sep |  | actual 30 Sep |
| 8 769 | Cash | 6 394 |
| 7 017 | Deposits at call | 16 150 |
| **15 786** | **Cash and cash equivalents** | **22 544** |
| .. | Bank overdraft | .. |
| **15 786** | **Balances as per cash flow statement** | **22 544** |

## Controlled entities

Note 9.8 in Chapter 4 of the *2021-22 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 2022, which have also been incorporated in this financial report:

| General government sector |
| --- |
| Department of Environment, Land, Water and Planning (a)  Department of Jobs, Precincts and Regions  Victoria 2026 Pty Ltd (b)  Department of Transport (c)  Safe Transport Victoria (STV) (d)  VicRoads Modernisation including: (e)   * CP Services Victoria Pty Ltd * R&L Services Victoria Pty Ltd * Victorian R&L Services Trust * Victorian CP Services Trust |

Notes:

* + - * 1. On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and amalgamated into DELWP to form a business unit within DELWP, Recycling Victoria.

(b) On 7 September 2022, the Victorian Commonwealth Games Organising Committee was established as Victoria 2026 Pty Ltd to organise, host and manage the 2026 Commonwealth Games.

(c) Effective from August 2022, VicHoldCo was dissolved.

(d) On 1 July 2022, Commercial Passenger Vehicles Victoria and Transport Safety Victoria came together as a new entity, Safe Transport Victoria (STV), to create a new regulator to manage safety, compliance, accreditation and registration for commercial passenger vehicles, buses and the marine sector.

(e) On 15 August 2022, the majority interest in the corporate trustees was transferred to the joint venture partner as part of the financial close of the VicRoads Modernisation process, with the State retaining an interest in the joint venture.

## Glossary of technical terms

Note 9.9 in Chapter 4 of the *2021-22 Financial Report* for the State of Victoria summarises the major technical terms used in this report.

# 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)

|  | 2021‑22 |  |  |  | 2022‑23 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 7 018 | 5 936 | 9 994 | 7 599 | 7 842 |
| Interest income | 133 | 132 | 130 | 162 | 259 |
| Dividends, income tax equivalent and rate equivalent income | 94 | 296 | 64 | 430 | 88 |
| Sales of goods and services | 1 283 | 1 274 | 1 394 | 1 694 | 1 696 |
| Grants | 8 698 | 12 224 | 10 604 | 10 279 | 9 265 |
| Other revenue and income | 690 | 988 | 856 | 1 053 | 751 |
| **Total revenue and income from transactions** | **17 915** | **20 850** | **23 042** | **21 216** | **19 900** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 7 882 | 8 226 | 7 740 | 8 391 | 8 361 |
| Net superannuation interest expense | 142 | 100 | 119 | 120 | 172 |
| Other superannuation | 969 | 923 | 952 | 1 068 | 1 039 |
| Depreciation | 1 048 | 1 079 | 1 063 | 1 118 | 1 085 |
| Interest expense | 639 | 747 | 658 | 826 | 822 |
| Grant expense | 7 950 | 6 677 | 4 955 | 5 481 | 4 021 |
| Other operating expenses | 5 763 | 6 600 | 6 967 | 8 612 | 5 814 |
| **Total expenses from transactions** | **24 393** | **24 352** | **22 454** | **25 615** | **21 315** |
| **Net result from transactions – net operating balance** | **(6 477)** | **(3 502)** | **588** | **(4 399)** | **(1 415)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 27 | 9 | 10 | (31) | 32 |
| Net gain/(loss) on financial assets or liabilities at fair value | (33) | 15 | 52 | 121 | (7) |
| Share of net profit/(loss) from associates/joint venture entities | .. | .. | .. | 5 | 3 |
| Other gains/(losses) from other economic flows | 113 | (164) | 60 | 105 | (5) |
| **Total other economic flows included in net result** | **108** | **(141)** | **123** | **200** | **23** |
| **Net result** | **(6 369)** | **(3 643)** | **710** | **(4 200)** | **(1 392)** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | 258 | 95 | 110 | 18 240 | 4 393 |
| Remeasurement of superannuation defined benefits plans | 690 | (854) | 3 233 | 4 723 | 1 284 |
| Other movements in equity | (34) | 21 | (6) | (33) | (437) |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 18 | (37) | (59) | 34 | 87 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | .. | (1 193) | 48 | 12 980 | .. |
| **Total other economic flows – other comprehensive income** | **931** | **(1 969)** | **3 326** | **35 943** | **5 328** |
| **Comprehensive result – total change in net worth** | **(5 439)** | **(5 612)** | **4 036** | **31 743** | **3 936** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **(6 477)** | **(3 502)** | **588** | **(4 399)** | **(1 415)** |
| Less: Net acquisition of non‑financial assets from transactions | 2 483 | 3 707 | 2 976 | 1 583 | 2 692 |
| **Net lending/(borrowing)** | **(8 960)** | **(7 209)** | **(2 388)** | **(5 982)** | **(4 106)** |

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

|  | 2021‑22 |  |  |  | 2022‑23 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 15 786 | 13 119 | 13 573 | 10 974 | 22 544 |
| Advances paid | 5 284 | 4 931 | 4 695 | 4 929 | 5 025 |
| Receivables and contract assets | 8 142 | 6 721 | 9 470 | 8 406 | 8 041 |
| Investments, loans and placements | 3 017 | 5 108 | 3 374 | 3 370 | 3 472 |
| Investments accounted for using the equity method | 10 | 10 | 10 | 10 | 1 221 |
| Investments in other sector entities | 73 288 | 73 292 | 73 576 | 89 162 | 89 414 |
| **Total financial assets** | **105 527** | **103 181** | **104 697** | **116 851** | **129 716** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 849 | 879 | 1 154 | 1 262 | 1 130 |
| Non‑financial assets held for sale | 183 | 181 | 171 | 171 | 154 |
| Land, buildings, infrastructure, plant and equipment | 198 442 | 202 492 | 206 017 | 225 770 | 229 316 |
| Other non‑financial assets | 3 860 | 4 002 | 3 494 | 3 313 | 7 859 |
| **Total non‑financial assets** | **203 333** | **207 555** | **210 836** | **230 516** | **238 459** |
| **Total assets** | **308 860** | **310 736** | **315 533** | **347 367** | **368 175** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 2 366 | 2 036 | 1 916 | 1 831 | 1 762 |
| Payables | 15 731 | 15 791 | 16 192 | 17 551 | 27 048 |
| Contract liabilities | 381 | 375 | 323 | 342 | 358 |
| Borrowings | 103 944 | 110 693 | 114 353 | 117 420 | 125 758 |
| Employee benefits | 9 642 | 9 873 | 9 942 | 9 857 | 9 911 |
| Superannuation | 26 894 | 27 749 | 24 566 | 19 756 | 18 845 |
| Other provisions | 1 542 | 1 470 | 1 457 | 2 082 | 2 026 |
| **Total liabilities** | **160 500** | **167 987** | **168 749** | **168 839** | **185 707** |
| **Net assets** | **148 360** | **142 749** | **146 784** | **178 528** | **182 468** |
| Accumulated surplus/(deficit) | 52 746 | 48 331 | 52 271 | 52 824 | 52 290 |
| Reserves | 95 614 | 94 417 | 94 514 | 125 704 | 130 178 |
| **Net worth** | **148 360** | **142 749** | **146 784** | **178 528** | **182 468** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | (54 973) | (64 806) | (64 052) | (51 988) | (55 991) |
| Net financial liabilities | 128 262 | 138 098 | 137 628 | 141 149 | 145 405 |
| Net debt | 82 224 | 89 571 | 94 627 | 99 978 | 96 479 |

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

|  | 2021‑22 |  |  |  | 2022‑23 |
| --- | --- | --- | --- | --- | --- |
|  | Sep | Dec | Mar | Jun | Sep |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 6 932 | 6 771 | 7 614 | 8 970 | 7 962 |
| Grants | 8 758 | 12 937 | 10 653 | 10 373 | 9 307 |
| Sales of goods and services (a) | 1 709 | 1 230 | 1 412 | 1 930 | 2 097 |
| Interest received | 130 | 131 | 130 | 157 | 235 |
| Dividends, income tax equivalent and rate equivalent receipts | 94 | 288 | 72 | 96 | 88 |
| Other receipts | 483 | 634 | 396 | 393 | 8 171 |
| **Total receipts** | **18 106** | **21 992** | **20 276** | **21 919** | **27 859** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (7 618) | (8 043) | (7 540) | (8 133) | (8 282) |
| Superannuation | (746) | (1 022) | (1 020) | (1 275) | (838) |
| Interest paid | (578) | (665) | (620) | (728) | (724) |
| Grants and subsidies | (8 280) | (6 654) | (4 957) | (4 729) | (4 190) |
| Goods and services (a) | (6 547) | (6 786) | (7 082) | (7 110) | (6 033) |
| Other payments | (236) | (282) | (182) | (320) | (240) |
| **Total payments** | **(24 004)** | **(23 451)** | **(21 401)** | **(22 294)** | **(20 307)** |
| **Net cash flows from operating activities** | **(5 898)** | **(1 459)** | **(1 124)** | **(376)** | **7 552** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (3 041) | (3 728) | (3 304) | (5 095) | (3 500) |
| Sales of non‑financial assets | 44 | 45 | 58 | 128 | 73 |
| **Net cash flows from investments in non‑financial assets** | **(2 996)** | **(3 683)** | **(3 246)** | **(4 967)** | **(3 426)** |
| Net cash flows from investments in financial assets for policy purposes | 78 | (52) | (7) | 28 | (391) |
| **Sub‑total** | **(2 918)** | **(3 735)** | **(3 253)** | **(4 939)** | **(3 818)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (69) | (2 117) | 1 891 | (33) | (71) |
| **Net cash flows from investing activities** | **(2 987)** | **(5 852)** | **(1 361)** | **(4 972)** | **(3 889)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (499) | (403) | (260) | 232 | (111) |
| Net borrowings | 10 486 | 4 975 | 3 060 | 2 834 | 7 968 |
| Deposits received (net) | 74 | 72 | 140 | (317) | 38 |
| **Net cash flows from financing activities** | **10 062** | **4 644** | **2 939** | **2 750** | **7 896** |
| **Net increase/(decrease) in cash and cash equivalents** | **1 177** | **(2 667)** | **454** | **(2 598)** | **11 559** |
| Cash and cash equivalents at beginning of the reporting period | 14 609 | 15 786 | 13 119 | 13 573 | 10 985 |
| **Cash and cash equivalents at end of the reporting period** | **15 786** | **13 119** | **13 573** | **10 974** | **22 544** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | (5 898) | (1 459) | (1 124) | (376) | 7 552 |
| Net cash flows from investments in non‑financial assets | (2 996) | (3 683) | (3 246) | (4 967) | (3 426) |
| **Cash surplus/(deficit)** | **(8 894)** | **(5 142)** | **(4 371)** | **(5 343)** | **4 126** |

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. Percentage changes in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

n.a. not available or not applicable

1 billion 1 000 million

1 basis point 0.01 per cent

.. zero, or rounded to zero

(xxx.x) negative numbers

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