



Victorian Budget
2025/26

25
26

Mid-Year Financial Report

(incorporating Quarterly Financial Report No. 2)

March 2026

Presented by Jaclyn Symes MP
Treasurer of the State of Victoria



ACKNOWLEDGEMENT OF COUNTRY

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

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



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

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CHAPTER 1 – FOREWORD

PURPOSE

The *2025-26 Mid-Year Financial Report* presents the consolidated financial outcomes for the State of Victoria, including the general government sector, the public non-financial corporations sector and the public financial corporations sector, for the six months to 31 December 2025.

This chapter outlines the economic and fiscal context for the State's financial performance and position, and summarises the 2025-26 results, for the six months to 31 December 2025.

Chapter 2 analyses the results for the general government sector, comparing them with the half-year actual outcomes in 2024-25 and the revised budget estimates for the year as presented in the *2025-26 Budget Update*.

Chapter 3 presents the half-year 2025-26 results for the broader public sector and the State of Victoria.

Chapter 4 contains the consolidated financial statements as required by Section 25 of the *Financial Management Act 1994*. These are presented in line with applicable Australian accounting standards and pronouncements, in particular AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 134 *Interim Financial Reporting*.

Appendix A includes the Quarterly Financial Report for the general government sector as required by Section 26 of the *Financial Management Act 1994*.

Appendix B presents a compliance index providing a linkage between the relevant legislative provisions relating to the preparation of this report and the disclosure provided therein.

OVERVIEW

The Victorian economy continues to grow and the labour market remains robust, despite national cost-of-living pressures weighing on some sectors of the economy. Economic output, as measured by real gross state product (GSP) increased by 1.1 per cent in 2024-25, the third highest growth rate of any state, behind the mining states of Western Australia and Queensland. Unemployment remains low by historical standards, and both labour force participation and the share of Victorians in employment remain historically high.

Victoria's state final demand rose by 2.2 per cent over the year to September 2025. Dwelling investment recorded the strongest growth, rising by 5.5 per cent over the past year and reaching its highest annual level in six years. Consumer spending and public demand also contributed to growth in final demand, and business investment remains elevated.

Over the year to December 2025, Victoria's employment increased by 59 100 persons, or 1.6 per cent. Workforce participation and the share of working-age Victorians in employment both remained historically high in December. Victoria has added nearly 280 000 jobs over the past three years, an increase of 7.9 per cent and faster absolute growth than any other state.

Price pressures picked up in the second half of 2025. Annual inflation rose to 3.1 per cent in December 2025, compared with 1.7 per cent to June 2025, although inflation is still well below the national average of 3.8 per cent, and significantly below the peak of 7.9 per cent in December 2022. Wages rose by 3.2 per cent over the year to December 2025, resulting in (modest) real wages growth.

In response to the recent re-emergence of inflationary pressures, the Reserve Bank of Australia raised interest rates in February 2026. This follows a relatively brief period of rate reductions over 2025. Despite these challenges, the Victorian economy is expected to continue to grow, supported by a robust labour market and growth in household consumption.

FISCAL OUTCOMES

The Government recorded a general government sector operating deficit of \$694 million for the six months to 31 December 2025. The Mid-Year Financial Report projects no change to the full-year net result from transactions surplus estimate of \$710 million as per the *2025-26 Budget Update*.

It is not possible to extrapolate the mid-year net result from transactions result to the full-year outcome due to the impact of seasonal factors affecting the timing of activities and transactions across the year, in particular the recognition of various revenue items including land tax, which is generally recognised in the March quarter.

Government infrastructure investment (GII), which includes general government net infrastructure investment (net of asset sales) and estimated construction related cash outflows for Partnerships Victoria projects, was \$11.2 billion for the period to 31 December 2025, or 52 per cent of the revised full-year budget estimate.

The net operating cash result for the half year was a surplus of \$1.3 billion compared with a revised budget forecast surplus of \$5.6 billion for the full year. This primarily reflects the timing of receipts for land tax and the timing of payments, and hence the 2025-26 likely full-year results cannot be extrapolated from this half year result.

Net debt for the general government sector was \$160.9 billion (24.2 per cent of estimated gross state product) at 31 December 2025 compared with a forecast of \$165.8 billion for the full year. The likely 30 June 2026 outcome cannot be extrapolated from this half-year result due to the timing of receipts and operating and capital payments throughout the year.

CHAPTER 2 – MID-YEAR RESULTS FOR THE GENERAL GOVERNMENT SECTOR

FINANCIAL PERFORMANCE

For the six months to 31 December 2025, the general government sector recorded a net result from transactions deficit of \$694 million, a significant improvement compared with the \$3.9 billion deficit for the corresponding period in the prior year.

The Mid-Year Financial Report projects no change to the full-year net result from transactions surplus estimate of \$710 million as per the *2025-26 Budget Update*.

It is not possible to extrapolate the mid-year net result from transactions result to the full-year outcome due to the impact of seasonal factors affecting the timing of activities and transactions across the year.

These include the timing of recognition of various revenue items including land tax, which is generally recognised in the March quarter, and grants from the Commonwealth Government. This movement is further explained below.

Table 2.1: Summary comprehensive operating statement for the period ended 31 December ^(a) (\$ million)

| | General government sector | | | |
|---|-----------------------------|-----------------------------|--------------------------------|------------------|
| | 2024-25 actual to Dec | 2025-26 actual to Dec | 2025-26 revised estimate | % ^(b) |
| Revenue and income from transactions | | | | |
| Taxation | 16 879 | 18 937 | 42 095 | 45 |
| Interest income | 781 | 799 | 1 363 | 59 |
| Dividends and income tax equivalent income | 680 | 1 086 | 1 721 | 63 |
| Sales of goods and services | 3 377 | 3 933 | 7 942 | 50 |
| Grants | 23 589 | 26 783 | 52 880 | 51 |
| Other revenue and income | 1 799 | 1 940 | 3 804 | 51 |
| Total revenue and income from transactions | 47 104 | 53 477 | 109 805 | 49 |
| Expenses from transactions | | | | |
| Employee expenses | 19 212 | 20 013 | 39 036 | 51 |
| Superannuation: | | | | |
| Net superannuation interest expense | 395 | 395 | 784 | 50 |
| Other superannuation | 2 293 | 2 531 | 4 536 | 56 |
| Depreciation | 2 701 | 2 910 | 6 331 | 46 |
| Interest expense | 3 259 | 3 781 | 7 723 | 49 |
| Grant expense | 8 520 | 8 929 | 18 425 | 48 |
| Other operating expenses | 14 645 | 15 612 | 32 260 | 48 |
| Total expenses from transactions | 51 024 | 54 172 | 109 095 | 50 |
| Net result from transactions – Net operating balance | (3 921) | (694) | 710 | (98) |
| Total other economic flows included in net result | 185 | (371) | (357) | 104 |
| Net result | (3 736) | (1 065) | 353 | (302) |
| Total other economic flows – Other comprehensive income | 1 548 | 9 783 | (19 193) | (51) |
| Comprehensive result – Total change in net worth | (2 187) | 8 717 | (18 840) | (46) |

Notes:

(a) This is an abbreviated statement. The full consolidated and disaggregated operating statement is reported in Chapter 4.

(b) The percentage represents the 2025-26 actual to December as a percentage of the estimate presented in the 2025-26 Budget Update.

Revenue and income

Total revenue for the six months ending 31 December 2025 was \$53.5 billion. This is 49 per cent of the revised full-year budget estimate and an increase of \$6.4 billion from the same period last year.

Taxation revenue was \$18.9 billion, or 45 per cent of the revised full-year estimate. Taxation revenue is affected by seasonal collection patterns that mean a higher share of revenue is recognised in the second half of the financial year. As can be seen in Table 2.1 above and Note 2.1 in Chapter 4 of this report, this is mainly attributable to land tax, for which only 5 per cent of the revised full-year estimate has been recognised in the year-to-date. In common with several property-related taxes, land tax assessments are issued on an annual cycle, and most land tax revenue is recognised in the March quarter.

Taxation revenue increased by \$2.1 billion compared with the same period last year. This was primarily due to an increase of \$923 million in land transfer duty, mainly driven by growth in settlement volumes supported by an increase in the average duty per transaction, and the commencement of the Emergency Services and Volunteers Fund which replaced the Fire Services Property Levy from 1 July 2025. Strong employment and wage growth have also led to payroll taxes contributing to the increase from the prior year.

Grant revenue was \$26.8 billion, or 51 per cent of the revised full-year estimate. When compared with the same period last year, grants revenue was higher by \$3.2 billion. This was primarily driven by higher goods and services tax (GST) grants due to an increase in the Victorian GST relativity following the outcome of the Commonwealth Grants Commission's 2025 Methodology Review, as well as growth in the national GST pool. Higher grants from the Commonwealth relating to the National Health Reform Agreement and Disaster Recovery Funding Arrangements have also contributed to the increase from same period last year.

Interest income of \$799 million was 59 per cent of the revised full-year budget estimate and broadly consistent when compared with the same period last year.

Dividends and income tax equivalent income for the half year was \$1.1 billion. This is 63 per cent of the revised full-year budget estimate and an increase of \$406 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.

Revenue from the sale of goods and services for the half year was \$3.9 billion, or 50 per cent of the revised full-year budget estimate, and \$556 million higher when compared with the same period last year. This increase from the prior year is driven by Transmission Use of System charges collected by VicGrid, as part of the transfer of the declared network operations in Victoria from Australian Energy Market Operator (AEMO), which commenced from 1 November 2025. Also driving the increase was insurance premiums revenue as a result of the responsibility for the Domestic Building Insurance function being transferred from the Victorian Managed Insurance Authority in the Public Financial Corporations sector to the new Building and Plumbing Commission (BPC) in the general government sector from 1 July 2025. The increase was also due to additional land title fee revenue resulting from increased property market activity, as well as higher regulatory fees received and higher share of farebox revenue under the new metropolitan tram franchise agreement.

Other revenue and income was \$1.9 billion or 51 per cent of the revised full-year budget estimate, and \$141 million higher when compared with the same period last year. This increase was primarily driven by higher road safety camera fines revenue compared with the prior year. Fines revenue in the prior year was lower due to industrial action. Also driving the increase was additional third-party revenue recognised by schools. This increase was partially offset by the decrease in assets received free of charge relating to the progressive recognition of the contribution made by Cross Yarra Partnership consortium and adjustments for contracted costs under the Metro Tunnel service concession arrangement.

Expenses

Total expenses were \$54.2 billion, or 50 per cent of the revised full-year budget estimate.

Employee expenses (including superannuation) were slightly above the pro rata budget for the first half of the year at \$22.9 billion, or 52 per cent of the revised full-year budget estimate. This was partly due to higher expenditure in the education sector reflecting an increase in school teachers and support staff employed to meet demand in the school system.

Compared with the same period last year, employee expenses (including superannuation) increased by \$1 billion mainly due to increased spending on service delivery in the health, education and justice sectors and annual salary growth in line with enterprise bargaining agreements.

Grant expense for the first half of the year was \$8.9 billion, 48 per cent of the revised full-year budget estimate. This was below the pro rata revised budget primarily due to the timing of grants for various programs across the environment, climate action, tourism, sport and major events, economic growth and jobs and regional development portfolios.

Compared with the same period last year, grant expense increased by \$409 million. This increase is primarily due to increased expenditure associated with Commonwealth grants for non-government schools, as well as increased payments for Commonwealth Local Government Grants.

Interest expense of \$3.8 billion was 49 per cent of the revised full-year budget estimate and \$522 million higher when compared with the same period last year. The increase is primarily due to additional borrowings to fund the State's capital program and an increase in interest rates on new and refinanced borrowings, but is in line with budget estimates.

Other operating expenses were \$15.6 billion, or 48 per cent of the revised full-year budget estimate. This is an increase of \$967 million compared with the same period last year, primarily due to the increased expenditure in the transport sector relating to increased subsidy payments to the operator as a result of the State retaining a higher share of farebox revenue under the new metropolitan tram franchise agreement and road maintenance. There was also higher expenditure in the education sector due to increased service delivery as well as expenditure relating to BPC and VicGrid, following the commencement of both entities after 1 July 2025.

FINANCIAL POSITION

Table 2.2: Summary balance sheet for the period ended 31 December ^(a)

(\$ million)

| | General government sector | | |
|----------------------------------|---------------------------|----------------|--------------------|
| | Jun 2025 | Dec 2025 | Actual movement |
| Assets | | | |
| Financial assets | 144 732 | 156 212 | 11 480 |
| Non-financial assets | 295 573 | 302 057 | 6 484 |
| Total assets | 440 305 | 458 269 | 17 964 |
| Liabilities | | | |
| Superannuation | 18 284 | 15 486 | (2 798) |
| Borrowings | 186 259 | 198 934 | 12 674 |
| Other liabilities ^(b) | 46 456 | 45 826 | (630) |
| Total liabilities | 250 999 | 260 245 | 9 246 |
| Net assets | 189 307 | 198 024 | 8 717 |

Notes:

(a) This is an abbreviated statement. The full consolidated and disaggregated balance sheet is reported in Chapter 4.

(b) Other liabilities consist of payables, employee benefits, deposits held and advances received, other provisions, contract liabilities, unearned income and grant of a right to the operator liability.

Assets

Total assets for the general government sector increased by \$18 billion, mainly driven by an increase in investments in other sectors entities primarily due to the Treasury Corporation of Victoria (TCV) recognising a mark-to-market gain from discount rate changes on borrowings, also the insurers recognising a mark-to-market gain from discount rate changes on claims liabilities. The increase was also due to an increase in cash holdings primarily reflecting upfront payments to the health sector to meet service delivery requirements and the continuous investments in the Government's infrastructure program.

Liabilities

Total liabilities for the general government sector increased by \$9.2 billion to \$260.2 billion. This was largely due to an increase in borrowings of \$12.7 billion, reflecting incremental borrowings primarily to fund the Government's infrastructure investment program, partially offset by the reduction in the superannuation liability of \$2.8 billion mainly due to an increase in the bond yield that underlies the superannuation discount rate.

CASH FLOW

Table 2.3 outlines the use of cash resources. It summarises cash generated through the operations of government departments and other general government sector agencies and how the cash has been invested in fixed assets. The net cash flows from operating activities for the half year was a surplus of \$1.3 billion compared with a revised budget forecast surplus of \$5.6 billion for the full year. This reflects, in part, the timing of receipts for land tax and the timing of payments.

A detailed cash flow statement is provided in Chapter 4.

Table 2.3: Application of cash resources for the general government sector (\$ million)

| | 2025-26 actual to Dec | 2025-26 revised estimate |
|---|-----------------------------|--------------------------------|
| Net result from transactions – Net operating balance | (694) | 710 |
| Add back: Non-cash revenues and expenses (net) ^(a) | 1 945 | 4 862 |
| Net cash flows from operating activities | 1 250 | 5 572 |
| Less: | | |
| Net investment in fixed assets | | |
| Purchases of non-financial assets | 7 593 | 15 610 |
| Net cash flows from investments in financial assets for policy purposes | 2 696 | 4 308 |
| Sales of non-financial assets | (88) | (355) |
| Net investment in fixed assets | 10 201 | 19 564 |
| Leases and service concession arrangements | 1 040 | 1 337 |
| Other movements | 66 | (432) |
| Decrease/(increase) in net debt | (10 057) | (14 897) |

Note:

(a) Includes depreciation, prepayments and movements in the unfunded superannuation liability and liability of employee benefits, as well as operating cash flows not required to be recognised in the operating statement for the year.

Infrastructure investment

Infrastructure supports delivery of high-quality services to the community. It has a significant and ongoing impact on state and national productivity and generates significant direct and indirect employment and wider economic benefits.

The general government sector's government infrastructure investment, which includes net infrastructure investment (net of asset sales) and construction-related cash outflows for Partnerships Victoria projects was \$11.2 billion for the period to 31 December 2025, or 52 per cent of the revised full-year budget estimate.

FINANCIAL SUSTAINABILITY

General government sector

General government sector net debt increased by \$10.1 billion to \$160.9 billion as at 31 December 2025. This primarily reflects an increase in borrowings of \$12.7 billion over the period to fund the State's capital program, partially offset by an increase in cash holdings. The ratio of net debt to GSP increased from 23.7 to 24.2 per cent. These movements are in line with budget projections.

Overall, net financial liabilities increased during the period primarily due to the increase in net debt as explained above, partially offset by a decrease in superannuation liability mainly due to an increase in the bond yield that underlies the superannuation discount rate.

Over the period to 31 December 2025, the ratio of net financial liabilities to GSP slightly decreased from 31.8 to 31.5 per cent.

Table 2.4: General government sector net debt and net financial liabilities as at 31 December (\$ million)

| | Closing 30 Jun 2025 | Closing 31 Dec 2025 | Actual movement | % change |
|---|------------------------|------------------------|--------------------|----------|
| Assets | | | | |
| Cash and deposits | 12 800 | 14 882 | 2 082 | 16 |
| Advances paid | 6 407 | 6 225 | (182) | (3) |
| Investment, loans and placements | 17 781 | 18 558 | 777 | 4 |
| Total | 36 987 | 39 664 | 2 677 | 7 |
| Liabilities | | | | |
| Deposits held and advances received | 1 595 | 1 654 | 60 | 4 |
| Borrowings | 186 259 | 198 934 | 12 674 | 7 |
| Total | 187 854 | 200 588 | 12 734 | 7 |
| Net debt ^(a) | 150 867 | 160 924 | 10 057 | 7 |
| Superannuation liability | 18 284 | 15 486 | (2 798) | (15) |
| Net debt plus superannuation liabilities | 169 151 | 176 409 | 7 259 | 4 |
| Other liabilities (net) ^(b) | 33 517 | 33 254 | (263) | (1) |
| Net financial liabilities ^(c) | 202 667 | 209 663 | 6 996 | 3 |
| (per cent) | | | | |
| Net debt to GSP ^(d) | 23.7 | 24.2 | | |
| Net debt plus superannuation liability to GSP ^(d) | 26.5 | 26.5 | | |
| Net financial liabilities to GSP ^(d) | 31.8 | 31.5 | | |

Notes:

(a) The sum of borrowings, deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.

(b) Includes other employee entitlements, payables, provisions, contract liabilities, unearned income and grant of a right to the operator liability, less receivables and investments accounted for using the equity method.

(c) Total liabilities less financial assets (excluding investments in other sector entities).

(d) Ratios to GSP may vary from publications year-to-year due to revisions to the Australian Bureau of Statistics GSP data. The ratios as at 31 December 2025 reflect the 2025-26 GSP forecast growth rate for the full year.

CHAPTER 3 – MID-YEAR RESULTS FOR THE BROADER PUBLIC SECTOR

This chapter sets out the financial results for the six months to 31 December 2025 for the broader public sector, comprising:

- the NFPS, which consolidates the general government and the PNFC sectors. The general government sector is discussed in Chapter 2. The PNFC sector comprises a wide range of entities that provide services that are primarily funded by user charges and fees. The main services provided by PNFCs include water, housing, and transport.
- the State of Victoria, which consolidates the NFPS and the PFC sector. PFCs can be categorised into two broad types: those that provide services to the general public and businesses (such as WorkSafe Victoria, the Transport Accident Commission (TAC), Breakthrough Victoria and State Trustees Limited), and those that predominantly provide financial services to other government entities (such as the Victorian Funds Management Corporation, Treasury Corporation of Victoria (TCV) and the Victorian Managed Insurance Authority).

PUBLIC NON-FINANCIAL CORPORATIONS SECTOR

Operating statement

The PNFC sector reported a net deficit from transactions of \$317 million for the six months ending 31 December 2025. Once gains reported as other economic flows are included, the PNFC sector's net result improves to a surplus of \$60 million for the six months ending 31 December 2025.

Table 3.1: Summary operating statement for the period ended 31 December – PNFC sector (\$ million)

| | PNFC sector | | | % ^(a) |
|--|-----------------------------|-----------------------------|--------------------------------|------------------|
| | 2024-25 actual to Dec | 2025-26 actual to Dec | 2025-26 revised estimate | |
| Revenue and income from transactions | | | | |
| Interest income | 65 | 69 | 97 | 71 |
| Dividends income | 6 | 10 | 34 | 28 |
| Sales of goods and services | 3 980 | 4 270 | 8 776 | 49 |
| Grants | 1 314 | 1 373 | 2 571 | 53 |
| Other revenue and income | 403 | 337 | 715 | 47 |
| Total revenue and income from transactions | 5 768 | 6 059 | 12 193 | 50 |
| Expenses from transactions | | | | |
| Employee expenses | 1 053 | 1 107 | 2 094 | 53 |
| Superannuation: | | | | |
| Net superannuation interest expense | .. | .. | 4 | .. |
| Other superannuation | 114 | 124 | 248 | 50 |
| Depreciation | 1 141 | 1 235 | 2 448 | 50 |
| Interest expense | 512 | 580 | 1 241 | 47 |
| Grant expense | 257 | 295 | 724 | 41 |
| Other operating expenses | 2 579 | 2 917 | 5 980 | 49 |
| Other property expenses | 123 | 118 | 144 | 82 |
| Total expenses from transactions | 5 780 | 6 376 | 12 885 | 49 |
| Net result from transactions – Net operating balance | (12) | (317) | (692) | 46 |
| Total other economic flows included in net result ^(b) | 172 | 377 | (24 385) | (2) |
| Net result | 160 | 60 | (25 076) | .. |

Notes:

(a) The percentage represents the 2025-26 actual to December as a percentage of the estimate presented in the 2025-26 Budget Update.

(b) The total other economic flows include the annual technical derecognition of the assets acquired by VicTrack, which include the Metro Tunnel assets, and only occurs once assets are completed.

Revenue

Total revenue for the six months ending 31 December 2025 was \$6.1 billion. This is a \$291 million (5 per cent) increase from the same period last year.

The increase, as compared with the same period last year, was largely driven by increased revenue in Melbourne Water and the State Electricity Commission of Victoria (SEC) commencing to trade.

Expenses

Total expenses from transactions for the PNFC sector was \$6.4 billion. This is a \$596 million increase from the same period last year partly due to the commencement of trading of SEC, increased interest expenses across Melbourne Water and other metro water retailers due to their borrowings to fund their capital programs, higher depreciation reported within the water sector due to their increased asset bases and Homes Victoria's accelerated depreciation on properties due to be replaced as part of the Big Housing Build.

Net result from transactions

The PNFC sector's net result from transactions for the six months ending 31 December 2025 was a deficit of \$317 million, a \$305 million decline from the same period last year.

Net result and other economic flows

The net result from transactions does not include some significant drivers of the PNFC sector's performance such as the disposal of non-financial assets and the technical derecognition of the rail assets in the PNFC sector under AASB 16 *Leases*. In accordance with Australian accounting standards, these items are disclosed as other economic flows and included in the net result.

The surplus from total other economic flows included in the net result was \$377 million, largely reflecting the movement in deferred tax reported by the metropolitan water corporations and VicTrack.

The significant difference to the revised estimate is due to the treatment of the derecognition of the VicTrack assets at the end of the financial year, which will include the Metro Tunnel assets, which are transferred annually from the Department of Transport and Planning on their completion to VicTrack.

Overall, this resulted in the PNFC sector reporting a net result surplus of \$60 million for the six months ending 31 December 2025.

Financial position

Table 3.2: Summary balance sheet for the period ended 31 December – PNFC sector (\$ million)

| | PNFC sector | | |
|-------------------------------------|----------------|----------------|--------------------|
| | Jun 2025 | Dec 2025 | Actual movement |
| Assets | | | |
| Financial assets ^(a) | 6 469 | 7 506 | 1 037 |
| Non-financial assets ^(b) | 135 757 | 139 240 | 3 483 |
| Total assets | 142 226 | 146 747 | 4 521 |
| Liabilities | | | |
| Borrowings | 26 497 | 28 362 | 1 865 |
| Other provisions | 23 693 | 23 619 | (75) |
| Other liabilities ^(c) | 14 555 | 14 750 | 195 |
| Total liabilities | 64 746 | 66 731 | 1 985 |
| Net assets | 77 480 | 80 016 | 2 536 |

Notes:

- (a) Financial assets include cash and deposits, advances paid, investments, loans and placements, receivables and investments accounted for using the equity method.
 (b) Non-financial assets include land, buildings, infrastructure, plant and equipment and other non-financial assets.
 (c) Other liabilities consist of payables, employee benefits, deposits held and advances received, contract liabilities, unearned income and grant of a right to the operator liability.

Table 3.2. shows that PNFC sector net assets increased by \$2.5 billion to \$80.0 billion as at 31 December 2025.

The increase in total assets of \$4.5 billion was primarily driven by capital expenditure by the water corporations, as well as the addition of service concession assets for the North East Link State Tolling Corporation (STC) and the Big Housing Build for Homes Victoria, increasing non-financial assets by \$3.5 billion. Liabilities increased by \$2.0 billion primarily due to an increase in borrowings of \$1.9 billion, primarily across the water corporations and by STC.

FINANCIAL SUSTAINABILITY OF THE NON-FINANCIAL PUBLIC SECTOR

Table 3.3 includes several key indicators to assess financial sustainability of the NFPS.

Table 3.3: Non-financial public sector net debt and net financial liabilities as at 31 December (\$ million)

| | Closing 30 Jun 2025 | Closing 31 Dec 2025 | Actual movement | % change |
|---|------------------------|------------------------|--------------------|-----------|
| Assets | | | | |
| Cash and deposits | 15 902 | 18 244 | 2 341 | 15 |
| Advances paid | 506 | 458 | (48) | (10) |
| Investment, loans and placements | 18 749 | 19 905 | 1 156 | 6 |
| Total | 35 157 | 38 607 | 3 449 | 10 |
| Liabilities | | | | |
| Deposits held and advances received | 1 852 | 1 956 | 104 | 6 |
| Borrowings | 208 538 | 223 110 | 14 571 | 7 |
| Total | 210 391 | 225 066 | 14 675 | 7 |
| Net debt ^(a) | 175 233 | 186 460 | 11 226 | 6 |
| Superannuation liability | 18 284 | 15 486 | (2 798) | (15) |
| Net debt plus superannuation liabilities | 193 518 | 201 945 | 8 428 | 4 |
| Other liabilities (net) ^(b) | 42 956 | 42 467 | (488) | (1) |
| Net financial liabilities ^(c) | 236 474 | 244 413 | 7 939 | 3 |
| (per cent) | | | | |
| Net debt to GSP ^(d) | 27.5 | 28.0 | | |
| Net debt plus superannuation liability to GSP ^(d) | 30.4 | 30.3 | | |
| Net financial liabilities to GSP ^(d) | 37.1 | 36.7 | | |

Notes:

- (a) The sum of borrowings, deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.
- (b) Includes other employee entitlements, payables, provisions, contract liabilities, unearned income and grant of a right to the operator liability, less receivables and investments accounted for using the equity method.
- (c) Net financial liabilities are total liabilities less financial assets (excluding investments in other sector entities).
- (d) Ratios to GSP may vary from publications year-to-year due to revisions to the Australian Bureau of Statistics GSP data. The ratios as at 31 December 2025 reflect the 2025-26 GSP forecast growth rate for the full year.

For the six months to 31 December 2025, NFPS net debt increased by \$11.2 billion primarily due to higher borrowings to fund the Government's infrastructure program. This resulted in an increase in net debt to GSP from 27.5 per cent to 28.0 per cent.

Infrastructure investment

Net cash flows from investments in non-financial assets includes \$7.5 billion invested by the general government sector and \$3.5 billion in the PNFC sector.

Infrastructure investment in the PNFC sector included:

- the upgrade and renewal of water and sewer assets by the Melbourne metropolitan water corporations. This included the:
 - Melbourne Water Corporation’s Primary Treatment and Waste Activated Sludge Capacity Augmentation at the Western Treatment Plant and the 5 West Nutrient Removal Plant at the Western Treatment Plant to help protect Port Phillip Bay’s biodiversity
 - Yarra Valley Water’s Love Branch Sewer Stage 3 and Planters Hill Reservoir
 - South East Water’s digital meter rollout and Mt Martha Water Recycling Plant Augmentation
 - Greater Western Water’s Bald Hill Tank Construction.
- the upgrade and renewal of water and sewer assets in regional Victoria
- Homes Victoria’s Big Housing Build and Regional Housing Fund to deliver more than 13 300 social and affordable homes across Victoria
- transport infrastructure primarily related to the North East Link State Tolling Corporation’s investment in the North East Link – Primary Package (Tunnels).

PUBLIC FINANCIAL CORPORATIONS SECTOR

Operating statement

The public financial corporations (PFC) sector reported a net surplus from transactions of \$517 million for the six months ending 31 December 2025. Once other economic flows, which primarily relate to mark-to-market movements of TCV's financial liabilities are included, the PFC sector's net result was a surplus of \$7 billion for the six months ending 31 December 2025.

Table 3.4: 2025-26 summary operating statement – PFC sector (\$ million)

| | PFC sector | | | |
|---|-----------------------------|-----------------------------|--------------------------------|------------------|
| | 2024-25 actual to Dec | 2025-26 actual to Dec | 2025-26 revised estimate | % ^(a) |
| Revenue and income from transactions | | | | |
| Interest income | 3 292 | 3 774 | 7 801 | 48 |
| Dividends income | 2 352 | 3 546 | 3 017 | 118 |
| Sales of goods and services | 4 199 | 4 481 | 9 004 | 50 |
| Grants | .. | .. | 2 | .. |
| Other revenue and income | 17 | 17 | 36 | 47 |
| Total revenue and income from transactions | 9 861 | 11 817 | 19 860 | 60 |
| Expenses from transactions | | | | |
| Employee expenses | 288 | 326 | 594 | 55 |
| Other superannuation | 31 | 33 | 64 | 52 |
| Depreciation | 44 | 40 | 76 | 52 |
| Interest expense | 3 234 | 3 697 | 7 370 | 50 |
| Grant expense | 83 | 93 | 224 | 42 |
| Other operating expenses | 5 771 | 6 029 | 12 962 | 47 |
| Other property expenses | 494 | 1 082 | 144 | 749 |
| Total expenses from transactions | 9 944 | 11 300 | 21 434 | 53 |
| Net result from transactions – Net operating balance | (84) | 517 | (1 574) | (33) |
| Total other economic flows included in net result | (31) | 6 477 | 2 535 | 256 |
| Net result | (114) | 6 995 | 960 | 728 |

Note:

(a) The percentage represents the 2025-26 actual to December as a percentage of the estimate presented in the 2025-26 Budget Update.

Revenue

Total revenue from transactions for the PFC sector was \$11.8 billion in the six months to 31 December 2025 which was \$2 billion, or 20 per cent, higher than the six months to 31 December 2024.

Compared with the six months to 31 December 2024, the increase in revenue from transactions is primarily attributable to higher interest income for TCV due to an increase in loans to the NFPS and an increase in dividend income from investment market returns from the State's insurance agencies.

Expenses

Total expenses from transactions for the PFC sector were \$11.3 billion in the six months to 31 December 2025, which was \$1.4 billion or 14 per cent higher than the six months to 31 December 2024. The higher total expenses are attributable to increases in income tax expense for the State's insurance agencies due to increased profits, included in other property expenses, together with an increase in claims expense, included in other operating expenses. Higher interest expense for TCV due to increased borrowings has further contributed to the combined increase in total expenses.

Net result from transactions

Overall, the increase in revenue was higher than the increase in expenses such that the PFC sector's net result from transactions improved from a deficit of \$84 million in the six months to 31 December 2024 to a surplus of \$517 million in the six months to 31 December 2025.

Net result and other economic flows

The net result from transactions does not include some significant drivers of the PFC sector's performance, such as revaluations and capital gains or losses on the investments held by the State's insurance agencies and mark-to-market movements on TCV's financial liabilities. In accordance with Australian accounting standards, these items are disclosed as other economic flows.

In the six months to 31 December 2025, other economic flows for the PFC sector were positive \$6.5 billion, an improvement compared with the \$31 million loss for the same period last year. This improvement was largely driven by favourable movements in the valuation of TCV's financial liabilities, unrealised gains on financial assets held by PFC sector entities and favourable movements in provisions held by the State's insurance agencies. It should be noted that other economic flows for the PFC sector can vary significantly between reporting periods as a result of the requirement to value TCV borrowings and insurance claims liabilities using the long-term bond yields at respective balance dates.

Overall, this resulted in the PFC sector reporting a net surplus of \$7 billion in the six months to 31 December 2025, which was higher than the \$114 million deficit in the six months to 31 December 2024.

Financial position

Table 3.5: 2025-26 summary balance sheet – PFC sector

(\$ million)

| | PFC sector | | |
|-------------------------------------|----------------|----------------|--------------------|
| | Jun 2025 | Dec 2025 | Actual movement |
| Assets | | | |
| Financial assets ^(a) | 252 247 | 263 677 | 11 431 |
| Non-financial assets ^(b) | 3 272 | 2 458 | (814) |
| Total assets | 255 518 | 266 135 | 10 617 |
| Liabilities | | | |
| Borrowings | 188 177 | 189 200 | 1 023 |
| Other provisions | 53 951 | 53 137 | (814) |
| Other liabilities ^(c) | 4 030 | 6 854 | 2 824 |
| Total liabilities | 246 157 | 249 190 | 3 033 |
| Net assets | 9 361 | 16 944 | 7 583 |

Notes:

(a) Financial assets include cash and deposits, advances paid, investments, loans and placements, receivables and investments accounted for using the equity method.

(b) Non-financial assets include land, buildings, infrastructure, plant and equipment and other non-financial assets.

(c) Other liabilities consist of payables, employee benefits, deposits held and advances received, contract liabilities, and unearned income.

Table 3.5 shows that PFC sector net assets increased to \$16.9 billion at 31 December 2025, a \$7.6 billion increase compared with 30 June 2025.

The increase in net assets since 30 June 2025 is primarily due to an increase in TCV loans receivable from the NFPS and a decrease in the mark-to-market valuation of TCV's borrowings due to higher bond yields.

The reported net result and net asset position of the PFC sector are impacted by the accounting convention adopted for TCV, whereby its fixed interest rate loans to government clients are measured at book value while its borrowings are reported at market value.

This approach enables TCV's loans to be consolidated with the borrowings of the general government and PNFC sectors but, for the PFC sector in isolation, creates a mismatch between the value of TCV's assets (which are at book value) and its liabilities (which are at market value).

This difference, which is estimated to be around \$9.6 billion at 31 December 2025, is eliminated when TCV's loans to government clients are consolidated in the whole of state accounts. This difference is not apparent in TCV's own accounts as both assets and liabilities are reported at market value.

It is important to note the sensitivity of the PFC sector's net asset position to changes in Commonwealth Government bond yields which, in accordance with Australian accounting standards, underlie the discount rates used to value the insurance agencies' outstanding claims liabilities. In isolation, an increase in the relevant bond yields between 30 June 2025 and 31 December 2025 reduced the value of insurance agencies' claims liabilities.

STATE OF VICTORIA

Operating statement

Table 3.6: Summary comprehensive operating statement for the period ended 31 December ^(a) (\$ million)

| | State of Victoria | | | % ^(b) |
|---|-----------------------------|-----------------------------|--------------------------------|------------------|
| | 2024-25 actual to Dec | 2025-26 actual to Dec | 2025-26 revised estimate | |
| Revenue and income from transactions | | | | |
| Taxation | 16 586 | 18 635 | 41 475 | 45 |
| Interest income | 1 052 | 979 | 1 761 | 56 |
| Dividends income | 2 861 | 4 481 | 3 995 | 112 |
| Sales of goods and services | 10 344 | 11 439 | 23 295 | 49 |
| Grants | 23 526 | 26 736 | 52 680 | 51 |
| Other revenue and income | 2 219 | 2 294 | 4 555 | 50 |
| Total revenue and income from transactions | 56 589 | 64 565 | 127 761 | 51 |
| Expenses from transactions | | | | |
| Employee expenses | 19 951 | 20 813 | 40 646 | 51 |
| Superannuation: | | | | |
| Net superannuation interest expense | 395 | 395 | 788 | 50 |
| Other superannuation | 2 438 | 2 689 | 4 847 | 55 |
| Depreciation | 4 467 | 5 330 | 11 504 | 46 |
| Interest expense | 3 968 | 4 446 | 8 961 | 50 |
| Grant expense | 7 394 | 7 808 | 16 439 | 47 |
| Other operating expenses | 22 122 | 23 842 | 49 550 | 48 |
| Total expenses from transactions | 60 734 | 65 323 | 132 736 | 49 |
| Net result from transactions – Net operating balance | (4 145) | (758) | (4 976) | 15 |
| Total other economic flows included in net result | 132 | 6 225 | 2 662 | 234 |
| Net result | (4 013) | 5 467 | (2 313) | (236) |
| Total other economic flows – Other comprehensive income | 2 136 | 3 685 | 6 645 | 55 |
| Comprehensive result – Total change in net worth | (1 876) | 9 152 | 4 332 | 211 |

Notes:

(a) This is an abbreviated statement. The full consolidated and disaggregated operating statement is reported in Chapter 4.

(b) The percentage represents the 2025-26 actual to December as a percentage of the estimate presented in the 2025-26 Budget Update.

Table 3.6 shows the State recorded a net deficit from transactions of \$758 million for the six months to 31 December 2025, compared with a deficit of \$4.1 billion for the same period last year. This improvement was largely driven by the general government sector, as discussed in the previous chapter, and the PFC sector, as discussed earlier in this chapter.

Revenue

Total revenue for the State for the six months ending 31 December 2025 was \$64.6 billion. This is \$8 billion higher than the same period last year. The general government sector contributed 83 per cent of this result, with the balance coming from the PNFC and PFC sectors as discussed earlier in this chapter.

Expenses

Total expenses for the State increased by \$4.6 billion to \$65.3 billion compared with the same period last year. Of this, 83 per cent was driven by the general government sector.

Other economic flows for the State included in the net result was a gain of \$6.2 billion for the six months to 31 December 2025. This compares with a gain of \$132 million for the same period in the prior year. This improved result is due to the gain from other economic flows for the PFC sector for the six months to December 2025 compared with the same period last year.

Financial position

Table 3.7: Summary balance sheet as at 31 December ^(a)

(\$ million)

| | State of Victoria | | |
|----------------------------------|-------------------|----------------|--------------------|
| | Jun 2025 | Dec 2025 | Actual movement |
| Assets | | | |
| Financial assets | 126 762 | 126 914 | 152 |
| Non-financial assets | 511 345 | 519 535 | 8 190 |
| Total assets | 638 107 | 646 449 | 8 342 |
| Liabilities | | | |
| Superannuation | 18 284 | 15 486 | (2 798) |
| Borrowings | 223 408 | 224 587 | 1 179 |
| Other liabilities ^(b) | 115 001 | 115 809 | 809 |
| Total liabilities | 356 693 | 355 882 | (810) |
| Net assets | 281 414 | 290 566 | 9 152 |

Notes:

(a) This is an abbreviated balance sheet. The full consolidated and disaggregated balance sheet is reported in Chapter 4.

(b) Other liabilities consist of payables, employee benefits, deposits held and advances received, other provisions, contract liabilities, unearned income and grant of a right to the operator liability.

During the six months to 31 December 2025, net assets for the State of Victoria increased by \$9.2 billion. The total assets of the State increased by \$8.3 billion, mainly driven by the Government's pipeline of infrastructure investments.

Total liabilities for the State decreased by \$810 million to \$355.9 billion. This was primarily due to a decrease in the superannuation liability mainly due to an increase in the bond yield that underlies the superannuation discount rate, partially offset by an increase in borrowings largely to fund the Government's infrastructure program, partially offset by a decrease in the mark-to-market valuation of TCV's borrowings due to higher bond yields as noted in the PFC sector above.

CHAPTER 4 – MID-YEAR FINANCIAL REPORT

CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the six months ended 31 December

(\$ million)

| | Notes | State of Victoria | | General government sector | |
|---|----------|-------------------|-----------------|---------------------------|-----------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Revenue and income from transactions | | | | | |
| Taxation | 2.1 | 18 635 | 16 586 | 18 937 | 16 879 |
| Interest income | | 979 | 1 052 | 799 | 781 |
| Dividends and income tax equivalent income | 2.2 | 4 481 | 2 861 | 1 086 | 680 |
| Sales of goods and services | 2.3 | 11 439 | 10 344 | 3 933 | 3 377 |
| Grants | 2.4 | 26 736 | 23 526 | 26 783 | 23 589 |
| Other revenue and income | 2.5 | 2 294 | 2 219 | 1 940 | 1 799 |
| Total revenue and income from transactions | | 64 565 | 56 589 | 53 477 | 47 104 |
| Expenses from transactions | | | | | |
| Employee expenses | | 20 813 | 19 951 | 20 013 | 19 212 |
| Superannuation: | | | | | |
| Net superannuation interest expense | 3.2 | 395 | 395 | 395 | 395 |
| Other superannuation | 3.2 | 2 689 | 2 438 | 2 531 | 2 293 |
| Depreciation | 4.2 | 5 330 | 4 467 | 2 910 | 2 701 |
| Interest expense | 5.2 | 4 446 | 3 968 | 3 781 | 3 259 |
| Grant expense | 3.4 | 7 808 | 7 394 | 8 929 | 8 520 |
| Other operating expenses | 3.5 | 23 842 | 22 122 | 15 612 | 14 645 |
| Total expenses from transactions | 3.8, 3.9 | 65 323 | 60 734 | 54 172 | 51 024 |
| Net result from transactions – Net operating balance | | (758) | (4 145) | (694) | (3 921) |
| Other economic flows included in net result | | | | | |
| Net gain/(loss) on disposal of non-financial assets | | 44 | 48 | 17 | 25 |
| Net gain/(loss) on financial assets or liabilities at fair value | | 3 283 | (155) | (183) | 367 |
| Share of net profit/(loss) from associates/joint venture entities | | (7) | (18) | (9) | (18) |
| Other gains/(losses) from other economic flows | 8.2 | 2 905 | 258 | (196) | (189) |
| Total other economic flows included in net result | | 6 225 | 132 | (371) | 185 |
| Net result | | 5 467 | (4 013) | (1 065) | (3 736) |
| Other economic flows – Other comprehensive income | | | | | |
| Items that will not be reclassified to net result | | | | | |
| Changes in non-financial assets revaluation surplus | | 542 | 868 | 507 | 778 |
| Remeasurement of superannuation defined benefits plans | 3.2 | 3 096 | 1 212 | 3 085 | 1 203 |
| Other movements in equity | | 21 | 66 | (2) | 94 |
| Items that may be reclassified subsequently to net result | | | | | |
| Net gain/(loss) on financial assets at fair value | | 27 | (9) | 23 | (3) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | | .. | .. | 6 169 | (524) |
| Total other economic flows – Other comprehensive income | | 3 685 | 2 136 | 9 783 | 1 548 |
| Comprehensive result – Total change in net worth | | 9 152 | (1 876) | 8 717 | (2 187) |
| KEY FISCAL AGGREGATES | | | | | |
| Net operating balance | | (758) | (4 145) | (694) | (3 921) |
| Less: Net acquisition of non-financial assets from transactions | 8.1 | 7 660 | 9 706 | 5 729 | 7 755 |
| Net lending/(borrowing) | | (8 418) | (13 851) | (6 423) | (11 675) |

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December

(\$ million)

| | Notes | State of Victoria | | General government sector | |
|--|-------|-------------------|----------------|---------------------------|----------------|
| | | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 5.3 | 24 445 | 20 450 | 14 882 | 12 800 |
| Advances paid | 5.4 | 363 | 412 | 6 225 | 6 407 |
| Receivables and contract assets | 2.6 | 15 021 | 14 427 | 9 685 | 10 203 |
| Investments, loans and placements | 5.4 | 85 610 | 90 144 | 18 558 | 17 781 |
| Investments accounted for using the equity method | | 1 476 | 1 329 | 1 232 | 1 141 |
| Investments in PNFC and PFC sector entities | | .. | .. | 105 631 | 96 401 |
| Total financial assets | | 126 914 | 126 762 | 156 212 | 144 732 |
| Non-financial assets | | | | | |
| Inventories | | 1 824 | 1 440 | 427 | 277 |
| Non-financial assets held for sale | | 230 | 170 | 210 | 145 |
| Land, buildings, infrastructure, plant and equipment | 4.1 | 509 137 | 501 720 | 293 960 | 288 244 |
| Other non-financial assets | 4.3 | 8 343 | 8 015 | 7 460 | 6 906 |
| Total non-financial assets | | 519 535 | 511 345 | 302 057 | 295 573 |
| Total assets | | 646 449 | 638 107 | 458 269 | 440 305 |
| Liabilities | | | | | |
| Deposits held and advances received | | 2 227 | 2 049 | 1 654 | 1 595 |
| Payables | 3.6 | 8 482 | 9 528 | 5 659 | 6 558 |
| Borrowings | 5.1 | 224 587 | 223 408 | 198 934 | 186 259 |
| Employee benefits | 3.1 | 12 544 | 12 859 | 11 780 | 12 070 |
| Superannuation | 3.3 | 15 486 | 18 284 | 15 486 | 18 284 |
| Other provisions | 3.7 | 56 939 | 57 849 | 3 950 | 3 762 |
| Other liabilities | 2.7 | 35 618 | 32 717 | 22 782 | 22 470 |
| Total liabilities | | 355 882 | 356 693 | 260 245 | 250 999 |
| Net assets | | 290 566 | 281 414 | 198 024 | 189 307 |
| Equity | | | | | |
| Accumulated surplus/(deficit) | | 77 945 | 69 466 | 43 920 | 41 982 |
| Reserves | | 212 621 | 211 949 | 154 104 | 147 325 |
| Net worth | | 290 566 | 281 414 | 198 024 | 189 307 |
| FISCAL AGGREGATES | | | | | |
| Net financial worth | | (228 968) | (229 930) | (104 033) | (106 266) |
| Net financial liabilities | | 228 968 | 229 930 | 209 663 | 202 667 |
| Net debt | | 116 396 | 114 450 | 160 924 | 150 867 |

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December

(\$ million)

| | Notes | State of Victoria | | General government sector | |
|---|----------|-------------------|-----------------|---------------------------|-----------------|
| | | 2025 | 2024 | 2025 | 2024 |
| Cash flows from operating activities | | | | | |
| Receipts | | | | | |
| Taxes received | | 19 585 | 18 431 | 19 886 | 18 724 |
| Grants | | 26 902 | 23 435 | 26 960 | 23 462 |
| Sales of goods and services ^(a) | | 13 905 | 12 512 | 4 128 | 3 396 |
| Interest received | | 789 | 792 | 741 | 731 |
| Dividends and income tax equivalent receipts | | 4 487 | 2 873 | 1 118 | 663 |
| Other receipts | | 1 388 | 1 750 | 1 040 | 1 362 |
| Total receipts | | 67 056 | 59 793 | 53 874 | 48 338 |
| Payments | | | | | |
| Payments for employees | | (20 976) | (19 750) | (20 152) | (18 989) |
| Superannuation | | (2 787) | (2 478) | (2 639) | (2 342) |
| Interest paid | | (3 434) | (3 232) | (3 525) | (3 062) |
| Grants and subsidies | | (7 955) | (8 319) | (9 150) | (9 454) |
| Goods and services ^(a) | | (23 313) | (21 455) | (16 133) | (15 370) |
| Other payments | | (1 032) | (991) | (1 024) | (988) |
| Total payments | | (59 496) | (56 225) | (52 624) | (50 205) |
| Net cash flows from operating activities | 5.3 | 7 559 | 3 568 | 1 250 | (1 867) |
| Cash flows from investing activities | | | | | |
| Cash flows from investments in non-financial assets | | | | | |
| Purchases of non-financial assets | 3.8, 3.9 | (11 213) | (11 676) | (7 593) | (8 843) |
| Sales of non-financial assets | | 168 | 155 | 88 | 101 |
| Net cash flows from investments in non-financial assets | | (11 045) | (11 522) | (7 505) | (8 742) |
| Net cash flows from investments in financial assets for policy purposes | | 247 | (135) | (2 696) | (1 981) |
| Sub-total | | (10 798) | (11 657) | (10 201) | (10 723) |
| Net cash flows from investments in financial assets for liquidity management purposes | | 3 411 | 325 | (1 322) | (1 131) |
| Net cash flows from investing activities | | (7 387) | (11 332) | (11 524) | (11 854) |
| Cash flows from financing activities | | | | | |
| Advances received (net) | | (38) | (21) | (15) | (8) |
| Net borrowings | | 2 949 | 9 457 | 11 600 | 14 348 |
| Deposits received (net) | | 216 | 80 | 74 | (82) |
| Other financing (net) ^(b) | | 695 | .. | 695 | .. |
| Net cash flows from financing activities | | 3 822 | 9 516 | 12 355 | 14 257 |
| Net increase/(decrease) in cash and cash equivalents | | 3 994 | 1 752 | 2 082 | 536 |
| Cash and cash equivalents at beginning of reporting period | | 20 450 | 19 595 | 12 800 | 14 310 |
| Cash and cash equivalents at end of the reporting period | 5.3 | 24 445 | 21 347 | 14 882 | 14 847 |
| FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | | 7 559 | 3 568 | 1 250 | (1 867) |
| Net cash flows from investments in non-financial assets | | (11 045) | (11 522) | (7 505) | (8 742) |
| Cash surplus/(deficit) | | (3 486) | (7 954) | (6 255) | (10 609) |

The accompanying notes form part of these financial statements.

Notes:

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December

(\$ million)

| <i>State of Victoria</i> | <i>Accumulated surplus/(deficit)</i> | <i>Non-financial assets revaluation surplus</i> | <i>Investment in other sector entities revaluation surplus</i> | <i>Other reserves</i> | <i>Total</i> |
|--|--------------------------------------|---|--|-----------------------|----------------|
| 2025 | | | | | |
| Balance at 1 July 2025 | 69 466 | 209 395 | .. | 2 554 | 281 414 |
| Net result for the year | 5 467 | .. | .. | .. | 5 467 |
| Other comprehensive income for the year | 3 011 | 542 | .. | 132 | 3 685 |
| Transfer to/(from) accumulated surplus | 2 | .. | .. | (2) | .. |
| Total equity as at 31 December 2025 | 77 945 | 209 937 | .. | 2 684 | 290 566 |
| 2024 | | | | | |
| Balance at 1 July 2024 | 76 495 | 160 980 | .. | 2 432 | 239 908 |
| Net result for the year | (4 013) | .. | .. | .. | (4 013) |
| Other comprehensive income for the year | 1 259 | 868 | .. | 9 | 2 136 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. |
| Total equity as at 31 December 2024 | 73 741 | 161 849 | .. | 2 441 | 238 031 |

General government sector

| | | | | | |
|--|---------------|----------------|---------------|--------------|----------------|
| 2025 | | | | | |
| Balance at 1 July 2025 | 41 982 | 107 890 | 37 805 | 1 630 | 189 307 |
| Net result for the year | (1 065) | .. | .. | .. | (1 065) |
| Other comprehensive income for the year | 3 003 | 507 | 6 169 | 103 | 9 783 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. |
| Total equity as at 31 December 2025 | 43 920 | 108 397 | 43 973 | 1 734 | 198 024 |
| 2024 | | | | | |
| Balance at 1 July 2024 | 43 354 | 98 544 | 46 391 | 1 528 | 189 818 |
| Net result for the year | (3 736) | .. | .. | .. | (3 736) |
| Other comprehensive income for the year | 1 284 | 778 | (524) | 10 | 1 548 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. |
| Total equity as at 31 December 2024 | 40 902 | 99 323 | 45 867 | 1 538 | 187 630 |

The accompanying notes form part of these financial statements.

1. ABOUT THIS REPORT

Basis of preparation

This Mid-Year Financial Report presents the unaudited general purpose consolidated interim financial statements of the State of Victoria (the State) and the Victorian general government sector. The report also incorporates the quarterly financial report of the general government sector for the quarter ended 31 December 2025.

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

This interim financial report does not include all the notes normally included within the annual financial report and should be read in conjunction with the *2024-25 Financial Report*.

Statement of compliance

These financial statements have been prepared in the manner and form determined by the Treasurer, in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 134 *Interim Financial Reporting*.

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

The financial statements have also applied reporting requirements from the *Australian System of Government Finance Statistics: Concepts, Sources and Methods (2015)* manual released by the Australian Bureau of Statistics.

The *2025-26 Mid-Year Financial Report* was authorised for issue by the Treasurer on 3 March 2026.

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 the cash is received or paid.

These financial statements are presented in Australian dollars and the historical cost convention is used except for:

- general government sector investments in other sector entities, which are measured at net asset value
- non-financial physical assets including service concession arrangement assets and right-of-use assets which, subsequent to recognition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure the carrying amounts do not materially differ from their fair values
- certain liabilities, most notably unfunded superannuation and insurance claim provisions, which are subject to actuarial assessments
- financial assets classified at fair value through other comprehensive income, which are measured at fair value with movements reflected in other economic flows – other comprehensive income
- financial assets classified at fair value through profit and loss, which are measured at fair value with movements reflected in other economic flows included in net result.

Reporting entity

The State of Victoria reporting entity includes government departments, public non-financial corporations (PNFCs), public financial corporations (PFCs) and other government-controlled entities. The State and most of its subsidiary entities are not-for-profit entities. The state-controlled entities are classified into various sectors according to the System of National Accounts as described below.

General government

The Victorian 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 general government sector is not a separate reporting entity but represents a sector within the State of Victoria reporting entity and is reported in accordance with AASB 1049. The primary function of entities within the general government sector is to provide public services (outputs), which are mainly non-market in nature, for the collective consumption of the community and involve the transfer or redistribution of revenue, which is financed mainly through taxes and other compulsory levies. Unless otherwise noted, accounting policies applied by the State of Victoria apply equally to the general government sector.

Public non-financial corporations

The primary function of entities in the PNFC sector is to provide goods and services in a competitive market that is non-regulatory and non-financial in nature. Such entities are financed mainly through sales to consumers of these goods and services.

Public financial corporations

The PFC sector comprises entities engaged primarily in providing financial intermediary services or auxiliary financial services and which have one or more of the following characteristics:

- They perform a central borrowing function
- They provide insurance services
- They accept call, term or savings deposits
- They have the ability to incur liabilities and acquire financial assets in the market on their own account.

Non-financial public sector

The non-financial public sector (NFPS) consolidates the general government and PNFC sectors.

Note 8.1 disaggregates information about these sectors.

Disclosing this information assists users of the financial statements to determine the effects of differing activities on the financial performance and position of the State. It also assists users to identify the resources used to produce a range of goods and services, and the extent to which the State has recovered the costs of these resources from revenues attributable to those activities.

Basis of consolidation

The consolidated financial statements of the State incorporate the assets and liabilities of all reporting entities it controlled as at 31 December 2025 and the revenue and expenses of controlled entities for the part of the reporting period in which control existed.

The consolidated financial statements of the Victorian general government sector incorporate the assets and liabilities, revenue and expenses of entities classified as general government. Entities in the PNFC and PFC sectors are not consolidated into the financial statements of the general government sector, but are accounted for as equity investments measured at the Government's proportional share of the carrying amount of net assets of the PNFC and PFC sector entities before consolidation eliminations. Where the carrying amount of the entity's net assets is less than zero (before consolidation), the amount is not included in the general government sector, but the net liabilities will be consolidated at the state level. Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner consistent with AASB 9 *Financial Instruments*.

Entities which are not controlled by the State, including local government authorities, universities and denominational hospitals, are not consolidated into the State's financial statements.

Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In preparing the consolidated financial statements for reporting the State and Victorian general government sector, all material transactions and balances between consolidated government-controlled entities are eliminated.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the revenue and expenses of the relevant sectors of government.

Details of significant changes to entities consolidated by the State are shown in Note 8.3.

Rounding

All amounts in the financial report have been rounded to the nearest \$1 million unless otherwise stated. Figures in this financial report may not add due to rounding.

2. HOW FUNDS ARE RAISED

Introduction

This section presents the sources and amounts of revenue and income and the related receivables and other liabilities for the State.

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)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE | | | | |
| Payroll tax | 4 891 | 4 759 | 4 954 | 4 821 |
| COVID Debt Levy – Payroll \$10m+ | 564 | 520 | 573 | 526 |
| Mental Health and Wellbeing Levy | 564 | 520 | 573 | 526 |
| Total taxes on employers' payroll and labour force | 6 020 | 5 799 | 6 100 | 5 873 |
| TAXES ON IMMOVABLE PROPERTY | | | | |
| Land tax | 290 | 217 | 322 | 243 |
| COVID Debt Levy – Landholdings | 2 | (7) | 2 | (7) |
| Emergency Services and Volunteers Fund ^(a) | 1 440 | 946 | 1 440 | 946 |
| Congestion levy | .. | 3 | .. | 3 |
| Metropolitan improvement levy | 109 | 90 | 109 | 90 |
| Windfall gains tax | 47 | 33 | 47 | 33 |
| Total taxes on immovable property | 1 889 | 1 282 | 1 921 | 1 307 |
| TAXES ON THE PROVISION OF GOODS AND SERVICES | | | | |
| Gambling taxes ^(b) | | | | |
| Public lotteries | 299 | 300 | 299 | 300 |
| Electronic gaming machines | 785 | 725 | 785 | 725 |
| Casino | 111 | 105 | 111 | 105 |
| Racing and other sports betting | 234 | 196 | 234 | 196 |
| Other | 13 | 9 | 13 | 9 |
| Financial and capital transactions | | | | |
| Land transfer duty | 5 660 | 4 737 | 5 660 | 4 737 |
| Metropolitan planning levy | 15 | 13 | 15 | 13 |
| Financial accommodation levy | .. | .. | 102 | 96 |
| Growth areas infrastructure contribution | 98 | 86 | 98 | 86 |
| Levies on statutory corporations | .. | .. | 85 | 97 |
| Taxes on insurance | 1 201 | 1 172 | 1 201 | 1 172 |
| Total taxes on the provision of goods and services | 8 415 | 7 343 | 8 603 | 7 536 |
| TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES | | | | |
| Motor vehicle taxes | | | | |
| Vehicle registration fees | 1 139 | 1 104 | 1 140 | 1 105 |
| Duty on vehicle registrations and transfers | 666 | 661 | 666 | 661 |
| Liquor licence fees | 24 | 23 | 24 | 23 |
| Other | 483 | 374 | 483 | 374 |
| Total taxes on the use of goods and performance of activities | 2 312 | 2 162 | 2 313 | 2 163 |
| Total taxation | 18 635 | 16 586 | 18 937 | 16 879 |

Notes:

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

(b) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue in the six months to 31 December 2025 of \$123 million (31 December 2024: \$86 million), recognised under AASB 15. The balance of these items is recognised under AASB 1058.

2.2 Dividends and income tax equivalent income

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|--------------|---------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Dividends from PFC sector | .. | .. | .. | .. |
| Dividends from PNFC sector | .. | .. | 73 | 66 |
| Dividends from non-public sector | 4 481 | 2 861 | 926 | 502 |
| Dividends | 4 481 | 2 861 | 999 | 568 |
| Income tax equivalent income from PFC sector | .. | .. | 13 | 10 |
| Income tax equivalent income from PNFC sector | .. | .. | 74 | 102 |
| Income tax equivalent income | .. | .. | 87 | 112 |
| Local government rate equivalent income | .. | .. | .. | .. |
| Total dividends and income tax equivalent income | 4 481 | 2 861 | 1 086 | 680 |

Dividends by entity

(\$ million)

| | General government sector | |
|--|---------------------------|-----------|
| | 2025 | 2024 |
| Public financial corporations | | |
| Victorian Managed Insurance Authority | .. | .. |
| Transport Accident Commission | .. | .. |
| Treasury Corporation of Victoria | .. | .. |
| State Trustees Ltd | .. | .. |
| Victorian Funds Management Corporation | .. | .. |
| Dividends from PFC sector | .. | .. |
| Public non-financial corporations | | |
| Greater Western Water | .. | 10 |
| Melbourne Water Corporation | 1 | .. |
| South East Water Corporation | 15 | 11 |
| Yarra Valley Water Corporation | 30 | 45 |
| Development Victoria | 26 | .. |
| Others | 1 | .. |
| Dividends from PNFC sector | 73 | 66 |

2.3 Sales of goods and services

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Amounts recognised as revenue from contracts with customers (AASB 15) | | | | |
| Sale of goods | 512 | 267 | 63 | 50 |
| Provision of services | 9 961 | 9 187 | 3 218 | 2 744 |
| Amounts recognised as income of not-for-profit entities (AASB 1058) | | | | |
| Motor vehicle regulatory fees | 135 | 138 | 135 | 138 |
| Other regulatory fees | 468 | 402 | 452 | 386 |
| Refunds and reimbursements | 179 | 167 | 5 | 1 |
| Amounts recognised as lease income (AASB 16) | | | | |
| Rental | 184 | 184 | 58 | 57 |
| Total sales of goods and services | 11 439 | 10 344 | 3 933 | 3 377 |

2.4 Grants ^(a)

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|---------------|---------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Grants from the Commonwealth | | | | |
| General purpose grants | 14 977 | 12 613 | 14 977 | 12 613 |
| Specific purpose grants for on-passing | 3 044 | 2 741 | 3 044 | 2 741 |
| Specific purpose grants | 8 629 | 8 028 | 8 626 | 8 024 |
| Total grants from the Commonwealth | 26 650 | 23 382 | 26 647 | 23 379 |
| Other contributions and grants | 85 | 144 | 136 | 210 |
| Total grants | 26 736 | 23 526 | 26 783 | 23 589 |

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)

| | State of Victoria | | General government sector | |
|--|-------------------|--------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Amounts recognised as revenue from contracts with customers (AASB 15) | | | | |
| Royalties | 87 | 88 | 77 | 79 |
| Other revenue – Health | 185 | 173 | 185 | 173 |
| Other miscellaneous revenue | 585 | 596 | 502 | 505 |
| Amounts recognised as income of not-for-profit entities (AASB 1058) | | | | |
| Fair value of assets received free of charge or for nominal consideration ^(a) | 320 | 616 | 143 | 383 |
| Fines | 383 | 93 | 381 | 91 |
| Donations and gifts ^(b) | 173 | 175 | 121 | 118 |
| Other income – Education | 257 | 175 | 257 | 175 |
| Amounts recognised as lease income (AASB 16) | | | | |
| Other non-property rental | 46 | 46 | 17 | 18 |
| Revenue items accounted for under AASB 1059 | | | | |
| Revenue related to economic service concession arrangements | 260 | 259 | 259 | 258 |
| Total other revenue and income | 2 294 | 2 219 | 1 940 | 1 799 |

Notes:

(a) The 2025-26 figure includes \$128 million (2024-25: \$381 million) relating to the progressive recognition of the contribution made by Cross Yarra Partnerships consortium (assets free of charge) to the Metro Tunnel settlement. This applies to both the general government sector and the State of Victoria.

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

2.6 Receivables and contract assets

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|---------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Contractual | | | | |
| Sales of goods and services | 1 779 | 1 625 | 769 | 580 |
| Accrued investment income | 210 | 238 | 55 | 102 |
| Other receivables | 5 238 | 3 747 | 3 099 | 2 719 |
| Allowance for impairment losses of contractual receivables | (442) | (425) | (152) | (143) |
| Statutory | | | | |
| Sales of goods and services | 27 | 17 | 3 | 1 |
| Taxes receivables | 5 107 | 6 072 | 5 107 | 6 098 |
| Fines and regulatory fees | 2 623 | 2 528 | 2 623 | 2 528 |
| GST input tax credits recoverable | 1 616 | 1 572 | 605 | 541 |
| Other receivables | 6 | 121 | .. | 121 |
| Allowance for impairment losses of statutory receivables | (2 424) | (2 345) | (2 424) | (2 345) |
| Other | | | | |
| Actuarially determined | 1 026 | 1 067 | .. | .. |
| Contract assets | 255 | 210 | .. | 3 |
| Total receivables and contract assets | 15 021 | 14 427 | 9 685 | 10 203 |
| Represented by: | | | | |
| Current receivables and contract assets | 12 317 | 11 729 | 8 586 | 9 156 |
| Non-current receivables and contract assets | 2 703 | 2 697 | 1 100 | 1 048 |

2.7 Other liabilities

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|---------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Contract liabilities | 864 | 661 | 479 | 435 |
| Grant of a right to the operator liability | 20 144 | 20 245 | 20 025 | 20 125 |
| Unearned income | 14 610 | 11 810 | 2 279 | 1 910 |
| Total other liabilities | 35 618 | 32 717 | 22 782 | 22 470 |
| Represented by: | | | | |
| Current other liabilities | 6 621 | 3 238 | 2 221 | 1 736 |
| Non-current other liabilities | 28 997 | 29 479 | 20 561 | 20 734 |

3. HOW FUNDS ARE SPENT

Introduction

This section accounts for the major components of expenditure incurred by the State towards the delivery of services and on capital or infrastructure projects during the year, as well as any related obligations outstanding as at 31 December 2025.

3.1 Employee expenses and provision for employee benefits

Employee expenses (operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. More than 93 per cent of employee expenses in the operating statement are 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 at 31 December and 30 June 2025.

Total provision for employee benefits and on-costs at 31 December

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|---------------|---------------------------|---------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Current | | | | |
| Accrued salaries and wages | 843 | 1 027 | 814 | 967 |
| Other employee benefits | 167 | 172 | 139 | 146 |
| Annual leave | 3 473 | 3 597 | 3 223 | 3 337 |
| Long service leave | 6 855 | 6 843 | 6 510 | 6 504 |
| Total current employee benefits and on-costs | 11 338 | 11 639 | 10 686 | 10 954 |
| Non-current | | | | |
| Accrued salaries and wages | 13 | 12 | .. | .. |
| Long service leave | 1 192 | 1 208 | 1 094 | 1 116 |
| Total non-current employee benefits and on-costs | 1 205 | 1 220 | 1 094 | 1 116 |
| Total employee benefits and on-costs | 12 544 | 12 859 | 11 780 | 12 070 |

3.2 Superannuation expense recognised in the operating statement ^(a) (\$ million)

| | State of Victoria | |
|--|-------------------|----------------|
| | 2025 | 2024 |
| Defined benefit plans | | |
| Net superannuation interest expense | 395 | 395 |
| Current service cost | 528 | 517 |
| Remeasurements: | | |
| Expected return on superannuation assets excluding interest income | (277) | (323) |
| Other actuarial (gain)/loss on superannuation assets | (349) | (578) |
| Actuarial and other adjustments to unfunded superannuation liability | (2 471) | (311) |
| Total expense recognised in respect of defined benefit plans | (2 173) | (300) |
| Defined contribution plans | | |
| Employer contributions to defined contribution plans | 2 105 | 1 869 |
| Other (including pensions) | 56 | 51 |
| Total expense recognised in respect of defined contribution plans | 2 161 | 1 921 |
| Total superannuation (gain)/expense recognised in operating statement | (12) | 1 621 |
| Represented by: | | |
| Net superannuation interest expense | 395 | 395 |
| Other superannuation | 2 689 | 2 438 |
| Superannuation expense from transactions | 3 084 | 2 833 |
| Remeasurement recognised in other comprehensive income | (3 096) | (1 212) |
| Total superannuation costs recognised in operating statement | (12) | 1 621 |

Note:

(a) The disclosure in this note is for the consolidated State of Victoria only, as greater than 95 per cent of the total is in the general government sector.

3.3 Superannuation liability (balance sheet) ^(a) (\$ million)

| | State of Victoria | |
|---------------------------------------|-------------------|---------------|
| | Dec | Jun |
| | 2025 | 2025 |
| Current liability | 537 | 538 |
| Non-current liability | 14 948 | 17 746 |
| Total superannuation liability | 15 486 | 18 284 |
| Represented by: | | |
| Emergency Services and State Super | 14 767 | 17 436 |
| Other funds | 718 | 848 |

Note:

(a) The disclosure in this note is for the consolidated State of Victoria only, as greater than 95 per cent of the total is in the general government sector.

3.4 Grant expense

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|--------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Current grant expense | | | | |
| Commonwealth Government | 1 685 | 1 572 | 1 685 | 1 572 |
| Local government (including grants for on-passing) | 398 | 269 | 398 | 267 |
| Private sector and not-for-profit on-passing | 2 893 | 2 751 | 2 892 | 2 751 |
| Other private sector and not-for-profit | 2 305 | 2 361 | 2 286 | 2 336 |
| Grants within the Victorian Government | .. | .. | 1 347 | 1 274 |
| Grants to other state governments | 90 | 72 | 90 | 72 |
| Total current grant expense | 7 372 | 7 026 | 8 699 | 8 273 |
| Capital grant expense | | | | |
| Commonwealth Government | 4 | 5 | 4 | .. |
| Local government (including grants for on-passing) | 112 | 82 | 86 | 82 |
| Private sector and not-for-profit on-passing | 288 | 266 | 130 | 136 |
| Other private sector and not-for-profit | 5 | 8 | 5 | 8 |
| Grants within the Victorian Government | .. | .. | 1 | 20 |
| Other grants | 27 | 6 | 4 | 2 |
| Total capital grant expense | 436 | 368 | 230 | 247 |
| Total grant expense | 7 808 | 7 394 | 8 929 | 8 520 |

3.5 Other operating expenses

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|---------------|---------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Purchase of supplies and consumables ^(a) | 3 954 | 3 255 | 2 878 | 2 699 |
| Cost of goods sold | 415 | 200 | 75 | 14 |
| Finance expenses and fees ^(b) | 305 | 283 | 38 | 34 |
| Purchase of services ^(a) | 11 367 | 10 736 | 10 207 | 9 627 |
| Insurance claims expense | 5 449 | 5 256 | 508 | 345 |
| Maintenance | 1 199 | 1 122 | 764 | 666 |
| Short-term and low-value lease expense | 63 | 65 | 64 | 67 |
| Other | 1 090 | 1 205 | 1 077 | 1 192 |
| Total other operating expenses | 23 842 | 22 122 | 15 612 | 14 645 |

Notes:

(a) A breakdown of purchase of supplies and consumables and purchase of services is provided in the following two tables.

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

Purchase of supplies and consumables

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|--------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Medicinal pharmacy and medical supplies | 1 292 | 1 175 | 1 292 | 1 175 |
| Office supplies and consumables | 110 | 126 | 102 | 119 |
| Specialised operational supplies and consumables | 184 | 154 | 167 | 137 |
| Other purchase of supplies and consumables | 2 368 | 1 800 | 1 318 | 1 268 |
| Total purchase of supplies and consumables | 3 954 | 3 255 | 2 878 | 2 699 |

Purchase of services

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|---------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Service contracts | 6 314 | 5 947 | 6 056 | 5 710 |
| Accommodation/occupancy | 758 | 669 | 663 | 575 |
| Medical and client care services | 248 | 230 | 248 | 230 |
| Staff related expenses (non-labour related) | 183 | 189 | 163 | 168 |
| Other purchase of services | 3 864 | 3 701 | 3 077 | 2 945 |
| Total purchase of services | 11 367 | 10 736 | 10 207 | 9 627 |

3.6 Payables

(\$ million)

| | State of Victoria | | General government sector | |
|------------------------|-------------------|--------------|---------------------------|--------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Contractual | | | | |
| Accounts payable | 3 560 | 3 500 | 1 278 | 1 350 |
| Accrued expenses | 4 817 | 5 906 | 4 317 | 5 139 |
| Statutory | | | | |
| Accrued taxes payable | 106 | 121 | 64 | 70 |
| Total payables | 8 482 | 9 528 | 5 659 | 6 558 |
| Represented by: | | | | |
| Current payables | 8 305 | 9 355 | 5 483 | 6 387 |
| Non-current payables | 177 | 172 | 176 | 171 |

3.7 Other provisions

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|--------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Provision for insurance claims | | | | |
| WorkSafe Victoria | 4 590 | 4 400 | .. | .. |
| Transport Accident Commission | 1 795 | 1 833 | .. | .. |
| Victorian Managed Insurance Authority ^(a) | 771 | 928 | .. | .. |
| Building and Plumbing Commission ^(a) | 334 | .. | 334 | .. |
| Other agencies | 252 | 254 | 250 | 252 |
| Current provision for insurance claims | 7 741 | 7 415 | 583 | 252 |
| Other provisions | 1 821 | 1 971 | 1 617 | 1 758 |
| Total current other provisions | 9 562 | 9 386 | 2 201 | 2 011 |
| Non-current provision for insurance claims | | | | |
| WorkSafe Victoria | 27 107 | 27 492 | .. | .. |
| Transport Accident Commission | 15 567 | 16 093 | .. | .. |
| Victorian Managed Insurance Authority ^(a) | 2 863 | 3 039 | .. | .. |
| Building and Plumbing Commission ^(a) | 34 | .. | 34 | .. |
| Other agencies | 281 | 281 | 280 | 280 |
| Non-current provision for insurance claims | 45 852 | 46 904 | 314 | 280 |
| Other provisions | 1 524 | 1 558 | 1 435 | 1 471 |
| Total non-current other provisions | 47 376 | 48 463 | 1 749 | 1 752 |
| Total other provisions | 56 939 | 57 849 | 3 950 | 3 762 |

Note:

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

3.8 Total operating expenses and purchases of non-financial assets by department

The following table discloses the funds spent by each portfolio department, including operating expenditure and capital expenditure, as part of the department's normal activities.

(\$ million)

| State of Victoria | Expenses from transactions | | Purchases of non-financial assets | |
|--|----------------------------|-----------------|-----------------------------------|---------------|
| | Dec 2025 | Dec 2024 | Dec 2025 | Dec 2024 |
| Education | 12 159 | 11 479 | 1 216 | 1 155 |
| Energy, Environment and Climate Action | 6 101 | 5 365 | 1 823 | 1 459 |
| Families, Fairness and Housing | 5 869 | 5 715 | 544 | 382 |
| Government Services | 849 | 783 | 11 | 8 |
| Health | 17 100 | 16 486 | 654 | 873 |
| Jobs, Skills, Industry and Regions | 2 642 | 2 382 | 240 | 257 |
| Justice and Community Safety | 5 738 | 5 555 | 181 | 242 |
| Premier and Cabinet | 279 | 349 | 6 | 4 |
| Transport and Planning | 7 292 | 6 422 | 6 522 | 7 144 |
| Treasury and Finance | 19 042 | 17 064 | 16 | 19 |
| Parliament | 193 | 186 | 13 | 9 |
| Courts | 433 | 476 | 83 | 98 |
| Regulatory bodies and other part budget funded agencies ^(a) | 2 354 | 1 931 | 126 | 171 |
| Total | 80 050 | 74 195 | 11 435 | 11 819 |
| <i>Less eliminations and adjustments ^(b)</i> | <i>(14 727)</i> | <i>(13 461)</i> | <i>(222)</i> | <i>(142)</i> |
| Grand total | 65 323 | 60 734 | 11 213 | 11 676 |

| General government sector | | | | |
|--|----------------|----------------|--------------|--------------|
| Education | 12 159 | 11 479 | 1 216 | 1 155 |
| Energy, Environment and Climate Action | 1 908 | 1 730 | 73 | 93 |
| Families, Fairness and Housing | 4 827 | 4 706 | 9 | 15 |
| Government Services | 849 | 783 | 11 | 8 |
| Health | 17 004 | 16 394 | 661 | 857 |
| Jobs, Skills, Industry and Regions | 2 222 | 1 980 | 112 | 159 |
| Justice and Community Safety | 5 623 | 5 437 | 180 | 240 |
| Premier and Cabinet | 264 | 333 | 5 | 4 |
| Transport and Planning | 5 178 | 4 804 | 5 333 | 6 046 |
| Treasury and Finance | 7 600 | 6 994 | 7 | 4 |
| Parliament | 193 | 186 | 13 | 9 |
| Courts | 433 | 476 | 83 | 98 |
| Regulatory bodies and other part budget funded agencies ^(a) | 2 354 | 1 931 | 126 | 171 |
| Total | 60 614 | 57 235 | 7 830 | 8 858 |
| <i>Less eliminations and adjustments ^(b)</i> | <i>(6 442)</i> | <i>(6 211)</i> | <i>(237)</i> | <i>(15)</i> |
| Grand total | 54 172 | 51 024 | 7 593 | 8 843 |

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 inter-departmental transfers.

3.9 Total operating expenses, purchases of non-financial assets and total assets by classification of the functions of government

The following table presents operating and capital expenditure and total assets held by classification of the functions of government (COFOG).

(\$ million)

| | Expenses from transactions | | Purchases of non-financial assets | | Total assets | |
|---|----------------------------|---------------|-----------------------------------|---------------|----------------|----------------|
| | Dec 2025 | Dec 2024 | Dec 2025 | Dec 2024 | Dec 2025 | Jun 2025 |
| State of Victoria | | | | | | |
| General public services | 12 141 | 11 482 | 26 | 34 | 5 336 | 6 214 |
| Public order and safety | 5 807 | 5 690 | 311 | 457 | 16 455 | 16 206 |
| Economic affairs | 1 683 | 1 308 | 261 | 160 | 2 860 | 2 315 |
| Environmental protection | 550 | 539 | 114 | 83 | 16 886 | 16 815 |
| Housing and community amenities | 3 540 | 3 072 | 1 696 | 1 275 | 68 009 | 67 072 |
| Health | 16 437 | 15 881 | 662 | 844 | 33 791 | 33 249 |
| Recreation, culture and religion | 1 131 | 1 105 | 200 | 307 | 18 068 | 17 874 |
| Education | 12 849 | 12 004 | 1 248 | 1 186 | 47 991 | 46 973 |
| Social protection | 5 387 | 5 249 | 583 | 425 | 40 306 | 40 098 |
| Transport | 6 395 | 5 233 | 6 335 | 7 048 | 276 103 | 270 521 |
| Not allocated by function ^{(a)(b)} | (597) | (828) | (222) | (142) | 120 644 | 120 770 |
| Total | 65 323 | 60 734 | 11 213 | 11 676 | 646 449 | 638 107 |
| General government sector | | | | | | |
| General public services | 5 317 | 4 929 | 17 | 19 | 2 812 | 2 859 |
| Public order and safety | 6 085 | 5 909 | 311 | 457 | 16 455 | 16 206 |
| Economic affairs | 1 501 | 1 271 | 83 | 129 | 2 523 | 2 206 |
| Environmental protection | 612 | 587 | 114 | 83 | 16 886 | 16 815 |
| Housing and community amenities | 1 171 | 899 | 21 | 30 | 4 085 | 4 092 |
| Health | 16 821 | 16 225 | 662 | 844 | 33 791 | 33 249 |
| Recreation, culture and religion | 704 | 571 | 36 | 158 | 9 683 | 9 668 |
| Education | 12 954 | 12 093 | 1 248 | 1 186 | 47 991 | 46 973 |
| Social protection | 4 697 | 4 636 | 48 | 59 | 2 723 | 2 727 |
| Transport | 4 582 | 4 167 | 5 290 | 5 894 | 166 177 | 161 392 |
| Not allocated by function ^{(a)(b)} | (271) | (263) | (237) | (15) | 155 144 | 144 119 |
| Total | 54 172 | 51 024 | 7 593 | 8 843 | 458 269 | 440 305 |

Notes:

(a) Not allocated by function for expenses and purchases of non-financial assets represents eliminations and adjustments.

(b) Not allocated by function for total assets represents eliminations and adjustments, and financial assets that are not able to be allocated by function.

4. MAJOR ASSETS AND INVESTMENTS

Introduction

This section outlines those assets that the State controls, reflecting investing activities in the current and prior years.

4.1 Total land, buildings, infrastructure, plant and equipment (\$ million)

| <i>Dec 2025</i> | <i>State of Victoria</i> | | | <i>General government sector</i> | | |
|---|------------------------------|---------------------------------|------------------------|----------------------------------|---------------------------------|------------------------|
| | <i>Gross carrying amount</i> | <i>Accumulated depreciation</i> | <i>Carrying amount</i> | <i>Gross carrying amount</i> | <i>Accumulated depreciation</i> | <i>Carrying amount</i> |
| Buildings | 105 929 | (9 503) | 96 426 | 68 559 | (7 506) | 61 054 |
| Land and national parks | 138 144 | .. | 138 143 | 91 513 | .. | 91 513 |
| Infrastructure | 95 660 | (8 043) | 87 616 | 2 363 | (655) | 1 708 |
| Plant, equipment and vehicles | 23 754 | (8 273) | 15 480 | 11 048 | (6 765) | 4 283 |
| Roads and road infrastructure | 43 914 | (873) | 43 041 | 43 736 | (854) | 42 882 |
| Earthworks | 34 037 | .. | 34 037 | 14 429 | .. | 14 429 |
| Cultural assets | 7 693 | (31) | 7 662 | 7 597 | (31) | 7 566 |
| Construction in progress | 86 732 | .. | 86 732 | 70 527 | .. | 70 527 |
| Total land, buildings, infrastructure, plant and equipment | 535 862 | (26 725) | 509 137 | 309 771 | (15 811) | 293 960 |

| <i>Jun 2025</i> | | | | | | |
|---|----------------|-----------------|----------------|----------------|-----------------|----------------|
| Buildings | 104 626 | (7 429) | 97 197 | 67 682 | (5 996) | 61 686 |
| Land and national parks | 137 886 | .. | 137 886 | 91 359 | .. | 91 359 |
| Infrastructure | 94 161 | (5 772) | 88 389 | 2 388 | (627) | 1 761 |
| Plant, equipment and vehicles | 23 691 | (7 719) | 15 971 | 11 003 | (6 506) | 4 497 |
| Roads and road infrastructure | 43 914 | (90) | 43 824 | 43 736 | (73) | 43 663 |
| Earthworks | 34 011 | .. | 34 011 | 14 403 | .. | 14 403 |
| Cultural assets | 7 565 | (24) | 7 541 | 7 469 | (24) | 7 445 |
| Construction in progress | 76 901 | .. | 76 901 | 63 431 | .. | 63 431 |
| Total land, buildings, infrastructure, plant and equipment | 522 754 | (21 034) | 501 720 | 301 470 | (13 226) | 288 244 |

The following 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)

| <i>Dec 2025</i> | <i>State of Victoria</i> | | | <i>General government sector</i> | | |
|--|------------------------------|---------------------------------|------------------------|----------------------------------|---------------------------------|------------------------|
| | <i>Gross carrying amount</i> | <i>Accumulated depreciation</i> | <i>Carrying amount</i> | <i>Gross carrying amount</i> | <i>Accumulated depreciation</i> | <i>Carrying amount</i> |
| Buildings | 11 732 | (2 659) | 9 073 | 11 030 | (2 296) | 8 734 |
| Infrastructure | 21 | (9) | 12 | 4 | (2) | 2 |
| Plant, equipment and vehicles | 1 448 | (777) | 671 | 1 158 | (617) | 541 |
| Total right-of-use assets: Buildings, infrastructure, plant and equipment | 13 200 | (3 445) | 9 755 | 12 192 | (2 915) | 9 277 |

| <i>Jun 2025</i> | | | | | | |
|--|---------------|----------------|---------------|---------------|----------------|--------------|
| Buildings | 11 625 | (2 298) | 9 327 | 10 955 | (1 957) | 8 997 |
| Infrastructure | 19 | (8) | 11 | 4 | (2) | 2 |
| Plant, equipment and vehicles | 1 436 | (732) | 704 | 1 155 | (590) | 565 |
| Total right-of-use assets: Buildings, infrastructure, plant and equipment | 13 081 | (3 038) | 10 042 | 12 113 | (2 549) | 9 564 |

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

| <i>Dec 2025</i> | <i>State of Victoria</i> | | | <i>General government sector</i> | | |
|---|------------------------------|---------------------------------|------------------------|----------------------------------|---------------------------------|------------------------|
| | <i>Gross carrying amount</i> | <i>Accumulated depreciation</i> | <i>Carrying amount</i> | <i>Gross carrying amount</i> | <i>Accumulated depreciation</i> | <i>Carrying amount</i> |
| Buildings | 2 782 | (130) | 2 652 | 2 429 | (116) | 2 314 |
| Land and national parks | 2 990 | .. | 2 990 | 2 990 | .. | 2 990 |
| Infrastructure | 6 893 | (289) | 6 603 | 7 | .. | 6 |
| Plant, equipment and vehicles | 393 | (46) | 347 | 393 | (46) | 347 |
| Roads and road infrastructure | 8 546 | (177) | 8 369 | 8 546 | (177) | 8 369 |
| Earthworks | 913 | .. | 913 | 913 | .. | 913 |
| Construction in progress | 34 478 | .. | 34 478 | 24 559 | .. | 24 559 |
| Total service concession land, buildings, infrastructure, plant and equipment assets | 56 995 | (642) | 56 353 | 39 837 | (339) | =39 498 |

| <i>Jun 2025</i> | | | | | | |
|---|---------------|--------------|---------------|---------------|-------------|---------------|
| Buildings | 2 782 | (82) | 2 700 | 2 429 | (72) | 2 358 |
| Land and national parks | 2 859 | .. | 2 859 | 2 859 | .. | 2 859 |
| Infrastructure | 6 893 | (211) | 6 682 | 7 | .. | 7 |
| Plant, equipment and vehicles | 384 | (27) | 357 | 384 | (27) | 357 |
| Roads and road infrastructure | 8 546 | .. | 8 546 | 8 546 | .. | 8 546 |
| Earthworks | 913 | .. | 913 | 913 | .. | 913 |
| Construction in progress | 31 831 | .. | 31 831 | 23 775 | .. | 23 775 |
| Total service concession land, buildings, infrastructure, plant and equipment assets | 54 208 | (320) | 53 888 | 38 913 | (99) | 38 815 |

4.2 Depreciation

(\$ million)

| | State of Victoria | | General government sector | |
|-------------------------------|-------------------|--------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Buildings | 2 238 | 2 067 | 1 575 | 1 557 |
| Infrastructure | 1 362 | 946 | 29 | 22 |
| Plant, equipment and vehicles | 802 | 724 | 436 | 450 |
| Roads and road infrastructure | 783 | 567 | 781 | 566 |
| Cultural assets | 7 | 6 | 7 | 6 |
| Intangible produced assets | 137 | 157 | 82 | 100 |
| Total depreciation | 5 330 | 4 467 | 2 910 | 2 701 |

The following two tables are subsets of total depreciation expense.

Depreciation of right-of-use (leased) assets

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|------------|---------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Buildings | 342 | 385 | 312 | 355 |
| Infrastructure | 2 | 1 | 1 | 1 |
| Plant, equipment and vehicles | 85 | 78 | 60 | 59 |
| Total depreciation of right-of-use assets | 429 | 464 | 372 | 414 |

Depreciation of service concession assets

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|------------|---------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Buildings | 48 | 46 | 44 | 43 |
| Infrastructure | 51 | 50 | .. | .. |
| Plant, equipment and vehicles | 19 | 15 | 19 | 15 |
| Roads and road infrastructure | 177 | 116 | 177 | 116 |
| Intangible produced assets | 2 | 2 | 2 | 2 |
| Total depreciation of service concession assets | 297 | 230 | 243 | 176 |

4.3 Other non-financial assets

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|--------------|---------------------------|--------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Intangible produced assets | 4 777 | 4 823 | 3 272 | 3 252 |
| Accumulated depreciation | (3 162) | (3 116) | (1 910) | (1 877) |
| Service concession assets – Intangible produced ^(a) | 3 922 | 3 877 | 3 922 | 3 877 |
| Accumulated depreciation | (2) | .. | (2) | .. |
| Intangible non-produced assets | 1 129 | 1 089 | 76 | 75 |
| Accumulated amortisation | (483) | (472) | (71) | (68) |
| Total intangibles | 6 180 | 6 202 | 5 287 | 5 259 |
| Investment properties | 294 | 299 | 281 | 286 |
| Other assets | 1 869 | 1 514 | 1 892 | 1 361 |
| Total other non-financial assets | 8 343 | 8 015 | 7 460 | 6 906 |

Note:

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

5. FINANCING STATE OPERATIONS

Introduction

State operations are financed through a variety of means including surplus cash flows from operating activities, asset sales, advances and borrowings.

This section presents the financing of the State and general government sector's operations, including material commitments recorded by the State.

5.1 Borrowings

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|----------------|---------------------------|----------------|
| | Dec | Jun | Dec | Jun |
| | 2025 | 2025 | 2025 | 2025 |
| Current borrowings | | | | |
| Domestic borrowings | 25 356 | 19 684 | 21 343 | 20 115 |
| Foreign currency borrowings | .. | 229 | .. | .. |
| Lease liabilities | 832 | 808 | 748 | 717 |
| Service concession arrangement liabilities | 111 | 567 | 97 | 552 |
| Derivative financial instruments | 164 | 158 | 1 | 1 |
| Total current borrowings | 26 463 | 21 446 | 22 189 | 21 385 |
| Non-current borrowings | | | | |
| Domestic borrowings | 174 137 | 182 593 | 164 455 | 152 611 |
| Foreign currency borrowings | 6 478 | 2 590 | .. | .. |
| Lease liabilities | 7 134 | 7 304 | 6 601 | 6 816 |
| Service concession arrangement liabilities | 9 266 | 8 446 | 5 473 | 5 224 |
| Derivative financial instruments | 1 109 | 1 030 | 216 | 222 |
| Total non-current borrowings | 198 125 | 201 962 | 176 745 | 164 874 |
| Total borrowings | 224 587 | 223 408 | 198 934 | 186 259 |

5.2 Interest expense

(\$ million)

| | State of Victoria | | General government sector | |
|---------------------------------|---|--------------|---------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | Interest on interest-bearing liabilities and deposits | 3 361 | 3 102 | 3 388 |
| Interest on lease liabilities | 209 | 210 | 195 | 202 |
| Interest on service concessions | 199 | 196 | 191 | 187 |
| Discount interest on payables | 677 | 459 | 7 | 8 |
| Total interest expense | 4 446 | 3 968 | 3 781 | 3 259 |

5.3 Cash flow information and balances

Reconciliation of cash and cash equivalents

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|---------------|
| | Dec | Dec | Dec | Dec |
| | 2025 | 2024 | 2025 | 2024 |
| Cash | 3 835 | 4 036 | 3 583 | 3 723 |
| Deposits at call | 20 610 | 17 311 | 11 298 | 11 124 |
| Cash and cash equivalents | 24 445 | 21 347 | 14 882 | 14 847 |
| Bank overdraft | .. | .. | .. | .. |
| Balances as per cash flow statement | 24 445 | 21 347 | 14 882 | 14 847 |

Reconciliation of net result to net cash flows from operating activities

(\$ million)

| | State of Victoria | | General government sector | |
|---|-------------------|----------------|---------------------------|----------------|
| | Dec | Dec | Dec | Dec |
| | 2025 | 2024 | 2025 | 2024 |
| Net result | 5 467 | (4 013) | (1 065) | (3 736) |
| Non-cash movements | | | | |
| Bad/doubtful debts | .. | .. | 162 | .. |
| Revenue related to economic service concession arrangements | (260) | (259) | (259) | (258) |
| Depreciation and amortisation | 5 346 | 4 482 | 2 913 | 2 703 |
| Revaluation of investments | 1 871 | (964) | 313 | (317) |
| Assets (received)/provided free of charge | (292) | (609) | (138) | (381) |
| Assets not previously/no longer recognised | .. | (1) | .. | (1) |
| Revaluation of assets | 165 | 129 | 147 | 120 |
| Discount/premium on other financial assets/borrowings | 514 | 210 | (3) | (3) |
| Foreign currency dealings | 4 | (8) | .. | .. |
| Unrealised (gains)/losses on borrowings | (4 290) | 1 732 | 1 | 8 |
| Discounting of assets and liabilities | .. | .. | .. | .. |
| Movements included in investing and financing activities | | | | |
| Net gain/loss from sale of investments | (593) | (278) | (135) | (41) |
| Net gain/loss from sale of non-financial assets | (48) | (48) | (22) | (25) |
| Realised gains/losses on borrowings | (192) | (270) | 12 | .. |
| Movements in assets and liabilities | | | | |
| Increase/(decrease) in allowance for impairment losses | 96 | (28) | 88 | (104) |
| Increase/(decrease) in payables and contract liabilities | (516) | (1 996) | (504) | (1 919) |
| Increase/(decrease) in other liabilities | 2 708 | 2 818 | 112 | 132 |
| Increase/(decrease) in employee benefits | (340) | 166 | (314) | 190 |
| Increase/(decrease) in superannuation | 297 | 355 | 287 | 346 |
| Increase/(decrease) in other provisions | (1 132) | 1 838 | (35) | 27 |
| (Increase)/decrease in receivables and contract assets | (578) | 573 | 494 | 1 828 |
| (Increase)/decrease in other non-financial assets | (669) | (261) | (805) | (437) |
| Net cash flows from operating activities | 7 559 | 3 568 | 1 250 | (1 867) |

5.4 Advances paid and investments, loans and placements

(\$ million)

| | State of Victoria | | General government sector | |
|--|-------------------|---------------|---------------------------|---------------|
| | Dec 2025 | Jun 2025 | Dec 2025 | Jun 2025 |
| Current advances paid and investments, loans and placements | | | | |
| Loans and advances paid | 120 | 165 | 201 | 236 |
| Equities and managed investment schemes | 1 363 | 4 554 | 917 | 849 |
| Australian dollar term deposits | 275 | 258 | 266 | 247 |
| Debt securities | 4 529 | 14 103 | 3 | 2 |
| Derivative financial instruments | 271 | 773 | 110 | 525 |
| Total current advances paid and investments, loans and placements | 6 558 | 19 853 | 1 496 | 1 860 |
| Non-current advances paid and investments, loans and placements | | | | |
| Loans and advances paid | 243 | 247 | 6 024 | 6 170 |
| Equities and managed investment schemes | 70 748 | 62 696 | 17 222 | 16 131 |
| Australian dollar term deposits | 3 | .. | 3 | 3 |
| Debt securities | 7 575 | 7 373 | 21 | 23 |
| Derivative financial instruments | 845 | 387 | 16 | 1 |
| Total non-current advances paid and investments, loans and placements | 79 415 | 70 703 | 23 286 | 22 327 |
| Total advances paid and investments, loans and placements | 85 973 | 90 556 | 24 783 | 24 187 |
| Represented by: | | | | |
| Advances paid | 363 | 412 | 6 225 | 6 407 |
| Investments, loans and placements | 85 610 | 90 144 | 18 558 | 17 781 |

5.5 Commitments

Commitments include those operating, capital and other commitments contracted at balance date but not recognised as liabilities that arise from non cancellable, contractual or statutory sources and embody obligations to sacrifice future economic benefits.

Reference to the *2024-25 Financial Report* (Notes 5.6, 5.7 and 5.8) should be made for details of commitments as at 30 June 2025.

As at 31 December 2025, the following additional material commitments were recorded for the State of Victoria. Unless otherwise stated, contract amounts are GST inclusive and presented as nominal values:

- Breakthrough Victoria Pty Ltd entered into contracts worth \$120 million with various parties. The parties involved in these arrangements are commercially sensitive and therefore have not been disclosed at this time.
- The State entered into new agreements valued at \$563 million with multiple providers for construction and upgrade programs at State government schools. The contracts cover new schools construction and facility upgrades, with completion dates varying by contract.
- In September 2025, a contract variation of \$304 million was made to the North Western Program Alliance with John Holland Pty Ltd, Kellogg Brown and Root Pty Ltd and Metro Trains Melbourne for the delivery of additional network improvement projects for the Melton Line Upgrade. The works under the North Western Program Alliance are expected to be completed by 2028-29.
- In December 2025, a variation of \$204 million was made to the Public Private Partnership with GEO Ravenhall Pty Ltd. The variation is to both operate and deliver services to a 25-bed psychosocial rehabilitation unit at the Ravenhall Correctional Centre. The contract runs until 2042.
- In December 2025, the State entered into a contract with BGIS Pty Ltd, for the provision of integrated accommodation management services. The total cost of the contract is \$103 million, with a contract end date in March 2032.
- In December 2025, SEC Victoria via its subsidiary, SEC Infrastructure Pty Ltd, both 100 per cent owned by the State, acquired 100 per cent of the issued shares of Delburn Wind Farm Pty Ltd. This transaction resulted in SEC acquiring development rights to construct and operate a 33 turbine, 204.6MW wind farm to be known as the SEC Delburn Wind Farm. Total anticipated capital expenditure is up to \$700 million and works are expected to be completed by late 2028.
- In December 2025, the State entered into a Project Alliance Agreement with a value of \$7.419 billion for the Linewide package of the Suburban Rail Loop (SRL) East including tunnel fit-out, signalling, operational systems, trains, systems integration, and operations readiness activities. The SRL Authority has formed the Linewide Alliance with John Holland Pty Ltd, TransitLinX Pty Ltd, Alstom Transport Australia Pty Ltd, Kellogg Brown & Root Pty Ltd and WSP Australia Pty Ltd to deliver the Linewide works with an expected completion in 2035.
- In December 2025, the State entered into a Franchise Agreement with an estimated value of \$1.7 billion (Net Present Value, excluding GST), subject to confirmation of the SRL East service plan and final approvals by government. The payments will be made over the Franchise term (2035-2050) and will be subject to a performance regime and indexation adjustments. The contract is with TransitLinX Pty Ltd, a joint venture between RATP Dev and John Holland, for the operations and maintenance of the SRL East and is separate to the delivery of construction works. The Franchise term is for a minimum of 15 years, with an option for the State to extend by up to 3 years.

There was no other material change in commitments for the State during the mid-year reporting period.

6. RISKS AND CONTINGENCIES

Introduction

The State is exposed to risks from both its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section presents information on financial instruments and contingent assets and liabilities.

6.1 Financial instruments

Note 6.1 Financial instruments in the *2024-25 Financial Report* contains a comprehensive disclosure of the State's financial risk management objectives and policies associated with financial instruments.

6.2 Contingent assets and contingent liabilities

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Reference should be made to the *2024-25 Financial Report* (Note 6.2) for details of contingent assets as at 30 June 2025.

No material changes in contingent assets have been identified during this mid-year reporting period.

Contingent liabilities

Contingent liabilities are either:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
- present obligations that arise from past events but are not recognised because of either of the following:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations
 - the amount of the obligations cannot be measured with sufficient reliability.

Reference should be made to the *2024-25 Financial Report* (Note 6.2) for details of contingent liabilities as at 30 June 2025.

No material changes in contingent liabilities have been identified during this mid-year reporting period.

7. PUBLIC ACCOUNT

Introduction

This section provides disclosure of information in respect of the Public Account, in accordance with the requirements of the *Financial Management Act 1994*.

7.1 Consolidated fund receipts and payments

(\$ million)

| 2024-25 | | 2025-26 | |
|--------------------------------|---|------------------|-------------------|
| actual to Dec | | actual to Dec | revised budget |
| Receipts | | | |
| 19 093 | Taxation | 20 419 | 41 975 |
| 466 | Fines and regulatory fees | 533 | 1 011 |
| 15 761 | Grants received | 18 610 | 36 895 |
| 522 | Sales of goods and services | 651 | 1 577 |
| 480 | Interest received | 520 | 861 |
| 177 | Dividends, and income tax equivalent receipts | 192 | 804 |
| 598 | Other receipts | 701 | 1 106 |
| 37 096 | Total cash inflows from operating activities | 41 627 | 84 229 |
| 16 341 | Total cash inflows from investing and financing | 13 338 | 24 727 |
| 53 437 | Total consolidated fund receipts | 54 964 | 108 956 |
| Payments to departments | | | |
| 9 637 | Education | 9 947 | 19 226 |
| 1 846 | Energy, Environment and Climate Action | 1 814 | 3 692 |
| 5 253 | Families, Fairness and Housing | 5 239 | 9 636 |
| 321 | Government Services | 536 | 796 |
| 12 572 | Health | 12 537 | 21 714 |
| 2 211 | Jobs, Skills, Industries and Regions | 2 505 | 3 870 |
| 5 525 | Justice and Community Safety | 5 897 | 10 646 |
| 323 | Premier and Cabinet | 271 | 461 |
| 10 859 | Transport and Planning | 10 499 | 21 118 |
| 4 430 | Treasury and Finance | 5 059 | 20 244 |
| 180 | Parliament | 199 | 384 |
| 543 | Courts | 463 | 925 |
| 53 699 | Sub total | 54 964 | 112 712 |
| .. | Appropriations remaining unspent | .. | (5 250) |
| 53 699 | Total payments | 54 964 | 107 462 |
| (263) | Net receipts/(payments) | .. | 1 494 |

7.2 Trust fund cash flow statement

(\$ million)

| 2024-25 | | 2025-26 | |
|---|--|--------------------------|---------------------------|
| <i>actual to Dec</i> | | <i>actual to Dec</i> | <i>revised budget</i> |
| Cash flows from operating activities | | | |
| Receipts | | | |
| 312 | Taxation | 354 | 821 |
| 152 | Regulatory fees and fines | 139 | 219 |
| 14 997 | Grants received | 15 182 | 25 996 |
| 786 | Sale of goods and services | 682 | 1 188 |
| 130 | Interest received | 144 | 236 |
| 476 | Dividends received | 909 | 897 |
| 5 586 | Net transfers from consolidated fund | 4 182 | 10 010 |
| 69 | Other receipts | 246 | 304 |
| 22 510 | Total receipts | 21 838 | 39 672 |
| Payments | | | |
| (293) | Payments for employees | (314) | (441) |
| (31) | Superannuation | (33) | (42) |
| (68) | Interest paid | (41) | (94) |
| (17 108) | Grants and subsidies | (15 827) | (28 957) |
| (2 376) | Goods and services | (2 151) | (4 625) |
| (19 876) | Total payments | (18 365) | (34 158) |
| 2 634 | Net cash flows from operating activities | 3 473 | 5 514 |
| Cash flows from investing activities | | | |
| (141) | Purchases of non-financial assets | (148) | (3 352) |
| 54 | Sales of non-financial assets | 44 | 52 |
| (1 189) | Net proceeds from customer loans | (163) | (6) |
| (3 517) | Other investing activities | (4 157) | (3 305) |
| (4 794) | Net cash flows from investing activities | (4 424) | (6 611) |
| Cash flows from financing activities | | | |
| (62) | Net borrowings | 391 | 118 |
| (62) | Net cash flows from financing activities | 391 | 118 |
| (2 223) | Net increase/(decrease) in trust fund cash and deposits | (560) | (979) |

7.3 Reconciliation of cash flows to balances held

(\$ million)

| | <i>Balances held at 30 Jun 2025</i> | <i>Dec movement YTD</i> | <i>Balances held at 31 Dec 2025</i> |
|--|---|---------------------------------|---|
| Cash and deposits | | | |
| Cash and balances outside of the Public Account | 1 | .. | 2 |
| Deposits held with the Public Account – Specific trusts | 2 403 | 369 | 2 771 |
| Other balances held in the Public Account | 3 772 | (740) | 3 032 |
| Total cash and deposits | 6 176 | (371) | 5 805 |
| Investments | | | |
| Investments held with the Public Account – Specific trusts | 12 986 | 689 | 13 675 |
| Total investments | 12 986 | 689 | 13 675 |
| Total fund balances | 19 162 | 318 | 19 480 |
| Less funds held outside the public account | | | |
| Cash | 1 | .. | 2 |
| Total fund balances held outside the Public Account | 1 | .. | 2 |
| Total fund balances held in the Public Account ^(a) | 19 160 | 318 | 19 478 |

Note:

(a) See Note 7.4 for details of securities and investments, including amounts held in the Public Account on behalf of trust accounts.

7.4 Details of securities held in the Public Account

(\$ million)

| 2024-25 <i>actual</i> 31 Dec | | 2025-26 <i>opening</i> 1 Jul <i>actual</i> 31 Dec | |
|------------------------------------|---|--|---------------|
| 14 347 | Amounts invested on behalf of specific trust accounts | 15 388 | 16 446 |
| 3 500 | General account balances | 3 772 | 3 032 |
| 17 848 | Total Public Account | 19 160 | 19 478 |
| Represented by: | | | |
| 17 275 | Stock, securities, cash and investments | 18 798 | 19 095 |
| Add cash advanced for: | | | |
| .. | Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to Section 38 of the <i>Financial Management Act 1994</i> | .. | .. |
| 573 | Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i> | 362 | 383 |
| 17 848 | Total Public Account | 19 160 | 19 478 |

7.5 Payments from advance to the Treasurer ^(a)

(\$ million)

| Department | Purpose | 2025-26 |
|---|---|------------|
| Energy, Environment and Climate Action | State Electricity Commission (SEC) | 246 |
| | | 246 |
| Treasury and Finance | Equity contribution to establish the Building and Plumbing Commission | 590 |
| | | 590 |
| Total Treasurer's advance payments | | 836 |

Note:

(a) Departments are required to exhaust their appropriation funding before accessing Treasurer's Advances. For this reason, final approval of most Treasurer's Advances occurs later in the financial year.

8. OTHER DISCLOSURES

Introduction

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

8.1 Disaggregated information

Disaggregated operating statement for the six months ended 31 December

(\$ million)

| | General government sector | | Public non-financial corporations | |
|---|---------------------------|-----------------|-----------------------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue and income from transactions | | | | |
| Taxation | 18 937 | 16 879 | .. | .. |
| Interest income | 799 | 781 | 69 | 65 |
| Dividends and income tax equivalent income | 1 086 | 680 | 10 | 6 |
| Sales of goods and services | 3 933 | 3 377 | 4 270 | 3 980 |
| Grants | 26 783 | 23 589 | 1 373 | 1 314 |
| Other revenue and income | 1 940 | 1 799 | 337 | 403 |
| Total revenue and income from transactions | 53 477 | 47 104 | 6 059 | 5 768 |
| Expenses from transactions | | | | |
| Employee expenses | 20 013 | 19 212 | 1 107 | 1 053 |
| Superannuation: | | | | |
| Net superannuation interest expense | 395 | 395 | .. | .. |
| Other superannuation | 2 531 | 2 293 | 124 | 114 |
| Depreciation | 2 910 | 2 701 | 1 235 | 1 141 |
| Interest expense | 3 781 | 3 259 | 580 | 512 |
| Grant expense | 8 929 | 8 520 | 295 | 257 |
| Other operating expenses | 15 612 | 14 645 | 2 917 | 2 579 |
| Other property expenses | .. | .. | 118 | 123 |
| Total expenses from transactions | 54 172 | 51 024 | 6 376 | 5 780 |
| Net result from transactions – Net operating balance | (694) | (3 921) | (317) | (12) |
| Other economic flows included in net result | | | | |
| Net gain/(loss) on disposal of non-financial assets | 17 | 25 | 26 | 23 |
| Net gain/(loss) on financial assets or liabilities at fair value | (183) | 367 | (51) | 36 |
| Share of net profit/(loss) from associates/joint venture entities | (9) | (18) | 2 | .. |
| Other gains/(losses) from other economic flows | (196) | (189) | 400 | 113 |
| Total other economic flows included in net result | (371) | 185 | 377 | 172 |
| Net result | (1 065) | (3 736) | 60 | 160 |
| Other economic flows – Other comprehensive income | | | | |
| Items that will not be reclassified to net result | | | | |
| Changes in non-financial assets revaluation surplus | 507 | 778 | 34 | 68 |
| Remeasurement of superannuation defined benefits plans | 3 085 | 1 203 | 11 | 9 |
| Other movements in equity | (2) | 94 | 22 | (29) |
| Items that may be reclassified subsequently to net result | | | | |
| Net gain/(loss) on financial assets at fair value | 23 | (3) | 4 | (6) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | 6 169 | (524) | | |
| Total other economic flows – Other comprehensive income | 9 783 | 1 548 | 71 | 43 |
| Comprehensive result – Total change in net worth | 8 717 | (2 187) | 131 | 203 |
| FISCAL AGGREGATES | | | | |
| Net operating balance | (694) | (3 921) | (317) | (12) |
| Purchases of non-financial assets (including change in inventories) | 7 609 | 8 846 | 3 604 | 2 945 |
| Less: Sales of non-financial assets | (88) | (101) | (79) | (53) |
| Less: Depreciation and amortisation | (2 910) | (2 701) | (1 235) | (1 141) |
| Plus: Other movements in non-financial assets | 1 119 | 1 711 | 810 | 929 |
| Less: Net acquisition of non-financial assets from transactions | 5 729 | 7 755 | 3 100 | 2 679 |
| Net lending/(borrowing) | (6 423) | (11 675) | (3 417) | (2 691) |

| <i>Public financial corporations</i> | | <i>Inter-sector eliminations</i> | | <i>State of Victoria</i> | |
|--------------------------------------|--------------|----------------------------------|----------------|--------------------------|-----------------|
| 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| .. | .. | (301) | (293) | 18 635 | 16 586 |
| 3 774 | 3 292 | (3 662) | (3 085) | 979 | 1 052 |
| 3 546 | 2 352 | (160) | (178) | 4 481 | 2 861 |
| 4 481 | 4 199 | (1 245) | (1 212) | 11 439 | 10 344 |
| .. | .. | (1 421) | (1 377) | 26 736 | 23 526 |
| 17 | 17 | .. | .. | 2 294 | 2 219 |
| 11 817 | 9 861 | (6 789) | (6 144) | 64 565 | 56 589 |
| 326 | 288 | (633) | (602) | 20 813 | 19 951 |
| .. | .. | .. | .. | 395 | 395 |
| 33 | 31 | .. | .. | 2 689 | 2 438 |
| 40 | 44 | 1 145 | 580 | 5 330 | 4 467 |
| 3 697 | 3 234 | (3 612) | (3 037) | 4 446 | 3 968 |
| 93 | 83 | (1 509) | (1 465) | 7 808 | 7 394 |
| 6 029 | 5 771 | (716) | (873) | 23 842 | 22 122 |
| 1 082 | 494 | (1 200) | (617) | .. | .. |
| 11 300 | 9 944 | (6 525) | (6 014) | 65 323 | 60 734 |
| 517 | (84) | (264) | (129) | (758) | (4 145) |
| .. | .. | .. | .. | 44 | 48 |
| 3 517 | (512) | .. | (46) | 3 283 | (155) |
| .. | .. | .. | .. | (7) | (18) |
| 2 960 | 481 | (259) | (148) | 2 905 | 258 |
| 6 477 | (31) | (259) | (194) | 6 225 | 132 |
| 6 995 | (114) | (523) | (323) | 5 467 | (4 013) |
| .. | 1 | .. | 21 | 542 | 868 |
| .. | .. | .. | .. | 3 096 | 1 212 |
| .. | .. | .. | .. | 21 | 66 |
| .. | .. | .. | .. | 27 | (9) |
| .. | .. | (6 169) | 524 | .. | .. |
| .. | 1 | (6 168) | 545 | 3 685 | 2 136 |
| 6 995 | (113) | (6 691) | 222 | 9 152 | (1 876) |
| 517 | (84) | (264) | (129) | (758) | (4 145) |
| 9 | 15 | 7 | (118) | 11 229 | 11 688 |
| (1) | .. | .. | .. | (168) | (155) |
| (40) | (44) | (1 145) | (580) | (5 330) | (4 467) |
| .. | .. | .. | .. | 1 929 | 2 639 |
| (31) | (30) | (1 138) | (698) | 7 660 | 9 706 |
| 548 | (54) | 874 | 569 | (8 418) | (13 851) |

Disaggregated balance sheet as at 31 December
(\$ million)

| | <i>General government sector</i> | | <i>Public non-financial corporations</i> | |
|--|----------------------------------|-----------------|--|-----------------|
| | <i>Dec 2025</i> | <i>Jun 2025</i> | <i>Dec 2025</i> | <i>Jun 2025</i> |
| Assets | | | | |
| Financial assets | | | | |
| Cash and deposits | 14 882 | 12 800 | 3 362 | 3 102 |
| Advances paid | 6 225 | 6 407 | 72 | 102 |
| Receivables and contract assets | 9 685 | 10 203 | 2 504 | 2 120 |
| Investments, loans and placements | 18 558 | 17 781 | 1 347 | 968 |
| Loans receivable from non-financial public sector ^(a) | .. | .. | .. | .. |
| Investments accounted for using the equity method | 1 232 | 1 141 | 221 | 177 |
| Investments in PNFC and PFC sector entities | 105 631 | 96 401 | .. | .. |
| Total financial assets | 156 212 | 144 732 | 7 506 | 6 469 |
| Non-financial assets | | | | |
| Inventories | 427 | 277 | 1 398 | 1 163 |
| Non-financial assets held for sale | 210 | 145 | 20 | 25 |
| Land, buildings, infrastructure, plant and equipment | 293 960 | 288 244 | 134 019 | 131 155 |
| Other non-financial assets | 7 460 | 6 906 | 3 803 | 3 414 |
| Total non-financial assets | 302 057 | 295 573 | 139 240 | 135 757 |
| Total assets | 458 269 | 440 305 | 146 747 | 142 226 |
| Liabilities | | | | |
| Deposits held and advances received | 1 654 | 1 595 | 2 933 | 2 856 |
| Payables | 5 659 | 6 558 | 2 015 | 2 088 |
| Borrowings | 198 934 | 186 259 | 28 362 | 26 497 |
| Employee benefits | 11 780 | 12 070 | 617 | 635 |
| Superannuation | 15 486 | 18 284 | .. | .. |
| Other provisions | 3 950 | 3 762 | 23 619 | 23 693 |
| Other liabilities | 22 782 | 22 470 | 9 185 | 8 976 |
| Total liabilities | 260 245 | 250 999 | 66 731 | 64 746 |
| Net assets | 198 024 | 189 307 | 80 016 | 77 480 |
| Equity | | | | |
| Accumulated surplus/(deficit) | 43 920 | 41 982 | (46 667) | (46 672) |
| Reserves | 154 104 | 147 325 | 126 683 | 124 152 |
| Net worth | 198 024 | 189 307 | 80 016 | 77 480 |
| FISCAL AGGREGATES | | | | |
| Net financial worth | (104 033) | (106 266) | (59 224) | (58 277) |
| Net financial liabilities | 209 663 | 202 667 | 59 224 | 58 277 |
| Net debt | 160 924 | 150 867 | 26 513 | 25 180 |

Note:
(a) Loans receivable from the non-financial public sector are reported at amortised cost.

| <i>Public financial corporations</i> | | <i>Inter-sector eliminations</i> | | <i>State of Victoria</i> | |
|--------------------------------------|-----------------|----------------------------------|------------------|--------------------------|-----------------|
| <i>Dec 2025</i> | <i>Jun 2025</i> | <i>Dec 2025</i> | <i>Jun 2025</i> | <i>Dec 2025</i> | <i>Jun 2025</i> |
| 6 985 | 5 596 | (784) | (1 048) | 24 445 | 20 450 |
| 29 | 48 | (5 962) | (6 145) | 363 | 412 |
| 3 958 | 2 946 | (1 126) | (842) | 15 021 | 14 427 |
| 65 739 | 71 448 | (34) | (53) | 85 610 | 90 144 |
| 186 945 | 172 197 | (186 945) | (172 197) | .. | .. |
| 23 | 11 | .. | .. | 1 476 | 1 329 |
| .. | .. | (105 631) | (96 401) | .. | .. |
| 263 677 | 252 247 | (300 482) | (276 686) | 126 914 | 126 762 |
| .. | .. | .. | .. | 1 824 | 1 440 |
| .. | .. | .. | .. | 230 | 170 |
| 283 | 302 | 80 875 | 82 019 | 509 137 | 501 720 |
| 2 175 | 2 970 | (5 095) | (5 275) | 8 343 | 8 015 |
| 2 458 | 3 272 | 75 780 | 76 743 | 519 535 | 511 345 |
| 266 135 | 255 518 | (224 701) | (199 942) | 646 449 | 638 107 |
| 375 | 271 | (2 735) | (2 672) | 2 227 | 2 049 |
| 1 823 | 1 770 | (1 016) | (889) | 8 482 | 9 528 |
| 189 200 | 188 177 | (191 908) | (177 525) | 224 587 | 223 408 |
| 147 | 154 | .. | .. | 12 544 | 12 859 |
| .. | .. | .. | .. | 15 486 | 18 284 |
| 53 137 | 53 951 | (23 767) | (23 558) | 56 939 | 57 849 |
| 4 509 | 1 836 | (858) | (566) | 35 618 | 32 717 |
| 249 190 | 246 157 | (220 283) | (205 209) | 355 882 | 356 693 |
| 16 944 | 9 361 | (4 418) | 5 267 | 290 566 | 281 414 |
| 16 212 | 8 743 | 64 480 | 65 413 | 77 945 | 69 466 |
| 732 | 618 | (68 898) | (60 147) | 212 621 | 211 949 |
| 16 944 | 9 361 | (4 418) | 5 267 | 290 566 | 281 414 |
| 14 487 | 6 090 | (80 198) | (71 477) | (228 968) | (229 930) |
| (14 487) | (6 090) | (25 433) | (24 925) | 228 968 | 229 930 |
| (70 122) | (60 842) | (919) | (755) | 116 396 | 114 450 |

Disaggregated cash flow statement for the six months ended 31 December
(\$ million)

| | General government sector | | Public non-financial corporations | |
|---|---------------------------|-----------------|-----------------------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Cash flows from operating activities | | | | |
| Receipts | | | | |
| Taxes received | 19 886 | 18 724 | .. | .. |
| Grants | 26 960 | 23 462 | 1 429 | 1 498 |
| Sales of goods and services ^(a) | 4 128 | 3 396 | 4 628 | 4 039 |
| Interest received | 741 | 731 | 81 | 73 |
| Dividends and income tax equivalent receipts | 1 118 | 663 | 10 | 6 |
| Other receipts | 1 040 | 1 362 | 33 | 85 |
| Total receipts | 53 874 | 48 338 | 6 180 | 5 701 |
| Payments | | | | |
| Payments for employees | (20 152) | (18 989) | (1 124) | (1 075) |
| Superannuation | (2 639) | (2 342) | (114) | (105) |
| Interest paid | (3 525) | (3 062) | (551) | (488) |
| Grants and subsidies | (9 150) | (9 454) | (183) | (165) |
| Goods and services ^(a) | (16 133) | (15 370) | (3 442) | (3 107) |
| Other payments | (1 024) | (988) | (230) | (256) |
| Total payments | (52 624) | (50 205) | (5 644) | (5 197) |
| Net cash flows from operating activities | 1 250 | (1 867) | 536 | 505 |
| Cash flows from investing activities | | | | |
| Cash flows from investments in non-financial assets | | | | |
| Purchases of non-financial assets | (7 593) | (8 843) | (3 603) | (2 936) |
| Sales of non-financial assets | 88 | 101 | 79 | 53 |
| Net cash flows from investments in non-financial assets | (7 505) | (8 742) | (3 524) | (2 883) |
| Net cash flows from investments in financial assets for policy purposes | (2 696) | (1 981) | (22) | (140) |
| Sub-total | (10 201) | (10 723) | (3 545) | (3 023) |
| Net cash flows from investments in financial assets for liquidity management purposes | (1 322) | (1 131) | (18) | (25) |
| Net cash flows from investing activities | (11 524) | (11 854) | (3 563) | (3 048) |
| Cash flows from financing activities | | | | |
| Advances received (net) | (15) | (8) | 49 | 51 |
| Net borrowings | 11 600 | 14 348 | 843 | 1 031 |
| Deposits received (net) | 74 | (82) | 28 | 84 |
| Other financing (net) ^(b) | 695 | .. | 2 366 | 2 015 |
| Net cash flows from financing activities | 12 355 | 14 257 | 3 287 | 3 181 |
| Net increase/(decrease) in cash and cash equivalents | 2 082 | 536 | 260 | 637 |
| Cash and cash equivalents at beginning of reporting period | 12 800 | 14 310 | 3 102 | 2 251 |
| Cash and cash equivalents at end of the reporting period | 14 882 | 14 847 | 3 362 | 2 888 |
| FISCAL AGGREGATES | | | | |
| Net cash flows from operating activities | 1 250 | (1 867) | 536 | 505 |
| Dividends paid | .. | .. | (67) | (66) |
| Net cash flows from investments in non-financial assets | (7 505) | (8 742) | (3 524) | (2 883) |
| Cash surplus/(deficit) | (6 255) | (10 609) | (3 054) | (2 444) |

Notes:

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

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

| <i>Public financial corporations</i> | | <i>Inter-sector eliminations</i> | | <i>State of Victoria</i> | |
|--------------------------------------|-----------------|----------------------------------|-----------------|--------------------------|-----------------|
| 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| .. | .. | (301) | (293) | 19 585 | 18 431 |
| .. | .. | (1 487) | (1 525) | 26 902 | 23 435 |
| 6 683 | 6 579 | (1 534) | (1 503) | 13 905 | 12 512 |
| 3 482 | 2 955 | (3 515) | (2 967) | 789 | 792 |
| 3 546 | 2 352 | (186) | (149) | 4 487 | 2 873 |
| 44 | 242 | 271 | 60 | 1 388 | 1 750 |
| 13 754 | 12 129 | (6 752) | (6 376) | 67 056 | 59 793 |
| .. | .. | .. | .. | .. | .. |
| (332) | (289) | 633 | 602 | (20 976) | (19 750) |
| (33) | (31) | | | (2 787) | (2 478) |
| (2 874) | (2 651) | 3 516 | 2 968 | (3 434) | (3 232) |
| (109) | (68) | 1 487 | 1 369 | (7 955) | (8 319) |
| (4 606) | (4 086) | 869 | 1 108 | (23 313) | (21 455) |
| (13) | (10) | 235 | 264 | (1 032) | (991) |
| (7 968) | (7 134) | 6 739 | 6 311 | (59 496) | (56 225) |
| 5 786 | 4 995 | (14) | (64) | 7 559 | 3 568 |
| .. | .. | .. | .. | .. | .. |
| (9) | (15) | (7) | 118 | (11 213) | (11 676) |
| 1 | .. | .. | .. | 168 | 155 |
| (9) | (14) | (7) | 118 | (11 045) | (11 522) |
| 8 | 15 | 2 956 | 1 971 | 247 | (135) |
| .. | 1 | 2 949 | 2 089 | (10 798) | (11 657) |
| (9 997) | (14 749) | 14 748 | 16 230 | 3 411 | 325 |
| (9 997) | (14 748) | 17 697 | 18 318 | (7 387) | (11 332) |
| (40) | (30) | (32) | (34) | (38) | (21) |
| 4 907 | 10 147 | (14 402) | (16 068) | 2 949 | 9 457 |
| 144 | 120 | (31) | (43) | 216 | 80 |
| 588 | .. | (2 955) | (2 015) | 695 | .. |
| 5 600 | 10 237 | (17 419) | (18 159) | 3 822 | 9 516 |
| 1 389 | 484 | 264 | 95 | 3 994 | 1 752 |
| 5 596 | 3 870 | (1 048) | (836) | 20 450 | 19 595 |
| 6 985 | 4 354 | (784) | (741) | 24 445 | 21 347 |
| 5 786 | 4 995 | (14) | (64) | 7 559 | 3 568 |
| .. | .. | 67 | 66 | .. | .. |
| (9) | (14) | (7) | 118 | (11 045) | (11 522) |
| 5 777 | 4 981 | 46 | 119 | (3 486) | (7 954) |

Disaggregated statement of changes in equity as at 31 December

(\$ million)

| | <i>Accumulated surplus/(deficit)</i> | <i>Contributions by owners</i> | <i>Non-financial assets revaluation surplus</i> | <i>Investment in other sector entities revaluation surplus</i> | <i>Other reserves</i> | <i>Total</i> |
|---|--|------------------------------------|---|--|---------------------------|----------------|
| General government sector | | | | | | |
| Balance at 1 July 2025 | 41 982 | .. | 107 890 | 37 805 | 1 630 | 189 307 |
| Net result for the year | (1 065) | .. | .. | .. | .. | (1 065) |
| Other comprehensive income for the year | 3 003 | .. | 507 | 6 169 | 103 | 9 783 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| Dividends paid | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | .. | .. | .. | .. | .. | .. |
| Total equity as at 31 December 2025 | 43 920 | .. | 108 397 | 43 973 | 1 734 | 198 024 |
| PNFC sector | | | | | | |
| Balance at 1 July 2025 | (46 672) | 89 229 | 34 066 | .. | 857 | 77 480 |
| Net result for the year | 60 | .. | .. | .. | .. | 60 |
| Other comprehensive income for the year | 12 | .. | 34 | .. | 24 | 71 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| Dividends paid | (67) | .. | .. | .. | .. | (67) |
| Transactions with owners in their capacity as owners | .. | 2 472 | .. | .. | .. | 2 472 |
| Total equity as at 31 December 2025 | (46 667) | 91 701 | 34 100 | .. | 882 | 80 016 |
| PFC sector | | | | | | |
| Balance at 1 July 2025 | 8 743 | 540 | 13 | .. | 66 | 9 361 |
| Net result for the year | 6 995 | .. | .. | .. | .. | 6 995 |
| Other comprehensive income for the year | (5) | .. | .. | .. | 5 | .. |
| Transfer to/(from) accumulated surplus | 480 | (478) | .. | .. | (2) | .. |
| Dividends paid | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | .. | 589 | .. | .. | .. | 589 |
| Total equity as at 31 December 2025 | 16 212 | 651 | 13 | .. | 69 | 16 944 |
| Eliminations | 64 480 | (92 352) | 67 428 | (43 973) | .. | (4 418) |
| Total State of Victoria | 77 945 | .. | 209 937 | .. | 2 684 | 290 566 |

Disaggregated statement of changes in equity as at 31 December (continued)
(\$ million)

| | <i>Accumulated surplus/(deficit)</i> | <i>Contributions by owners</i> | <i>Non-financial assets revaluation surplus</i> | <i>Investment in other sector entities revaluation surplus</i> | <i>Other reserves</i> | <i>Total</i> |
|--|--------------------------------------|--------------------------------|---|--|-----------------------|----------------|
| General government sector | | | | | | |
| Balance at 1 July 2024 | 43 354 | .. | 98 544 | 46 391 | 1 528 | 189 818 |
| Net result for the year | (3 736) | .. | .. | .. | .. | (3 736) |
| Other comprehensive income for the year | 1 284 | .. | 778 | (524) | 10 | 1 548 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| Dividends paid | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | .. | .. | .. | .. | .. | .. |
| Total equity as at 31 December 2024 | 40 902 | .. | 99 323 | 45 867 | 1 538 | 187 630 |
| PNFC sector | | | | | | |
| Balance at 1 July 2024 | (33 512) | 82 460 | 33 264 | .. | 843 | 83 055 |
| Net result for the year | 160 | .. | .. | .. | .. | 160 |
| Other comprehensive income for the year | (20) | .. | 68 | .. | (6) | 43 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| Dividends paid | (66) | .. | .. | .. | .. | (66) |
| Transactions with owners in their capacity as owners | .. | 2 021 | .. | .. | .. | 2 021 |
| Total equity as at 31 December 2024 | (33 437) | 84 481 | 33 332 | .. | 836 | 85 213 |
| PFC sector | | | | | | |
| Balance at 1 July 2024 | 13 148 | 465 | 9 | .. | 61 | 13 683 |
| Net result for the year | (114) | .. | .. | .. | .. | (114) |
| Other comprehensive income for the year | (6) | .. | 1 | .. | 6 | 1 |
| Transfer to/(from) accumulated surplus | .. | .. | .. | .. | .. | .. |
| Dividends paid | .. | .. | .. | .. | .. | .. |
| Transactions with owners in their capacity as owners | .. | .. | .. | .. | .. | .. |
| Total equity as at 31 December 2024 | 13 028 | 465 | 10 | .. | 67 | 13 569 |
| Eliminations | 53 248 | (84 946) | 29 184 | (45 867) | .. | (48 381) |
| Total State of Victoria | 73 741 | .. | 161 849 | .. | 2 441 | 238 031 |

8.2 Other gains/(losses) from other economic flows

(\$ million)

| | State of Victoria | | General government | |
|---|-------------------|------------|--------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net (increase)/decrease in allowances for credit losses | (124) | 13 | (104) | 90 |
| Amortisation of intangible non-produced assets | (17) | (15) | (3) | (3) |
| Net swap interest revenue/(expense) | (75) | (39) | .. | .. |
| Bad debts written off | (109) | (237) | (269) | (217) |
| Other gains/(losses) | 3 231 | 535 | 179 | (59) |
| Total other gains/(losses) from other economic flows | 2 905 | 258 | (196) | (189) |

8.3 Controlled entities

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

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

| General government sector | Public non-financial sector |
|--|--|
| Department of Energy, Environment, and Climate Action | Department of Energy, Environment, and Climate Action |
| VicGrid ^(a) | SEC Victoria Pty Ltd |
| Yity Yity Land Management Board ^(b) | <ul style="list-style-type: none"> Delburn Wind Farm Pty Ltd (Delburn) as trustee for the Delburn Wind Farm Project Trust ^(d) ESCO Solar Farm 7 Pty Ltd as trustee for the ESCP Solar Farm 7 Trust ^(e) |
| Department of Health | |
| Oral Health Victoria ^(c) | |

Notes:

- (a) VicGrid was established as a State Body under the State Owned Enterprise Act 1992 on 15 April 2025. On passing of the National Electricity (Victoria) Amendment (VicGrid Stage 2 Reform) Bill 2025, from 1 November 2025, VicGrid has transitioned to a State Business Corporation (SBC) and taken over from the Australian Energy Market Operator (AEMO) the declared network functions in Victoria and will plan and deliver the transmission augmentations needed for Victoria.
- (b) The Yity Yity Land Management Board was established on 13 December 2025 by the Minister for Environment under section 82B of the Conservation, Forests and Lands Act 1987.
- (c) On 1 July 2025, the Governor in Council under the Health Services Act 1988 has approved the change in name of Dental Health Services Victoria to Oral Health Victoria.
- (d) On 15 December 2025 SEC Victoria via its wholly owned subsidiary, SEC Infrastructure Pty Ltd, acquired 100 per cent share ownership in Delburn Wind Farm Pty Ltd (Delburn) as trustee for the Delburn Wind Farm Project Trust to construct the Delburn Wind Farm. For the purposes of the 2025-26 Mid-Year Financial Report, Delburn has been included within the PNFC sector consistent with other SEC subsidiaries, pending classification from the ABS.
- (e) On 5 September 2024, SEC Victoria via its wholly owned subsidiary, SEC Infrastructure Pty Ltd, acquired 100 per cent share ownership in ESCO Solar Farm 7 Pty Ltd as trustee for the ESCP Solar Farm 7 Trust to construct the Horsham Renewable Energy Park (HREP). For the purposes of the 2025-26 Mid-Year Financial Report, ESCO has been included within the PNFC sector consistent with other SEC subsidiaries, pending classification from the ABS.

8.4 Glossary of technical terms

The *2024-25 Financial Report* Note 8.9 contains a summary of the major technical terms used in this report.

APPENDIX A – GENERAL GOVERNMENT SECTOR QUARTERLY FINANCIAL REPORT

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)

| | 2024-25 | | | 2025-26 | |
|--|----------------|---------------|----------------|----------------|----------------|
| | Dec | Mar | Jun | Sep | Dec |
| Revenue and income from transactions | | | | | |
| Taxation | 7 956 | 13 638 | 8 425 | 10 161 | 8 776 |
| Interest income | 382 | 400 | 365 | 410 | 389 |
| Dividends and income tax equivalent income | 208 | 111 | 1 493 | 874 | 212 |
| Sales of goods and services | 1 762 | 1 723 | 1 794 | 1 893 | 2 039 |
| Grants | 12 682 | 12 349 | 11 366 | 12 263 | 14 521 |
| Other revenue and income | 892 | 1 093 | 1 520 | 938 | 1 002 |
| Total revenue and income from transactions | 23 881 | 29 313 | 24 963 | 26 539 | 26 938 |
| Expenses from transactions | | | | | |
| Employee expenses | 9 735 | 9 318 | 9 985 | 9 895 | 10 118 |
| Superannuation: | | | | | |
| Net superannuation interest expense | 200 | 193 | 195 | 199 | 196 |
| Other superannuation | 1 153 | 1 094 | 1 136 | 1 213 | 1 319 |
| Depreciation | 1 373 | 1 368 | 1 393 | 1 468 | 1 442 |
| Interest expense | 1 706 | 1 726 | 1 789 | 1 810 | 1 971 |
| Grant expense | 4 248 | 5 356 | 3 345 | 4 393 | 4 536 |
| Other operating expenses | 7 705 | 7 203 | 8 878 | 7 589 | 8 023 |
| Total expenses from transactions | 26 120 | 26 260 | 26 722 | 26 567 | 27 604 |
| Net result from transactions – Net operating balance | (2 239) | 3 053 | (1 758) | (28) | (666) |
| Other economic flows included in net result | | | | | |
| Net gain/(loss) on disposal of non-financial assets | 5 | 14 | (47) | .. | 18 |
| Net gain/(loss) on financial assets or liabilities at fair value | 413 | (100) | 946 | (406) | 222 |
| Share of net profit/(loss) from associates/joint venture entities | (18) | (14) | (34) | .. | (9) |
| Other gains/(losses) from other economic flows | (41) | (69) | (285) | (136) | (60) |
| Total other economic flows included in net result | 359 | (169) | 579 | (542) | 171 |
| Net result | (1 880) | 2 885 | (1 179) | (570) | (495) |
| Other economic flows – Other comprehensive income | | | | | |
| Items that will not be reclassified to net result | | | | | |
| Changes in non-financial assets revaluation surplus | 192 | 182 | 8 385 | 207 | 301 |
| Remeasurement of superannuation defined benefits plans | 2 181 | 61 | (478) | 1 184 | 1 901 |
| Other movements in equity | (10) | (102) | (2) | 1 | (2) |
| Items that may be reclassified subsequently to net result | | | | | |
| Net gain/(loss) on financial assets at fair value | 13 | (1) | (11) | 8 | 15 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets ^(a) | (524) | .. | (8 063) | .. | 6 169 |
| Total other economic flows – Other comprehensive income | 1 853 | 140 | (169) | 1 400 | 8 383 |
| Comprehensive result – Total change in net worth | (26) | 3 024 | (1 348) | 830 | 7 888 |
| KEY FISCAL AGGREGATES | | | | | |
| Net operating balance | (2 239) | 3 053 | (1 758) | (28) | (666) |
| Less: Net acquisition of non-financial assets from transactions | 4 312 | 1 953 | 746 | 2 704 | 3 025 |
| Net lending/(borrowing) | (6 551) | 1 100 | (2 504) | (2 732) | (3 691) |

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

| | 2024-25 | | | 2025-26 | |
|--|----------------|----------------|----------------|----------------|----------------|
| | Dec | Mar | Jun | Sep | Dec |
| Assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 14 847 | 13 297 | 12 800 | 15 277 | 14 882 |
| Advances paid | 6 335 | 6 326 | 6 407 | 6 228 | 6 225 |
| Receivables and contract assets | 8 556 | 13 766 | 10 203 | 10 468 | 9 685 |
| Investments, loans and placements | 16 491 | 16 514 | 17 781 | 18 140 | 18 558 |
| Investments accounted for using the equity method | 1 136 | 1 131 | 1 141 | 1 199 | 1 232 |
| Investments in PNFC and PFC sector entities | 99 641 | 100 727 | 96 401 | 97 792 | 105 631 |
| Total financial assets | 147 006 | 151 760 | 144 732 | 149 104 | 156 212 |
| Non-financial assets | | | | | |
| Inventories | 322 | 304 | 277 | 294 | 427 |
| Non-financial assets held for sale | 243 | 80 | 145 | 126 | 210 |
| Land, buildings, infrastructure, plant and equipment | 277 316 | 279 644 | 288 244 | 291 125 | 293 960 |
| Other non-financial assets | 7 030 | 6 683 | 6 906 | 8 040 | 7 460 |
| Total non-financial assets | 284 910 | 286 711 | 295 573 | 299 585 | 302 057 |
| Total assets | 431 917 | 438 471 | 440 305 | 448 690 | 458 269 |
| Liabilities | | | | | |
| Deposits held and advances received | 1 435 | 1 494 | 1 595 | 1 649 | 1 654 |
| Payables | 5 350 | 5 539 | 6 558 | 5 871 | 5 659 |
| Borrowings | 183 005 | 185 715 | 186 259 | 194 511 | 198 934 |
| Employee benefits | 11 312 | 11 820 | 12 070 | 12 382 | 11 780 |
| Superannuation | 17 369 | 17 486 | 18 284 | 17 169 | 15 486 |
| Other provisions | 3 265 | 3 360 | 3 762 | 4 125 | 3 950 |
| Other liabilities | 22 550 | 22 401 | 22 470 | 22 847 | 22 782 |
| Total liabilities | 244 286 | 247 816 | 250 999 | 258 553 | 260 245 |
| Net assets | 187 630 | 190 655 | 189 307 | 190 136 | 198 024 |
| Equity | | | | | |
| Accumulated surplus/(deficit) | 40 902 | 43 783 | 41 982 | 42 605 | 43 920 |
| Reserves | 146 728 | 146 872 | 147 325 | 147 531 | 154 104 |
| Net worth | 187 630 | 190 655 | 189 307 | 190 136 | 198 024 |
| FISCAL AGGREGATES | | | | | |
| Net financial worth | (97 280) | (96 056) | (106 266) | (109 449) | (104 033) |
| Net financial liabilities | 196 921 | 196 783 | 202 667 | 207 241 | 209 663 |
| Net debt | 146 767 | 151 072 | 150 867 | 156 515 | 160 924 |

Consolidated cash flow statement for the past five quarters

(\$ million)

| | 2024-25 | | | 2025-26 | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Dec | Mar | Jun | Sep | Dec |
| Cash flows from operating activities | | | | | |
| Receipts | | | | | |
| Taxes received | 9 101 | 8 611 | 12 080 | 10 090 | 9 796 |
| Grants | 12 479 | 12 344 | 11 223 | 12 367 | 14 594 |
| Sales of goods and services ^(a) | 1 758 | 2 098 | 1 985 | 1 996 | 2 133 |
| Interest received | 352 | 386 | 332 | 403 | 338 |
| Dividends and income tax equivalent receipts | 189 | 194 | 1 489 | 903 | 215 |
| Other receipts | 556 | 213 | 1 414 | 604 | 436 |
| Total receipts | 24 435 | 23 846 | 28 523 | 26 362 | 27 512 |
| Payments | | | | | |
| Payments for employees | (9 906) | (8 798) | (9 808) | (9 560) | (10 592) |
| Superannuation | (1 171) | (1 109) | (1 012) | (1 343) | (1 297) |
| Interest paid | (1 582) | (1 685) | (1 675) | (1 722) | (1 802) |
| Grants and subsidies | (4 365) | (5 345) | (3 188) | (4 601) | (4 549) |
| Goods and services ^(a) | (6 772) | (6 443) | (7 255) | (8 813) | (7 320) |
| Other payments | (599) | (407) | (544) | (545) | (479) |
| Total payments | (24 394) | (23 787) | (23 482) | (26 584) | (26 039) |
| Net cash flows from operating activities | 41 | 59 | 5 041 | (222) | 1 473 |
| Cash flows from investing activities | | | | | |
| Cash flows from investments in non-financial assets | | | | | |
| Purchases of non-financial assets | (4 758) | (3 290) | (4 087) | (3 432) | (4 162) |
| Sales of non-financial assets | 53 | 55 | 76 | 41 | 47 |
| Net cash flows from investments in non-financial assets | (4 705) | (3 235) | (4 011) | (3 391) | (4 114) |
| Net cash flows from investments in financial assets for policy purposes | (1 161) | (569) | (1 081) | (1 416) | (1 280) |
| Sub-total | (5 866) | (3 804) | (5 092) | (4 807) | (5 394) |
| Net cash flows from investments in financial assets for liquidity management purposes | (400) | (126) | (460) | (1 166) | (156) |
| Net cash flows from investing activities | (6 266) | (3 931) | (5 552) | (5 973) | (5 550) |
| Cash flows from financing activities | | | | | |
| Advances received (net) | (1) | (11) | 50 | (7) | (8) |
| Net borrowings | 6 882 | 2 263 | (87) | 7 923 | 3 677 |
| Deposits received (net) | (141) | 71 | 50 | 61 | 13 |
| Other financing (net) | .. | .. | .. | 695 | .. |
| Net cash flows from financing activities | 6 740 | 2 322 | 14 | 8 673 | 3 682 |
| Net increase/(decrease) in cash and cash equivalents | 515 | (1 550) | (497) | 2 477 | (395) |
| Cash and cash equivalents at beginning of reporting period | 14 332 | 14 847 | 13 297 | 12 800 | 15 277 |
| Cash and cash equivalents at end of the reporting period | 14 847 | 13 297 | 12 800 | 15 277 | 14 882 |
| FISCAL AGGREGATES | | | | | |
| Net cash flows from operating activities | 41 | 59 | 5 041 | (222) | 1 473 |
| Net cash flows from investments in non-financial assets | (4 705) | (3 235) | (4 011) | (3 391) | (4 114) |
| Cash surplus/(deficit) | (4 664) | (3 176) | 1 030 | (3 614) | (2 641) |

Note:

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

APPENDIX B – FINANCIAL MANAGEMENT ACT 1994

COMPLIANCE INDEX

The *Financial Management Act 1994* (FMA) requires the Minister to prepare a mid-year financial report and a quarterly financial report for tabling in Parliament. These reports have been prepared in accordance with applicable Australian Accounting Standards and the FMA.

The FMA specifies that these reports must meet certain requirements. The following compliance index explains how these requirements are met, together with appropriate references in this document.

| <i>Financial Management Act reference</i> | <i>Requirement</i> | <i>Comments/reference</i> |
|---|--|--|
| Section 25(1) | The Minister must prepare a mid-year report for each financial year. | Refer to Chapter 4. |
| Section 25(2) | The mid-year report: <ul style="list-style-type: none"> (a) must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks (b) must present fairly the financial position of the State and the Victorian general government sector at midnight on 31 December in the financial year and: <ul style="list-style-type: none"> (i) the transactions on the Public Account (ii) the transactions of the Victorian general government sector (iii) other financial transactions of the State in respect of the period of six months ending on that day. (ba) must include details of payments made during the period of 6 months ending on 31 December in the financial year out of money advanced to the Treasurer in an annual appropriation Act for that year to meet urgent claims. | <p>Manner is in accordance with Australian Accounting Standards and Ministerial Directions. Form is consolidated comprehensive operating statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and accompanying notes. Refer to Chapter 4.</p> <p>Refer to Chapter 4, consolidated balance sheet.</p> <p>Refer to Chapter 4, Note 7.</p> <p>Refer to Chapter 4, consolidated comprehensive operating statement, consolidated cash flow statement and related notes.</p> <p>Refer to Chapter 4, consolidated comprehensive operating statement, consolidated cash flow statement and related notes.</p> <p>Refer to Chapter 4, Payments from advance to the Treasurer.</p> |

| <i>Financial Management Act reference</i> | <i>Requirement</i> | <i>Comments/reference</i> |
|---|--|--|
| Section 26(1) | The Minister must prepare a quarterly financial report for each quarter of each financial year. | Refer to Appendix A. |
| Section 26(2) | A quarterly financial report comprises: <ul style="list-style-type: none"> (a) a statement of financial performance of the Victorian general government sector for the quarter (b) a statement of the financial position of the Victorian general government sector at the end of the quarter (c) a statement of cash flows of the Victorian general government sector for the quarter (d) a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based. | <p>Refer to Appendix A, consolidated comprehensive operating statement.</p> <p>Refer to Appendix A, consolidated balance sheet.</p> <p>Refer to Appendix A, consolidated cash flow statement.</p> <p>Refer to Chapter 4, Note 1.</p> |
| Section 26(2A) | A quarterly financial report must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks. | Manner is a financial report for the general government sector. Form is consolidated comprehensive operating statement, consolidated balance sheet, consolidated cash flow statement. Refer to Appendix A. |
| Section 26(2B) | The quarterly financial report for the quarter ending on 31 December in a financial year must include, in addition to the statements referred to in subsection (2)(a) to (d) for that quarter, those statements for the period of six months ending on that 31 December. | Refer to Chapter 4, consolidated comprehensive operating statement, consolidated balance sheet, and consolidated cash flow statement. |

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 variations 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 |
| (x xxx.x) | negative amount |
| x xxx.0 | rounded amount |

Please refer to the **Treasury and Finance glossary for budget and financial reports** at dtf.vic.gov.au for additional terms and references.

Mid-Year Financial Report
(incorporating Quarterly Financial Report No.2)
March 2026
dtf.vic.gov.au



Treasury
and Finance