**2022‑23 Mid‑Year Financial Report**

**(incorporating Quarterly Financial Report No. 2)**



**March 2023**

Presented by

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Chapter 1 – Mid-year results for the state of Victoria, including the general government sector

The *2022-23 Mid-Year Financial Report* presents the financial results for the State of Victoria, including the general government sector, for the six months to 31 December 2022. The report has been prepared in accordance with the *Financial Management Act 1994* and applicable accounting standards.

The actual results of the State of Victoria in this report are compared with the published budget estimates in the *2022-23 Budget.* Results for the general government sector are compared with the revised budget estimates presented in the *2022 Victorian Pre-Election Budget Update*.

The likely 2022-23 full-year results cannot be extrapolated from the half-year results due to seasonal and other factors impacting on the timing of activities and transactions. For example, land tax revenue is mainly recognised in the March quarter, and certain grant revenue from the Commonwealth Government is expected to be received later in the financial year.

The State comprises the general government sector, the public non-financial corporations (PNFC) sector and the public financial corporations (PFC) sector.

The general government sector consists of all government departments and other controlled public sector agencies that are largely financed by state taxes and Commonwealth grants. The general government sector is primarily responsible for delivering government policy as set out in the annual budget.

The PNFC and PFC sectors consist of a wide range of entities that provide goods and services through commercial cost recovery principles via user charges and fees. The largest Victorian PNFCs provide water, housing and transport services. Victorian PFCs can be categorised into two broad types: those that service the general public and businesses (such as the statutory insurers), and those that provide financial services to other areas of government including investing and borrowing functions.

The non-financial public sector (NFPS) represents the general government sector and the PNFC sector after eliminating transactions between the two sectors.

Due to transactions between the different sectors, not all transactions in each sector affect the overall State of Victoria outcome. For the period to 31 December 2022, the general government sector recorded a net result from transactions deficit of $4.2 billion.

# Overview

The Victorian economy has recovered strongly from the effects of the COVID-19 pandemic. Gross state product is well above pre-pandemic levels and growth has outpaced the national average, employment continues to grow, and the unemployment rate is near a multi-decade low.

Over the year to December 2022, state final demand increased by 4.1 per cent. Consumer spending, which grew by a strong 8.1 per cent over the year, drove the overall increase.

Over the year to December 2022, Victoria’s employment increased by 2.2 per cent. This was driven entirely by an increase in full-time employment, which increased by 4.5 per cent, while part-time employment decreased by 2.5 per cent. Meanwhile, Victoria’s unemployment rate decreased by 0.8 percentage points to a historically very low 3.5 per cent.

The strong employment rebound has meant that by the end of 2022, employment was nearly 370 000 persons above its trough in September 2020 – far above the Jobs Plan interim target of 200 000 jobs being created by 2022 and well on track to meet the overall target of 400 000 jobs by 2025.

The Victorian population rose by 1.0 per cent over the year to June 2022 (reflecting the latest available data), as net overseas migration began to pick up following the easing of national border restrictions.

Inflation is a key challenge for Victorians and the Victorian economy, as it is nationally and globally. At 8 per cent over the year to December 2022, Melbourne inflation is at the highest level in over 30 years.

The Reserve Bank of Australia began raising interest rates in May 2022 to contain these growing price pressures across the Australian economy. This, along with a weaker global outlook, is expected to temper Victoria’s economic growth. The outlook remains positive, though, with households continuing to be supported by a strong labour market and accumulated savings.

The general government sector’s infrastructure investment, which includes net infrastructure investment (net of asset sales) and construction related cash outflows for Partnerships Victoria projects, was $10.8 billion for the period to 31 December 2022, or 51 per cent of the revised full‑year budget estimate.

Net cash flows from operating activities for the State for the period to 31 December 2022 was a surplus of $8.9 billion ($5.5 billion for the general government sector). The improvement from the prior year primarily reflects the upfront proceeds of $7.9 billion received from the VicRoads Modernisation Joint Venture (VicRoads Modernisation), the impact of increased economic activity on key revenue items including taxation and goods and services tax (GST) grant revenue and a decrease in expenditure, reflecting the impact in 2021-22 of business support measures provided as part of the Government’s response to COVID-19.

Net debt for the general government sector was $104.2 billion, or 18.2 per cent of gross state product (GSP), at 31 December 2022 (19.4 per cent at 30 June 2022), reflecting the strong growth in the Victorian economy.

# Financial performance

For the six months to 31 December 2022, the general government sector recorded a net result from transactions deficit of $4.2 billion.

The net result from transactions was an improvement of $5.8 billion compared with the prior year. This was primarily driven by an increase in taxation revenue due to payroll tax and the introduction of the Mental Health and Wellbeing Levy. In addition, revenue from sales of goods and services increased, partly due to the upfront recognition of licence revenue from the VicRoads Modernisation for its right to deliver specific administrative and cash collection services. The reduction in grant expenditure, due to the impact in 2021-22 of business support measures provided as part of the Government’s response to COVID-19, also contributed to the improved result.

The net result for the State was a deficit of $694 million over the six months to 31 December 2022. This is an $8.3 billion improvement compared with the same period last year. This movement is further explained below.

Table 1.1: Summary comprehensive operating statement for the period ended 31 December (a) ($ million)

|  | State of Victoria | | | | | General government sector | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2021‑22 actual to Dec | | 2022‑23 actual to Dec | 2022‑23 budget (b) | % (c) | 2021‑22 actual to Dec | 2022‑23 actual to Dec | 2022‑23 revised estimate (d) | % (e) |
| **Revenue and income from transactions** |  | |  |  |  |  |  |  |  |
| Taxation | 12 733 | | 14 144 | 29 991 | 47 | 12 954 | 14 380 | 31 166 | 46 |
| Interest revenue | 304 | | 683 | 375 | 182 | 266 | 591 | 831 | 71 |
| Dividends and income tax equivalent and rate equivalent income | 2 199 | | 1 567 | 2 027 | 77 | 390 | 233 | 559 | 42 |
| Sales of goods and services | 7 836 | | 8 797 | 17 797 | 49 | 2 557 | 3 198 | 6 067 | 53 |
| Grants | 20 844 | | 19 745 | 39 638 | 50 | 20 922 | 19 758 | 39 290 | 50 |
| Other revenue and income | 2 000 | | 2 123 | 4 075 | 52 | 1 677 | 1 758 | 3 547 | 50 |
| **Total revenue and income from transactions** | **45 916** | | **47 060** | **93 902** | **50** | **38 766** | **39 919** | **81 460** | **49** |
| **Expenses from transactions** |  | |  |  |  |  |  |  |  |
| Employee expenses | 16 794 | | 17 491 | 34 597 | 51 | 16 108 | 16 745 | 33 474 | 50 |
| Net superannuation interest expense | 242 | | 363 | 686 | 53 | 242 | 363 | 719 | 50 |
| Other superannuation | 1 987 | | 1 984 | 3 957 | 50 | 1 892 | 1 874 | 3 413 | 55 |
| Depreciation | 3 532 | | 3 640 | 7 525 | 48 | 2 127 | 2 178 | 4 712 | 46 |
| Interest expense | 1 817 | | 2 253 | 4 294 | 52 | 1 385 | 1 813 | 3 863 | 47 |
| Grant expense | 13 628 | | 7 221 | 15 321 | 47 | 14 627 | 8 308 | 18 779 | 44 |
| Other operating expenses | 18 732 | | 19 317 | 40 632 | 48 | 12 364 | 12 838 | 26 682 | 48 |
| **Total expenses from transactions** | **56 733** | | **52 269** | **107 012** | **49** | **48 745** | **44 119** | **91 643** | **48** |
| **Net result from transactions –  net operating balance** | **(10 817)** | | **(5 209)** | **(13 110)** | **40** | **(9 979)** | **(4 200)** | **(10 183)** | **41** |
| Total other economic flows included in net result | | 1 817 | 4 514 | 1 085 | 416 | (33) | 160 | (339) | (47) |
| **Net result** | **(8 999)** | | **(694)** | **(12 025)** | **6** | **(10 012)** | **(4 040)** | **(10 522)** | **38** |
| Total other economic flows –  other comprehensive income | 234 | | 5 637 | 6 951 | 81 | (1 038) | 9 251 | 4 274 | 216 |
| **Comprehensive result –  total change in net worth** | **(8 766)** | | **4 943** | **(5 074)** | **(97)** | **(11 050)** | **5 211** | **(6 248)** | **(83)** |

Notes:

(a) This is an abbreviated statement. The full consolidated and disaggregated operating statement is reported in Chapter 2.

(b) The figures are consistent with the estimates presented in the 2022-23 Budget.

(c) The percentage represents the 2022-23 actual to December as a percentage of the estimate presented in the 2022-23 Budget.

(d) The figures are consistent with the estimates presented in the 2022 Victorian Pre-Election Budget Update.

(e) The percentage represents the 2022-23 actual to December as a percentage of the revised estimate presented in the 2022 Victorian Pre-Election Budget Update.

## General government sector

### Revenue and income

Total revenue for the six months ending 31 December 2022 was $39.9 billion. This is 49 per cent of the revised full-year budget estimate and an increase of $1.2 billion from the same period last year.

Taxation revenue was $14.4 billion, or 46 per cent of the revised full-year budget estimate. Taxation is influenced by seasonal factors, such as land tax revenue being recognised in the March quarter and the Fire Services Property Levy in the September quarter.

Taxation revenue increased by $1.4 billion compared with the same period last year. This was primarily due to an increase in payroll tax, due to the strong labour market, and the introduction of the Mental Health and Wellbeing Levy, which came into effect on 1 January 2022. The easing of public health restrictions on in-person gambling venues also contributed to an increase in gambling taxes.

Grants were $19.8 billion, or 50 per cent of the revised full-year budget estimate. This is consistent with the pro rata budget.

Grants received were lower compared with the same period last year. This was primarily driven by a decrease in grants from the Commonwealth relating to the national partnership on support for COVID‑19 impacted businesses. This was partially offset by an increase in GST revenue resulting from a no‑worse‑off guarantee payment that the Commonwealth Government legislated in 2018 as part of a new system for distributing GST.

Dividends, income tax equivalent and rate equivalent income for the half year were lower compared with the same period last year and were 42 per cent of the revised full-year budget estimate. This primarily reflects the timing of dividends and income tax equivalent income from the PNFC and PFC sectors.

Revenue from the sale of goods and services for the half year was $3.2 billion, an increase of $641 million compared with the prior year. Sales of goods and services was 53 per cent of the revised full-year budget estimate, primarily due to the upfront recognition of licence revenue from the VicRoads Modernisation for its right to deliver specific administrative and cash collection services.

Other revenue and income was $1.8 billion, which is broadly consistent with the same period last year.

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

### Expenses

Total expenses were $44 billion, or 48 per cent of the revised full-year budget estimate.

Employee expenses were consistent with the pro rata budget for the first half of the year at $16.7 billion, or 50 per cent of the revised full-year budget estimate. This is an increase of $637 million when compared with the same period last year, mainly due to increased spending on service delivery in the health and education sectors and annual salary growth.

Grant expense for the first half of the year was $8.3 billion, 44 per cent of the revised full-year budget estimate. This was below the pro rata revised budget primarily due to the timing of grant expenses, including those incurred from the Social Housing Growth Fund, which is forecast to be paid in the second half of the year.

Compared with the same period last year, grant expense decreased by $6.3 billion. This decrease primarily reflects the impact in 2021-22 of business support measures provided as part of the Government’s response to COVID-19.

Other operating expenses were $12.8 billion, or 48 per cent of the revised full-year budget estimate. This was below the pro rata revised budget due to the timing of expenditure programs across departments.

Compared with the same period last year, other operating expenses increased by $474 million. This primarily reflects increased service delivery in the education sector and contractual payments in the transport sector.

The other categories of general government operating expenses were generally in line with the pro rata revised full-year budget estimate.

## State of Victoria

### Revenue

Total revenue for the State for the six months ending 31 December 2022 was $47.1 billion. This is 2.5 per cent higher than it was for the same period last year. The general government sector contributed 85 per cent of this result, with the balance coming from the PNFC and PFC sectors.

The PNFC sector reported total revenue and income from transactions of $4.8 billion for the six months to 31 December 2022. This is largely in line with the same period last year.

For the PFC sector, total revenue and income from transactions increased by 5.4 per cent, to $6.6 billion, for the six months to 31 December 2022. This increase in revenue was largely due to higher insurance premium revenue, increased interest income for the Treasury Corporation of Victoria (TCV) and a grant that the Victorian WorkCover Authority (WorkSafe) received from the State. The increase was partly offset by lower dividends and realised capital gains on investments held by the three state insurance agencies.

### Expenses

Total expenses for the State decreased by 7.9 per cent to $52.3 billion compared with the same period last year. Of this, 84 per cent was driven by the general government sector.

PNFC sector total expenses from transactions were $4.9 billion for the six months to 31 December 2022. This is largely in line with the total expenses from transactions reported for the same period last year.

PFC sector total expenses from transactions increased by 13.3 per cent to $7.4 billion for the six months to 31 December 2022. This increase was largely due to higher claims expenses being incurred by the insurance agencies and higher interest expenses for TCV.

### Net result from transactions

The net result from transactions for the State for the six months to December 2022 was a deficit of $5.2 billion.

The PNFC sector’s net result from transactions improved from a deficit of $142 million for the six months to 31 December 2021, to a deficit of $62 million for the six months to 31 December 2022.

The net result from transactions for the PFC sector declined from a deficit of $273 million for the six months to 31 December 2021, to a deficit of $798 million for the six months to 31 December 2022.

### Net result and other economic flows

The net result from transactions does not include unrealised investment income earned or revaluations which, in accordance with Australian accounting standards, are disclosed as other economic flows and included in the net result.

Other economic flows for the State increased by $2.7 billion, to $4.5 billion for the six months to 31 December 2022. This was largely driven by:

* an actuarial release for the Transport Accident Commission and WorkSafe, reflecting the write‑down of their respective claims liabilities as a result of favourable claims experience relative to actuarial estimates
* a net revaluation gain that arose due to the combined impact of increases in the discount rates (positive) and inflation rates (negative) that are used to value TCV borrowings and the liabilities of the State’s insurance agencies
* unrealised gains on financial assets held by PFC sector entities.

This resulted in the State reporting a net result deficit of $694 million for the six months to 31 December 2022, an improvement of $8.3 billion relative to the same period last year.

# Financial position

Table 1.2: Summary balance sheet as at 31 December (a) ($ million)

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Jun 2022 | Dec 2022 | Actual movement | Jun 2022 | Dec 2022 | Actual movement |
| **Assets** |  |  |  |  |  |  |
| Financial assets | 84 479 | 97 396 | 12 917 | 116 851 | 132 779 | 15 928 |
| Non‑financial assets | 380 466 | 392 806 | 12 340 | 230 516 | 242 029 | 11 514 |
| **Total assets** | **464 945** | **490 203** | **25 258** | **347 367** | **374 809** | **27 442** |
| **Liabilities** |  |  |  |  |  |  |
| Superannuation | 19 756 | 18 629 | (1 127) | 19 756 | 18 629 | (1 127) |
| Borrowings | 136 486 | 147 884 | 11 398 | 117 420 | 132 754 | 15 333 |
| Other liabilities | 88 938 | 98 982 | 10 044 | 31 663 | 39 683 | 8 021 |
| **Total liabilities** | **245 180** | **265 495** | **20 314** | **168 839** | **191 066** | **22 227** |
| **Net assets** | **219 765** | **224 708** | **4 943** | **178 528** | **183 743** | **5 215** |

Note:

(a) This is an abbreviated balance sheet. The full consolidated and disaggregated balance sheet is reported in Chapter 2.

## State of Victoria

During the period to 31 December 2022, the net assets for the State of Victoria increased by $4.9 billion. This was due to a combination of a $25.3 billion increase in total assets partly offset by a $20.3 billion increase in total liabilities.

The increase in total assets is largely driven by increased holdings of financial assets following the establishment of the Victorian Future Fund with the proceeds from the VicRoads Modernisation transaction. The VicRoads Modernisation also resulted in an increase in total assets due to the recognition and valuation of the registration and licensing database. Also driving the increase in total assets was the Government’s pipeline of infrastructure investments. The increase in total liabilities is primarily due to an increase in borrowings and payables.

The increase in borrowings is mainly due to incremental borrowings by TCV to fund the Government’s infrastructure investment program. The increase in payables was largely driven by the grant of right to the operator liability recognised as part of the VicRoads Modernisation.

# Cash flow

Table 1.3 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 $5.5 billion reflecting the upfront proceeds received from the VicRoads Modernisation.

A detailed cash flow statement is provided in Chapter 2.

Table 1.3: Application of cash resources for the general government sector (a) ($ million)

|  | 2022‑23 actual to Dec | 2022‑23 revised estimate |
| --- | --- | --- |
| Net result from transactions – net operating balance | (4 200) | (10 183) |
| Add back: Non‑cash revenues and expenses (net) (b) | 9 705 | 12 063 |
| **Net cash flows from operating activities** | **5 505** | **1 880** |
| Less: |  |  |
| **Net investment in fixed assets** |  |  |
| Purchases of non‑financial assets | 8 280 | 14 681 |
| Net cash flows from investments in financial assets for policy purposes | 1 073 | 1 755 |
| Sales of non‑financial assets | (201) | (423) |
| **Net investment in fixed assets** | **9 153** | **16 014** |
| Leases and service concession arrangements | 988 | 2 380 |
| Other movements | (436) | (436) |
| **Decrease/(increase) in net debt (c)** | **(4 199)** | **(16 077)** |

Notes:

(a) Figures in this table are subject to rounding to the nearest million dollar and may not add up to totals.

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

(c) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance. DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government Changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.

## 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 $10.8 billion for the period to 31 December 2022, or 51 per cent of the revised full‑year budget estimate.

The Government’s infrastructure scorecard as at 31 December 2022

Major projects in progress include:

* A Pathway to More Acute Mental Health Beds
* Additional Acute Mental Health Beds in Regional Victoria
* Additional VLocity trains
* Ballarat Health Services expansion and redevelopment
* Barwon Heads Road Upgrade
* Barwon Women’s and Children’s Hospital
* Best Start, Best Life
* Big Housing Build
* Building a World-Class Geelong Performing Arts Centre
* City Loop fire and safety upgrade (Stage 2) and intruder alarm
* Courts case management system
* E-Class Tram Infrastructure Program
* Enrolment Growth and New Schools (Land acquisition for new schools, New schools construction, Relocatable Buildings Program, School upgrades: growth for 2025)
* Expanding and improving bed-based forensic mental health services:   
  Thomas Embling Hospital Stage 1 and 2
* Frankston Hospital Redevelopment
* Geelong Convention and Exhibition Centre (part of Geelong City Deal)
* Geelong Fast Rail
* Goulburn Valley Health redevelopment
* Gippsland Line Upgrade – Stage 1
* High Capacity Metro Trains Project
* Homes Victoria Ground Lease Model Project 1
* Hurstbridge Line upgrade – Stage 2
* Kananook Stage 2
* Kardinia Park Stadium – Stage 5 redevelopment
* Level Crossing Removal Project: 85 by 2025
* M80 Ring Road upgrade
* Melbourne Arts Precinct Transformation – Phase 1

The Government’s infrastructure scorecard as at 31 December 2022 *(continued)*

* Melbourne Airport Rail
* Men’s prison system capacity
* Melbourne Park redevelopment – Stage 3
* Metro Tunnel
* Metropolitan Network Modernisation program
* Monash Freeway Upgrade – Stage 2
* Murray Basin Rail Project
* New Footscray Hospital
* New Melton Hospital
* New metropolitan trains
* New trains for Sunbury
* New Wyndham Law Court
* Next Generation Trams
* North East Link – Primary Package (Tunnels)
* North East Link – State and Freeway Packages
* Princes Highway East – Stage 3
* Public housing renewal program
* Public transport ticketing asset renewal
* Redevelopment of Royal Melbourne Hospital and Royal Women’s Hospital
* Royal Victorian Eye and Ear Hospital redevelopment
* Shepparton Corridor Upgrade – Stages 2 and 3
* South Dynon train maintenance facility – Stages 1 and 2
* Suburban Rail Loop
* Suburban Roads Upgrade
* Technology and resources to support Victoria’s fines system
* Ten new community hospitals
* Tram infrastructure upgrades
* Twenty-five more level crossings by 2030
* Warrnambool Base Hospital Redevelopment
* Waurn Ponds Track Duplication – Stage 2
* West Gate Tunnel Project
* Western Highway duplication – Ballarat to Stawell
* Western Rail Plan
* Women’s prison system capacity

# Financial sustainability

## General government sector

General government sector net debt increased by $4.2 billion to $104.2 billion as at 31 December 2022. This primarily reflects an increase in borrowings over the period to fund the Government’s infrastructure program, partially offset by the upfront proceeds from the VicRoads Modernisation transaction. The ratio of net debt to GSP decreased from 19.4 to 18.2 per cent.

Overall, net financial liabilities increased during the period primarily due to an increase in payables resulting from the grant of right to the operator liability recognised as part of the VicRoads Modernisation, as well as the increase in net debt as explained previously.

Over the period to 31 December 2022, the ratio of net financial liabilities to GSP decreased from 27.4 per cent to 26.6 per cent.

Table 1.4: General government sector net debt and net financial liabilities as at 31 December ($ million)

|  | Closing  30 Jun 2022 | Closing  31 Dec 2022 | Actual movement | % change |
| --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |
| Cash and deposits | 10 974 | 21 468 | 10 493 | 96 |
| Advances paid | 4 929 | 5 227 | 299 | 6 |
| Investment, loans and placements | 3 370 | 3 619 | 249 | 7 |
| **Total** | **19 273** | **30 314** | **11 041** | **57** |
| **Liabilities** |  |  |  |  |
| Deposits held and advances received | 1 831 | 1 727 | (104) | (6) |
| Borrowings | 117 420 | 132 754 | 15 333 | 13 |
| **Total** | **119 251** | **134 481** | **15 230** | **13** |
| **Net debt (a)** | **99 978** | **104 167** | **4 189** | **4** |
| Superannuation liability | 19 756 | 18 629 | (1 127) | (6) |
| **Net debt plus superannuation liabilities** | **119 734** | **122 796** | **3 062** | **3** |
| Other liabilities (net) (b) | 21 416 | 29 016 | 7 600 | 35 |
| **Net financial liabilities (c)** | **141 149** | **151 812** | **10 662** | **8** |
| (per cent) | | | | |
| **Net debt to GSP (d)** | **19.4** | **18.2** |  |  |
| **Net debt plus superannuation liability to GSP (d)** | **23.2** | **21.5** |  |  |
| **Net financial liabilities to GSP (d)** | **27.4** | **26.6** |  |  |

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, provisions and other liabilities, 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 2022 reflect the 2022‑23 GSP forecast growth rate for the full year.

## Non-financial public sector

Table 1.5 includes several key indicators to assess financial sustainability of the NFPS (comprising the general government and the PNFC sectors).

Table 1.5: Non-financial public sector net debt and net financial liabilities as at 31 December ($ million)

|  | Closing  30 Jun 2022 | Closing  31 Dec 2022 | Actual movement | % change |
| --- | --- | --- | --- | --- |
| **Assets** |  |  |  |  |
| Cash and deposits | 12 817 | 23 450 | 10 633 | 83 |
| Advances paid | 632 | 967 | 335 | 53 |
| Investment, loans and placements | 4 182 | 4 419 | 237 | 6 |
| **Total** | **17 631** | **28 836** | **11 205** | **64** |
| **Liabilities** |  |  |  |  |
| Deposits held and advances received | 1 602 | 1 665 | 63 | 4 |
| Borrowings | 132 459 | 148 771 | 16 313 | 12 |
| **Total** | **134 061** | **150 437** | **16 376** | **12** |
| **Net debt (a)** | **116 430** | **121 600** | **5 171** | **4** |
| Superannuation liability | 19 756 | 18 629 | (1 127) | (6) |
| **Net debt plus superannuation liabilities** | **136 186** | **140 229** | **4 044** | **3** |
| Other liabilities (net) (b) | 30 720 | 38 374 | 7 654 | 25 |
| **Net financial liabilities (c)** | **166 906** | **178 603** | **11 697** | **7** |
| (per cent) | | | | |
| **Net debt to GSP (d)** | **22.6** | **22.3** |  |  |
| **Net debt plus superannuation liability to GSP (d)** | **26.4** | **25.7** |  |  |
| **Net financial liabilities to GSP (d)** | **32.4** | **32.8** |  |  |

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, provisions and other liabilities, 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 2022 reflect the 2022‑23 GSP forecast growth rate for the full year.

For the six months to 31 December 2022, the increase in NFPS net debt was primarily driven by an increase in borrowings of $16.3 billion partly offset by an increase in cash and deposits of $10.6 billion. Actual borrowings were mainly applied towards the State’s infrastructure investment program and the increase in cash and deposits was driven by proceeds from the VicRoads Modernisation which were used to establish the Victorian Future Fund.

Chapter 2 – Mid-year financial report

# Consolidated comprehensive operating statement

For the six months ended 31 December ($ million)

|  |  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- | --- |
|  | Notes | 2022 | 2021 | 2022 | 2021 |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 2.1 | 14 144 | 12 733 | 14 380 | 12 954 |
| Interest income |  | 683 | 304 | 591 | 266 |
| Dividends, income tax equivalent and rate equivalent income | 2.2 | 1 567 | 2 199 | 233 | 390 |
| Sales of goods and services | 2.3 | 8 797 | 7 836 | 3 198 | 2 557 |
| Grants | 2.4 | 19 745 | 20 844 | 19 758 | 20 922 |
| Other revenue and income | 2.5 | 2 123 | 2 000 | 1 758 | 1 677 |
| **Total revenue and income from transactions** |  | **47 060** | **45 916** | **39 919** | **38 766** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses |  | 17 491 | 16 794 | 16 745 | 16 108 |
| Net superannuation interest expense | 3.2 | 363 | 242 | 363 | 242 |
| Other superannuation | 3.2 | 1 984 | 1 987 | 1 874 | 1 892 |
| Depreciation | 4.2 | 3 640 | 3 532 | 2 178 | 2 127 |
| Interest expense | 5.4 | 2 253 | 1 817 | 1 813 | 1 385 |
| Grant expense | 3.3 | 7 221 | 13 628 | 8 308 | 14 627 |
| Other operating expenses | 3.4 | 19 317 | 18 732 | 12 838 | 12 364 |
| **Total expenses from transactions** | 3.5, 3.6 | **52 269** | **56 733** | **44 119** | **48 745** |
| **Net result from transactions – net operating balance** |  | **(5 209)** | **(10 817)** | **(4 200)** | **(9 979)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets |  | 83 | 66 | 50 | 36 |
| Net gain/(loss) on financial assets or liabilities at fair value |  | 2 465 | 1 836 | 9 | (18) |
| Share of net profit/(loss) from associates/joint venture entities |  | 5 | .. | 5 | .. |
| Other gains/(losses) from other economic flows | 9.2 | 1 962 | (85) | 96 | (51) |
| **Total other economic flows included in net result** |  | **4 514** | **1 817** | **160** | **(33)** |
| **Net result** |  | **(694)** | **(8 999)** | **(4 040)** | **(10 012)** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus |  | 4 531 | 483 | 4 541 | 353 |
| Remeasurement of superannuation defined benefits plans | 3.2 | 1 431 | (165) | 1 422 | (165) |
| Other movements in equity |  | (448) | (65) | (352) | (14) |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value |  | 124 | (20) | 134 | (19) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets |  | .. | .. | 3 507 | (1 193) |
| **Total other economic flows – other comprehensive income** |  | **5 637** | **234** | **9 251** | **(1 038)** |
| **Comprehensive result – total change in net worth** |  | **4 943** | **(8 766)** | **5 211** | **(11 050)** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** |  | **(5 209)** | **(10 817)** | **(4 200)** | **(9 979)** |
| Less: Net acquisition of non‑financial assets from transactions | 9.1 | 7 886 | 7 070 | 6 915 | 6 190 |
| **Net lending/(borrowing)** |  | **(13 095)** | **(17 887)** | **(11 115)** | **(16 169)** |

The accompanying notes form part of these financial statements.

# Consolidated balance sheet

As at 31 December ($ million)

|  |  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- | --- |
|  |  | Dec | Jun | Dec | Jun |
|  | Notes | 2022 | 2022 | 2022 | 2022 |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits (a) | 5.2 | 27 001 | 17 258 | 21 468 | 10 974 |
| Advances paid | 5.3 | 967 | 632 | 5 227 | 4 929 |
| Receivables and contract assets | 6.2 | 10 903 | 10 955 | 7 717 | 8 406 |
| Investments, loans and placements | 5.3 | 57 302 | 55 623 | 3 619 | 3 370 |
| Investments accounted for using the equity method |  | 1 223 | 10 | 1 223 | 10 |
| Investments in other sector entities |  | .. | .. | 93 525 | 89 162 |
| **Total financial assets** |  | **97 396** | **84 479** | **132 779** | **116 851** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 6.1 | 2 589 | 2 452 | 1 118 | 1 262 |
| Non‑financial assets held for sale |  | 112 | 212 | 82 | 171 |
| Land, buildings, infrastructure, plant and equipment | 4.1 | 381 114 | 372 959 | 233 161 | 225 770 |
| Other non‑financial assets | 4.3 | 8 992 | 4 842 | 7 668 | 3 313 |
| **Total non‑financial assets** |  | **392 806** | **380 466** | **242 029** | **230 516** |
| **Total assets** | 3.6 | **490 203** | **464 945** | **374 809** | **347 367** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received |  | 1 804 | 1 724 | 1 727 | 1 831 |
| Payables | 6.3 | 39 325 | 29 303 | 26 006 | 17 551 |
| Contract liabilities | 6.3 | 682 | 596 | 407 | 342 |
| Borrowings | 5.1 | 147 884 | 136 486 | 132 754 | 117 420 |
| Employee benefits | 3.1 | 10 237 | 10 519 | 9 582 | 9 857 |
| Superannuation | 6.4 | 18 629 | 19 756 | 18 629 | 19 756 |
| Other provisions | 6.5 | 46 934 | 46 795 | 1 962 | 2 082 |
| **Total liabilities** |  | **265 495** | **245 180** | **191 066** | **168 839** |
| **Net assets** |  | **224 708** | **219 765** | **183 743** | **178 528** |
| Accumulated surplus/(deficit) |  | 85 259 | 84 968 | 49 863 | 52 824 |
| Reserves |  | 139 449 | 134 797 | 133 879 | 125 704 |
| **Net worth** |  | **224 708** | **219 765** | **183 743** | **178 528** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth |  | (168 099) | (160 702) | (58 287) | (51 988) |
| Net financial liabilities |  | 168 099 | 160 702 | 151 812 | 141 149 |
| Net debt |  | 64 419 | 64 697 | 104 167 | 99 978 |

The accompanying notes form part of these financial statements.

Note:

(a) The increase in cash and deposits from the 30 June 2022 closing balance is primarily due to the $7.9 billion received from the VicRoads Modernisation Joint Venture, which has been used to establish the Victorian Future Fund.

# Consolidated cash flow statement

For the six months ended 31 December ($ million)

|  |  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- | --- |
|  | Notes | 2022 | 2021 | 2022 | 2021 |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received |  | 14 939 | 13 483 | 15 175 | 13 704 |
| Grants |  | 19 700 | 21 634 | 19 724 | 21 695 |
| Sales of goods and services (a) |  | 10 745 | 9 807 | 3 331 | 2 939 |
| Interest received |  | 452 | 81 | 554 | 261 |
| Dividends, income tax equivalent and rate equivalent receipts |  | 1 469 | 2 199 | 228 | 381 |
| Other receipts |  | 9 613 | 1 458 | 9 334 | 1 118 |
| **Total receipts** |  | **56 918** | **48 661** | **48 346** | **40 098** |
| **Payments** |  |  |  |  |  |
| Payments for employees |  | (17 692) | (16 305) | (16 944) | (15 660) |
| Superannuation |  | (2 043) | (1 864) | (1 942) | (1 768) |
| Interest paid |  | (1 984) | (1 640) | (1 604) | (1 243) |
| Grants and subsidies |  | (7 478) | (13 899) | (8 636) | (14 934) |
| Goods and services (a) |  | (18 374) | (18 538) | (13 276) | (13 332) |
| Other payments |  | (451) | (521) | (439) | (518) |
| **Total payments** |  | **(48 022)** | **(52 768)** | **(42 841)** | **(47 455)** |
| **Net cash flows from operating activities** |  | **8 897** | **(4 107)** | **5 505** | **(7 357)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | 3.5, 3.6 | (10 152) | (8 601) | (8 280) | (6 769) |
| Sales of non‑financial assets |  | 303 | 160 | 201 | 89 |
| **Net cash flows from investments in non‑financial assets** |  | **(9 849)** | **(8 441)** | **(8 080)** | **(6 679)** |
| Net cash flows from investments in financial assets for policy purposes |  | (392) | (121) | (1 073) | 26 |
| **Sub‑total** |  | **(10 241)** | **(8 562)** | **(9 153)** | **(6 653)** |
| Net cash flows from investments in financial assets for liquidity management purposes |  | (1 941) | (6 710) | (171) | (2 186) |
| **Net cash flows from investing activities** |  | **(12 182)** | **(15 272)** | **(9 324)** | **(8 839)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) |  | (36) | (281) | (116) | (902) |
| Net borrowings |  | 12 947 | 18 522 | 14 410 | 15 461 |
| Deposits received (net) |  | 116 | 128 | 8 | 147 |
| **Net cash flows from financing activities** |  | **13 028** | **18 369** | **14 302** | **14 706** |
| **Net increase/(decrease) in cash and cash equivalents** |  | **9 743** | **(1 010)** | **10 483** | **(1 490)** |
| Cash and cash equivalents at beginning of reporting period (b) |  | 17 258 | 21 933 | 10 985 | 14 609 |
| **Cash and cash equivalents at end of the reporting period** | 5.2 | **27 001** | **20 923** | **21 468** | **13 119** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities |  | 8 897 | (4 107) | 5 505 | (7 357) |
| Net cash flows from investments in non‑financial assets |  | (9 849) | (8 441) | (8 080) | (6 679) |
| **Cash surplus/(deficit)** |  | **(953)** | **(12 548)** | **(2 574)** | **(14 036)** |

The accompanying notes form part of these financial statements.

Notes:

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

(b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance. DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.

# Consolidated statement of changes in equity

For the six months ended 31 December ($ million)

| State of Victoria | Accumulated surplus/(deficit) | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- |
| **2022** |  |  |  |  |  |
| Balance at 1 July 2022 | 84 968 | 132 911 | .. | 1 886 | 219 765 |
| Net result for the year | (694) | .. | .. | .. | (694) |
| Other comprehensive income for the year | 985 | 4 531 | .. | 122 | 5 637 |
| **Total equity as at 31 December 2022** | **85 259** | **137 442** | **..** | **2 008** | **224 708** |
| **2021** |  |  |  |  |  |
| Balance at 1 July 2021 | 76 532 | 109 790 | .. | 1 808 | 188 130 |
| Net result for the year | (8 999) | .. | .. | .. | (8 999) |
| Other comprehensive income for the year | (360) | 483 | .. | 110 | 234 |
| **Total equity as at 31 December 2021** | **67 174** | **110 273** | **..** | **1 918** | **179 364** |

| General government sector |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2022** |  |  |  |  |  |
| Balance at 1 July 2022 (a) | 52 827 | 79 719 | 44 815 | 1 170 | 178 531 |
| Net result for the year | (4 040) | .. | .. | .. | (4 040) |
| Other comprehensive income for the year | 1 076 | 4 541 | 3 507 | 127 | 9 251 |
| **Total equity as at 31 December 2022** | **49 863** | **84 261** | **48 322** | **1 297** | **183 743** |
| **2021** |  |  |  |  |  |
| Balance at 1 July 2021 | 58 642 | 61 017 | 32 981 | 1 159 | 153 799 |
| Net result for the year | (10 012) | .. | .. | .. | (10 012) |
| Other comprehensive income for the year | (299) | 353 | (1 193) | 101 | (1 038) |
| **Total equity as at 31 December 2021** | **48 331** | **61 370** | **31 788** | **1 260** | **142 749** |

The accompanying notes form part of these financial statements.

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance. DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.

# 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 2022.

The detailed accounting policies applied in preparing the interim financial report are consistent with those applied for the financial statements published in the *2021-22 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 *2021-22 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 AASs 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 *2022-23 Mid-Year Financial Report* was authorised for issue by the Treasurer on 8 March 2023.

## **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
* productive trees in commercial native forests, which are measured at their fair value less estimated costs to sell
* certain liabilities, most notably unfunded superannuation and insurance claim provisions, which are subject to an actuarial assessment
* 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 9.1 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 2022 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, and 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 sector and PFC sector entities before consolidation eliminations. Where the carrying amount of the entity’s net assets before consolidation eliminations of an entity within the sector is less than zero, 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.

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 9.3.

## Prospective accounting and reporting changes

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to the Mid-Year Financial Report.

The State is reviewing its existing policies and assessing the potential implications of:

* AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*. AASB 2022-9 makes public-sector specific modifications to AASB 17 *Insurance Contracts* for application to annual periods beginning on or after 1 July 2026.
* AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*. AASB 2022-10 provides additional implementation guidance and illustrative examples to help   
  not-for-profit public sector entities in applying AASB 13 *Fair Value Measurement*. This standard will apply to annual periods beginning on or after 1 January 2024.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on public sector reporting.

## 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.

# How funds are raised

## Introduction

This section presents the sources and amounts of revenue and income raised by the State.

The income and revenue 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*.

**Structure**

[2.1 Taxation 20](#_Toc93592338)

[2.2 Dividends, income tax equivalent and   
rate equivalent income 21](#_Toc93592339)

[2.3 Sales of goods and services 22](#_Toc93592340)

[2.4 Grants 22](#_Toc93592341)

[2.5 Other revenue and income 22](#_Toc93592342)

## Taxation

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| **TAXES ON EMPLOYERS’ PAYROLL AND LABOUR FORCE** |  |  |  |  |
| Payroll Tax | 3 463 | 3 139 | 3 516 | 3 181 |
| Mental Health and Wellbeing Levy | 446 | .. | 446 | .. |
| **Total taxes on employers’ payroll and labour force** | **3 909** | **3 139** | **3 962** | **3 181** |
| **TAXES ON IMMOVABLE PROPERTY** |  |  |  |  |
| Land tax | 276 | 222 | 296 | 238 |
| Fire Services Property Levy | 776 | 750 | 776 | 750 |
| Congestion levy (a) | (5) | (2) | (5) | (2) |
| Metropolitan improvement levy | 198 | 193 | 198 | 193 |
| **Total taxes on property** | **1 245** | **1 163** | **1 266** | **1 178** |
| **TAXES ON THE PROVISION OF GOODS AND SERVICES** |  |  |  |  |
| **Gambling taxes (b)** |  |  |  |  |
| Public lotteries | 346 | 321 | 346 | 321 |
| Electronic gaming machines | 714 | 308 | 714 | 308 |
| Casino | 93 | 51 | 93 | 51 |
| Racing and other sports betting | 149 | 153 | 149 | 153 |
| Other | 8 | 4 | 8 | 4 |
| **Financial and capital transactions** |  |  |  |  |
| Land transfer duty | 4 672 | 4 940 | 4 672 | 4 940 |
| Metropolitan planning levy | 13 | 14 | 13 | 14 |
| Financial accommodation levy | .. | .. | 78 | 78 |
| Growth areas infrastructure contribution | 150 | 113 | 150 | 113 |
| **Levies on statutory corporations** | **..** | **..** | **83** | **83** |
| **Taxes on insurance** | **987** | **902** | **987** | **902** |
| **Total taxes on the provision of goods and services** | **7 132** | **6 807** | **7 293** | **6 968** |
| **TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES** |  |  |  |  |
| **Motor vehicle taxes** |  |  |  |  |
| Vehicle registration fees | 955 | 840 | 957 | 841 |
| Duty on vehicle registrations and transfers | 598 | 521 | 598 | 521 |
| **Liquor licence fees** | **15** | **17** | **15** | **17** |
| **Other** | **290** | **248** | **290** | **248** |
| **Total taxes on the use of goods and performance of activities** | **1 858** | **1 625** | **1 860** | **1 626** |
| **Total taxation** | **14 144** | **12 733** | **14 380** | **12 954** |

Notes:

(a) The negative congestion levy amount represents administrative adjustments made by the State Revenue Office over the first two quarters of the financial year.

(b) The Public lotteries, electronic gaming machines and casino taxes include gambling licence revenue in the six months to 31 December 2022 of $87 million   
(31 December 2021: $79 million), recognised under AASB 15 Revenue from Contracts with Customers. The balance of these items is recognised under AASB 1058 Income of Not-for-Profit Entities.

## Dividends, income tax equivalent and rate equivalent income

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Dividends from PFC sector | .. | .. | .. | 139 |
| Dividends from PNFC sector | .. | .. | 52 | 82 |
| Dividends from non‑public sector | 1 567 | 2 199 | 35 | 26 |
| **Dividends** | **1 567** | **2 199** | **87** | **247** |
| Income tax equivalent income from PFC sector | .. | .. | 6 | 6 |
| Income tax equivalent income from PNFC sector | .. | .. | 140 | 137 |
| **Income tax equivalent income** | **..** | **..** | **146** | **143** |
| Local government rate equivalent income | .. | .. | .. | .. |
| **Total dividends, income tax equivalent and rate equivalent income** | **1 567** | **2 199** | **233** | **390** |

Dividends by entity ($ million)

|  | General  government sector | |
| --- | --- | --- |
|  | 2022 | 2021 |
| **Public financial corporations** |  |  |
| Victorian Managed Insurance Authority | .. | .. |
| Treasury Corporation of Victoria | .. | 132 |
| State Trustees Ltd | .. | .. |
| Victorian Funds Management Corporation | .. | 8 |
| **Dividends from PFC sector** | **..** | **139** |
| **Public non‑financial corporations** |  |  |
| Greater Western Water | .. | 6 |
| Melbourne Water Corporation | 10 | 7 |
| South East Water Corporation | 15 | 25 |
| Yarra Valley Water Corporation | 23 | 28 |
| Development Victoria | 4 | 16 |
| Others | .. | .. |
| **Dividends from PNFC sector** | **52** | **82** |

## Sales of goods and services

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |  |  |
| Sale of goods | 244 | 308 | 49 | 41 |
| Provision of services | 7 716 | 6 734 | 2 613 | 2 018 |
| **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |  |  |
| Motor vehicle regulatory fees | 126 | 156 | 126 | 156 |
| Other regulatory fees | 384 | 313 | 372 | 303 |
| Refunds and reimbursements | 166 | 167 | 1 | 2 |
| **Amounts recognised as lease income (AASB 16)** |  |  |  |  |
| Rental | 161 | 159 | 37 | 38 |
| **Total sales of goods and services** | **8 797** | **7 836** | **3 198** | **2 557** |

## Grants (a)

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| General purpose grants | 10 159 | 8 898 | 10 159 | 8 898 |
| Specific purpose grants for on‑passing | 2 384 | 2 275 | 2 384 | 2 275 |
| Specific purpose grants | 7 199 | 9 662 | 7 184 | 9 650 |
| **Total** | **19 742** | **20 835** | **19 726** | **20 822** |
| Other contributions and grants | 3 | 9 | 32 | 100 |
| **Total grants** | **19 745** | **20 844** | **19 758** | **20 922** |

Note:

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

## Other revenue and income

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| **Amounts recognised as revenue from contracts with customers (AASB 15)** |  |  |  |  |
| Royalties | 79 | 81 | 71 | 72 |
| Other revenue – health | 133 | 124 | 133 | 124 |
| Other miscellaneous revenue | 472 | 458 | 374 | 377 |
| **Amounts recognised as income of not‑for‑profit entities (AASB 1058)** |  |  |  |  |
| Other income – education | 170 | 197 | 170 | 197 |
| Fair value of assets received free of charge or for nominal consideration | 386 | 439 | 196 | 277 |
| Fines | 456 | 378 | 455 | 376 |
| Donations and gifts | 156 | 137 | 116 | 96 |
| **Amounts recognised as lease income (AASB 16)** |  |  |  |  |
| Other non‑property rental | 43 | 41 | 16 | 13 |
| **Revenue items accounted for under AASB 1059** |  |  |  |  |
| Revenue related to economic service concession arrangements | 228 | 145 | 228 | 145 |
| **Total other revenue and income** | **2 123** | **2 000** | **1 758** | **1 677** |

# 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 2022.

## Structure

[3.1 Employee expenses and provision for outstanding employee benefits 23](#_Toc93593161)

[3.2 Superannuation (Operating statement) 24](#_Toc93593162)

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[3.6 Total operating expenses, purchases of non‑financial assets and total assets – By classification of the functions of government 27](#_Toc93593166)

## Employee expenses and provision for outstanding employee benefits

### Employee expenses (Operating statement)

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

### Employee benefits (Balance sheet)

As part of annual operations, the State provides for benefits accruing to employees but payable in future periods in respect of wages and salaries, annual leave and long service leave, and related on-costs for services rendered to the reporting date. In measuring employee benefits, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted to reflect the estimated timing and amount of benefit payment. The table below shows the key components of this provision at 31 December and 30 June 2022.

Total provision for employee benefits and on-costs at 31 December ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec | Jun | Dec | Jun |
|  | 2022 | 2022 | 2022 | 2022 |
| **Current** |  |  |  |  |
| Accrued salaries and wages | 588 | 801 | 560 | 772 |
| Other employee benefits | 183 | 236 | 161 | 209 |
| Annual leave | 2 732 | 2 797 | 2 501 | 2 563 |
| Long service leave | 5 497 | 5 527 | 5 221 | 5 239 |
| **Total current employee benefits and on‑costs** | **8 999** | **9 361** | **8 443** | **8 783** |
| **Non‑current** |  |  |  |  |
| Accrued salaries and wages | 9 | 10 | .. | .. |
| Long service leave | 1 229 | 1 148 | 1 139 | 1 074 |
| **Total non‑current employee benefits and on‑costs** | **1 238** | **1 158** | **1 139** | **1 074** |
| **Total employee benefits and on‑costs** | **10 237** | **10 519** | **9 582** | **9 857** |

## Superannuation (Operating statement)

($ million)

|  | State of Victoria | |
| --- | --- | --- |
|  | 2022 | 2021 |
| **Defined benefit plans** |  |  |
| Net superannuation interest expense | 363 | 242 |
| Current service cost | 507 | 688 |
| Remeasurements: |  |  |
| Expected return on superannuation assets excluding interest income | (422) | (662) |
| Other actuarial (gain)/loss on superannuation assets | (139) | (292) |
| Actuarial and other adjustments to unfunded superannuation liability | (870) | 1 118 |
| **Total expense recognised in respect of defined benefit plans** | **(561)** | **1 095** |
| **Defined contribution plans** |  |  |
| Employer contributions to defined contribution plans | 1 437 | 1 255 |
| Other (including pensions) | 41 | 44 |
| **Total expense recognised in respect of defined contribution plans** | **1 478** | **1 299** |
| **Total superannuation (gain)/expense recognised in operating statement** | **916** | **2 394** |
| **Represented by:** |  |  |
| Net superannuation interest expense | 363 | 242 |
| Other superannuation | 1 984 | 1 987 |
| **Superannuation expense from transactions** | **2 347** | **2 229** |
| **Remeasurement recognised in other comprehensive income** | **(1 431)** | **165** |
| **Total superannuation costs recognised in operating statement** | **916** | **2 394** |

## Grant expense

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| **Current grant expense** |  |  |  |  |
| Commonwealth Government | 1 459 | 1 407 | 1 458 | 1 407 |
| Local government (including grants for on‑passing) | 423 | 433 | 422 | 432 |
| Private sector and not‑for‑profit on‑passing | 2 299 | 2 088 | 2 299 | 2 088 |
| Other private sector and not‑for‑profit | 2 544 | 9 358 | 2 516 | 9 325 |
| Grants within the Victorian Government | .. | .. | 1 342 | 1 169 |
| Grants to other state governments | 33 | 43 | 33 | 43 |
| **Total current grant expense** | **6 758** | **13 329** | **8 070** | **14 464** |
| **Capital grant expense** |  |  |  |  |
| Local government (including grants for on‑passing) | 49 | 26 | 49 | 26 |
| Private sector and not‑for‑profit on‑passing | 388 | 245 | 150 | 121 |
| Other private sector and not‑for‑profit | 5 | 4 | 5 | 4 |
| Grants within the Victorian Government | .. | .. | 32 | 10 |
| Other grants | 21 | 23 | 1 | 3 |
| **Total capital grant expense** | **463** | **299** | **238** | **164** |
| **Total grant expense** | **7 221** | **13 628** | **8 308** | **14 627** |

## Other operating expenses

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Purchase of supplies and consumables (a) | 2 739 | 2 438 | 2 389 | 2 075 |
| Cost of goods sold | 79 | 164 | 14 | 10 |
| Finance expenses and fees | 293 | 280 | 22 | 23 |
| Purchase of services (a) | 10 139 | 10 094 | 8 999 | 8 911 |
| Insurance claims expense | 4 389 | 4 158 | 190 | 180 |
| Maintenance | 970 | 928 | 521 | 498 |
| Short‑term and low‑value lease expense | 59 | 61 | 62 | 62 |
| Other | 649 | 609 | 641 | 604 |
| **Total other operating expenses** | **19 317** | **18 732** | **12 838** | **12 364** |

Note:

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

Purchase of supplies and consumables ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Medicinal pharmacy and medical supplies | 1 070 | 999 | 1 070 | 999 |
| Office supplies and consumables | 111 | 91 | 105 | 85 |
| Specialised operational supplies and consumables | 145 | 137 | 120 | 123 |
| Other purchase of supplies and consumables | 1 413 | 1 211 | 1 094 | 869 |
| **Total purchase of supplies and consumables** | **2 739** | **2 438** | **2 389** | **2 075** |

Purchase of services ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Service contracts | 5 527 | 5 333 | 5 214 | 5 001 |
| Accommodation/occupancy | 651 | 702 | 566 | 575 |
| Medical and client care services | 243 | 223 | 243 | 223 |
| Staff related expenses (non‑labour related) | 159 | 131 | 143 | 116 |
| Other purchase of services | 3 558 | 3 705 | 2 833 | 2 996 |
| **Total purchase of services** | **10 139** | **10 094** | **8 999** | **8 911** |

## 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.

Total operating expenses and purchases of non-financial assets – by department ($ million)

|  | Expenses from transactions | | Purchases of non‑financial assets | |
| --- | --- | --- | --- | --- |
| State of Victoria (a) | Dec 2022 | Dec 2021 | Dec 2022 | Dec 2021 |
| Education and Training | 10 414 | 9 505 | 1 211 | 987 |
| Environment, Land, Water and Planning | 5 281 | 5 143 | 1 188 | 1 104 |
| Families, Fairness and Housing | 4 871 | 4 664 | 538 | 456 |
| Health | 14 651 | 13 932 | 783 | 612 |
| Jobs, Precincts and Regions | 2 256 | 9 154 | 182 | 152 |
| Justice and Community Safety | 8 494 | 8 447 | 378 | 660 |
| Premier and Cabinet | 602 | 446 | 13 | 5 |
| Transport | 6 957 | 6 710 | 5 678 | 4 527 |
| Treasury and Finance | 7 455 | 6 054 | 13 | 6 |
| Parliament | 168 | 160 | 18 | 6 |
| Courts | 403 | 375 | 122 | 60 |
| Regulatory bodies and other part budget funded agencies (b) | 1 673 | 1 596 | 56 | 101 |
| **Total** | **63 225** | **66 185** | **10 179** | **8 678** |
| *Less eliminations and adjustments (c)* | *(10 957)* | *(9 452)* | *(27)* | *(77)* |
| **Grand total** | **52 269** | **56 733** | **10 152** | **8 601** |

| General government sector (a) |  |  |  |  |
| --- | --- | --- | --- | --- |
| Education and Training | 10 414 | 9 505 | 1 211 | 987 |
| Environment, Land, Water and Planning | 2 126 | 2 008 | 147 | 102 |
| Families, Fairness and Housing | 3 808 | 3 660 | 24 | 5 |
| Health | 14 571 | 13 858 | 770 | 605 |
| Jobs, Precincts and Regions | 1 722 | 8 682 | 91 | 52 |
| Justice and Community Safety | 5 109 | 5 375 | 363 | 647 |
| Premier and Cabinet | 595 | 441 | 13 | 5 |
| Transport | 3 895 | 3 628 | 5 451 | 4 251 |
| Treasury and Finance | 5 209 | 4 576 | 10 | 1 |
| Parliament | 168 | 160 | 18 | 6 |
| Courts | 403 | 375 | 122 | 60 |
| Regulatory bodies and other part budget funded agencies (b) | 1 673 | 1 596 | 56 | 101 |
| **Total** | **49 694** | **53 864** | **8 275** | **6 823** |
| *Less eliminations and adjustments (c)* | *(5 575)* | *(5 119)* | *6* | *(55)* |
| **Grand total** | **44 119** | **48 745** | **8 280** | **6 769** |

Notes:

(a) On 5 December 2022, the Premier announced a number of Machinery of Government changes to restructure the functions of government departments, including the renaming of several departments and the creation of a new department with effect from 1 January 2023. These changes will be reflected in future financial reports.

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

(c) Mainly comprising payroll tax and inter-departmental transfers.

## 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).

Total operating expenses, purchases of non-financial assets and total assets – by COFOG ($ million)

|  | Expenses from transactions | | Purchases of non‑financial assets | | Total assets | |
| --- | --- | --- | --- | --- | --- | --- |
| State of Victoria | Dec 2022 | Dec 2021 (a) | Dec 2022 | Dec 2021 | Dec 2022 | Jun 2022 |
| General public services | 8 770 | 8 449 | 46 | 36 | 7 905 | 8 312 |
| Public order and safety | 5 173 | 5 625 | 523 | 781 | 15 001 | 14 924 |
| Economic affairs | 1 692 | 8 304 | 134 | 69 | 1 570 | 1 485 |
| Environmental protection | 492 | 603 | 83 | 57 | 16 678 | 16 647 |
| Housing and community amenities | 2 763 | 3 033 | 1 115 | 1 028 | 56 901 | 56 298 |
| Health | 14 181 | 13 467 | 778 | 465 | 23 159 | 22 630 |
| Recreation, culture and religion | 1 122 | 1 006 | 168 | 150 | 16 364 | 16 313 |
| Education | 9 956 | 9 061 | 1 164 | 937 | 39 895 | 38 952 |
| Social protection | 4 392 | 4 004 | 579 | 649 | 37 543 | 37 066 |
| Transport | 4 729 | 4 286 | 5 602 | 4 506 | 182 831 | 172 751 |
| Not allocated by purpose (b)(c) | (1 001) | (1 106) | (41) | (77) | 92 354 | 79 567 |
| **Total** | **52 269** | **56 733** | **10 152** | **8 601** | **490 203** | **464 945** |

| General government sector |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| General public services | 3 169 | 3 049 | 17 | 11 | 4 379 | 4 432 |
| Public order and safety | 5 578 | 5 723 | 523 | 781 | 15 001 | 14 924 |
| Economic affairs | 1 680 | 8 268 | 156 | 73 | 1 530 | 1 421 |
| Environmental protection | 528 | 576 | 83 | 57 | 16 678 | 16 647 |
| Housing and community amenities | 977 | 1 116 | 11 | 25 | 2 386 | 2 368 |
| Health | 14 276 | 13 656 | 778 | 465 | 23 159 | 22 630 |
| Recreation, culture and religion | 594 | 577 | 26 | 26 | 8 651 | 8 682 |
| Education | 10 008 | 9 115 | 1 164 | 937 | 39 895 | 38 952 |
| Social protection | 3 761 | 3 540 | 65 | 198 | 2 446 | 2 420 |
| Transport | 3 799 | 3 548 | 5 465 | 4 251 | 128 323 | 118 393 |
| Not allocated by purpose (b)(c) | (249) | (422) | (8) | (55) | 132 360 | 116 499 |
| **Total** | **44 119** | **48 745** | **8 280** | **6 769** | **374 809** | **347 367** |

Notes:

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

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

(c) Not allocated by purpose for total assets represents eliminations and adjustments, and financial assets, which are not able to be allocated by purpose.

# Major assets and investments

## Introduction

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

## Structure

[4.1 Total land, buildings, infrastructure, plant   
and equipment 28](#_Toc93592349)

[4.2 Depreciation 30](#_Toc93592350)

[4.3 Other non-financial assets 31](#_Toc93592351)

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

($ million)

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
| Dec 2022 | Gross carrying amount | Accumulated depreciation | Carrying amount | Gross carrying amount | Accumulated depreciation | Carrying amount |
| Buildings | 84 390 | (6 403) | 77 987 | 58 780 | (5 145) | 53 635 |
| Land and national parks | 137 955 | .. | 137 955 | 93 563 | .. | 93 563 |
| Infrastructure systems | 99 843 | (5 581) | 94 261 | 23 453 | (574) | 22 879 |
| Plant, equipment and vehicles | 19 739 | (7 791) | 11 948 | 11 647 | (5 959) | 5 688 |
| Roads and road infrastructure | 44 533 | (2 556) | 41 976 | 43 060 | (2 551) | 40 509 |
| Earthworks | 10 231 | .. | 10 231 | 10 231 | .. | 10 231 |
| Cultural assets | 6 857 | (103) | 6 754 | 6 758 | (103) | 6 655 |
| **Total land, buildings, infrastructure, plant and equipment** | **403 548** | **(22 434)** | **381 114** | **247 493** | **(14 332)** | **233 161** |

| Jun 2022 |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Buildings | 81 782 | (5 134) | 76 648 | 56 665 | (4 197) | 52 468 |
| Land and national parks | 137 377 | .. | 137 377 | 93 099 | .. | 93 099 |
| Infrastructure systems | 95 058 | (4 063) | 90 995 | 20 380 | (554) | 19 826 |
| Plant, equipment and vehicles | 19 106 | (7 320) | 11 786 | 11 073 | (5 713) | 5 360 |
| Roads and road infrastructure | 41 144 | (2 088) | 39 056 | 40 098 | (2 080) | 38 019 |
| Earthworks | 10 231 | .. | 10 231 | 10 231 | .. | 10 231 |
| Cultural assets | 7 052 | (184) | 6 867 | 6 952 | (184) | 6 768 |
| **Total land, buildings, infrastructure, plant and equipment** | **391 749** | **(18 790)** | **372 959** | **238 499** | **(12 729)** | **225 770** |

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)

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
| Dec 2022 | Gross carrying amount | Accumulated depreciation | Carrying amount | Gross carrying amount | Accumulated depreciation | Carrying amount |
| Buildings | 11 158 | (2 293) | 8 865 | 10 523 | (2 055) | 8 469 |
| Infrastructure systems | 19 | (6) | 14 | 2 | (2) | .. |
| Plant, equipment and vehicles | 1 167 | (617) | 551 | 952 | (536) | 415 |
| **Total right‑of‑use assets:  Buildings, infrastructure, plant and equipment** | **12 344** | **(2 915)** | **9 429** | **11 477** | **(2 593)** | **8 884** |

| Jun 2022 |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Buildings | 10 939 | (1 949) | 8 990 | 10 312 | (1 739) | 8 573 |
| Infrastructure systems | 17 | (5) | 13 | 2 | (1) | 1 |
| Plant, equipment and vehicles | 1 166 | (534) | 632 | 953 | (463) | 489 |
| **Total right‑of‑use assets:  Buildings, infrastructure, plant and equipment** | **12 122** | **(2 487)** | **9 635** | **11 266** | **(2 204)** | **9 062** |

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

|  | State of Victoria | | | General government sector | | |
| --- | --- | --- | --- | --- | --- | --- |
| Dec 2022 | Gross carrying amount | Accumulated depreciation | Carrying amount | Gross carrying amount | Accumulated depreciation | Carrying amount |
| Buildings | 2 341 | (160) | 2 181 | 2 092 | (160) | 1 933 |
| Land and national parks | 3 353 | .. | 3 353 | 3 353 | .. | 3 353 |
| Infrastructure systems | 12 855 | (136) | 12 719 | 7 827 | .. | 7 827 |
| Plant, equipment and vehicles | 1 370 | (62) | 1 308 | 1 370 | (62) | 1 308 |
| Roads and road infrastructure | 16 074 | (500) | 15 574 | 14 737 | (500) | 14 237 |
| Earthworks | 916 | .. | 916 | 916 | .. | 916 |
| **Total service concession assets:  Land, buildings, infrastructure, plant and equipment** | **36 908** | **(857)** | **36 051** | **30 295** | **(721)** | **29 574** |

| Jun 2022 |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Buildings | 2 244 | (127) | 2 117 | 2 092 | (127) | 1 965 |
| Land and national parks | 3 353 | .. | 3 353 | 3 353 | .. | 3 353 |
| Infrastructure systems | 11 956 | (112) | 11 844 | 6 929 | .. | 6 929 |
| Plant, equipment and vehicles | 1 200 | (49) | 1 151 | 1 200 | (49) | 1 151 |
| Roads and road infrastructure | 14 432 | (397) | 14 035 | 13 526 | (397) | 13 129 |
| Earthworks | 916 | .. | 916 | 916 | .. | 916 |
| **Total service concession assets:  Land, buildings, infrastructure, plant and equipment** | **34 101** | **(685)** | **33 416** | **28 016** | **(573)** | **27 444** |

## Depreciation

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Buildings | 1 493 | 1 419 | 1 161 | 1 099 |
| Infrastructure systems | 862 | 809 | 19 | 19 |
| Plant, equipment and vehicles | 624 | 625 | 394 | 389 |
| Roads and road infrastructure | 471 | 481 | 469 | 479 |
| Cultural assets | 7 | 10 | 7 | 10 |
| Intangible produced assets | 181 | 188 | 127 | 131 |
| **Total depreciation** | **3 640** | **3 532** | **2 178** | **2 127** |

The following two tables are subsets of total depreciation expense.

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

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Buildings | 357 | 366 | 322 | 334 |
| Infrastructure systems | 1 | 1 | .. | .. |
| Plant, equipment and vehicles | 76 | 74 | 59 | 59 |
| **Total depreciation of right‑of‑use assets** | **434** | **441** | **382** | **393** |

Depreciation of service concession assets ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Buildings | 33 | 33 | 33 | 33 |
| Infrastructure systems | 43 | 43 | .. | .. |
| Plant, equipment and vehicles | 13 | 11 | 13 | 11 |
| Roads and road infrastructure | 103 | 110 | 103 | 110 |
| **Total depreciation of service concession assets** | **191** | **197** | **148** | **154** |

## Other non-financial assets

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec | Jun | Dec | Jun |
|  | 2022 | 2022 | 2022 | 2022 |
| Intangible produced assets | 4 406 | 4 356 | 3 075 | 3 035 |
| Accumulated depreciation | (2 552) | (2 372) | (1 761) | (1 634) |
| Service concession assets – intangible produced | 4 612 | 512 | 4 612 | 512 |
| Intangible non‑produced assets | 971 | 968 | 78 | 78 |
| Accumulated amortisation | (398) | (385) | (58) | (55) |
| **Total intangibles** | **7 040** | **3 079** | **5 947** | **1 936** |
| Investment properties | 332 | 332 | 320 | 320 |
| Biological assets | 34 | 56 | 5 | 5 |
| Other assets | 1 586 | 1 376 | 1 395 | 1 052 |
| **Total other non‑financial assets** | **8 992** | **4 842** | **7 668** | **3 313** |

# Financing state operations

## Introduction

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

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

## Structure

[5.1 Borrowings 32](#_Toc93592352)

[5.2 Cash flow information and balances 33](#_Toc93592353)

[5.3 Advances paid and investments, loans and placements 34](#_Toc93592354)

[5.4 Interest expense 34](#_Toc93592355)

[5.5 Commitments 35](#_Toc93592356)

## Borrowings

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec | Jun | Dec | Jun |
|  | 2022 | 2022 | 2022 | 2022 |
| **Current borrowings** |  |  |  |  |
| Domestic borrowings | 19 205 | 15 684 | 16 497 | 13 822 |
| Foreign currency borrowings | 154 | 216 | .. | .. |
| Lease liabilities | 745 | 730 | 690 | 675 |
| Service concession arrangement liabilities | 2 800 | 1 339 | 2 583 | 1 129 |
| Derivative financial instruments | 580 | 833 | 1 | 43 |
| **Total current borrowings** | **23 484** | **18 803** | **19 770** | **15 669** |
| **Non‑current borrowings** |  |  |  |  |
| Domestic borrowings | 110 371 | 102 465 | 101 467 | 88 752 |
| Foreign currency borrowings | 401 | 433 | .. | .. |
| Lease liabilities | 7 855 | 8 050 | 7 388 | 7 562 |
| Service concession arrangement liabilities | 4 738 | 5 577 | 3 911 | 5 149 |
| Derivative financial instruments | 1 035 | 1 158 | 218 | 288 |
| **Total non‑current borrowings** | **124 400** | **117 683** | **112 984** | **101 752** |
| **Total borrowings** | **147 884** | **136 486** | **132 754** | **117 420** |

## Cash flow information and balances

Reconciliation of cash and cash equivalents ($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec | Dec | Dec | Dec |
|  | 2022 | 2021 | 2022 | 2021 |
| Cash | 4 913 | 2 404 | 4 855 | 2 060 |
| Deposits at call | 22 088 | 18 519 | 16 613 | 11 059 |
| **Cash and cash equivalents** | **27 001** | **20 923** | **21 468** | **13 119** |
| Bank overdraft | .. | .. | .. | .. |
| **Balances as per cash flow statement** | **27 001** | **20 923** | **21 468** | **13 119** |

Reconciliation of net result to net cash flows from operating activities ($ million)

|  | State of Victoria | | General government sector | |
| --- | --- | --- | --- | --- |
|  | Dec | Dec | Dec | Dec |
|  | 2022 | 2021 | 2022 | 2021 |
| **Net result** | **(694)** | **(8 999)** | **(4 040)** | **(10 012)** |
| **Non‑cash movements** |  |  |  |  |
| Revenue related to economic service concession arrangements | (228) | (145) | (228) | (145) |
| Depreciation and amortisation | 3 659 | 3 551 | 2 180 | 2 129 |
| Revaluation of investments | 195 | 360 | 12 | 17 |
| Assets (received)/provided free of charge | (365) | (414) | (195) | (273) |
| Assets not previously/no longer recognised | 15 | (13) | 15 | (13) |
| Revaluation of assets | 136 | 822 | 125 | 121 |
| Discount/premium on other financial assets/borrowings | (158) | (213) | 1 | .. |
| Foreign currency dealings | 1 | 1 | 1 | 1 |
| Unrealised (gains)/losses on borrowings | (2 239) | (2 088) | (10) | .. |
| Discounting of assets and liabilities | .. | (1) | .. | (1) |
| **Movements included in investing and financing activities** |  |  |  |  |
| Net gain/loss from sale of investments | (121) | (108) | (15) | (1) |
| Net gain/loss from sale of non‑financial assets | (83) | (67) | (51) | (37) |
| Realised gains/losses on borrowings | (284) | (8) | 3 | (1) |
| **Movements in assets and liabilities** |  |  |  |  |
| Increase/(decrease) in allowance for impairment losses | (264) | 32 | (301) | 5 |
| Increase/(decrease) in payables | 9 071 | 213 | 7 514 | (1 031) |
| Increase/(decrease) in employee benefits | (282) | 530 | (277) | 489 |
| Increase/(decrease) in superannuation | 304 | 365 | 295 | 366 |
| Increase/(decrease) in other provisions | 158 | 1 337 | (103) | (126) |
| (Increase)/decrease in receivables | 157 | 1 022 | 776 | 1 474 |
| (Increase)/decrease in other non‑financial assets | (79) | (283) | (197) | (321) |
| **Net cash flows from operating activities** | **8 897** | **(4 107)** | **5 505** | **(7 357)** |

## Advances paid and investments, loans and placements

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec | Jun | Dec | Jun |
|  | 2022 | 2022 | 2022 | 2022 |
| **Current advances paid and investments, loans and placements** |  |  |  |  |
| Loans and advances paid | 691 | 347 | 1 072 | 832 |
| Equities and managed investment schemes | 1 208 | 3 831 | 770 | 718 |
| Australian dollar term deposits | 1 761 | 4 342 | 132 | 104 |
| Debt securities | 7 102 | 6 995 | 2 | 3 |
| Derivative financial instruments | 537 | 1 109 | 367 | 430 |
| **Total current advances paid and investments, loans and placements** | **11 300** | **16 624** | **2 342** | **2 088** |
| **Non‑current advances paid and investments, loans and placements** |  |  |  |  |
| Loans and advances paid | 275 | 285 | 4 155 | 4 097 |
| Equities and managed investment schemes | 43 615 | 36 595 | 2 293 | 2 054 |
| Australian dollar term deposits | 37 | 37 | 37 | 37 |
| Debt securities | 2 780 | 2 475 | 14 | 22 |
| Derivative financial instruments | 261 | 239 | 5 | 1 |
| **Total non‑current advances paid and investments, loans and placements** | **46 969** | **39 631** | **6 504** | **6 211** |
| **Total advances paid and investments, loans and placements** | **58 269** | **56 255** | **8 846** | **8 299** |
| **Represented by:** |  |  |  |  |
| Advances paid | 967 | 632 | 5 227 | 4 929 |
| Investments, loans and placements | 57 302 | 55 623 | 3 619 | 3 370 |

## Interest expense

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Interest on interest‑bearing liabilities | 1 821 | 1 391 | 1 393 | 974 |
| Interest on lease liabilities | 207 | 199 | 199 | 191 |
| Interest on service concessions | 210 | 211 | 206 | 207 |
| Discount interest on payables | 14 | 16 | 14 | 14 |
| **Total interest expense** | **2 253** | **1 817** | **1 813** | **1 385** |

## 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 *2021-22 Financial Report* for the State of Victoria (Notes 5.4 and 5.9) should be made for details of commitments as at 30 June 2022.

As at 31 December 2022, the following additional material commitments were recorded for the State of Victoria. Unless otherwise stated, contract amounts are presented as nominal values:

* Funding Deeds worth $314 million were entered into with successful respondents from funding rounds progressed by the Social Housing Growth Fund. The grant funds are used to contribute to new social housing dwellings in regional areas and for dwellings used for Mental Health Support Housing delivered by registered community housing organisations.
* In July 2022, a variation of $369 million was made to the Rail Systems Alliance (RSA) for the Early Works and Delivery contract with Metro Trains Melbourne, Bombardier and the joint venture of John Holland and CPB to align with the independent assessment of costs to complete RSA works. The work is expected to be completed by 2025.
* In August 2022, the State executed a contract with Alstom Transport Australia Pty Ltd to procure an additional 12 new VLocity 3-car train sets. The total contract cost is $230 million and the procurement is expected to be completed in 2025.
* In August 2022, the State executed a contract with McConnell Dowell Constructors for the Epping Road Upgrade Project with a contract value of $235 million. The works are estimated to be completed by 2025.
* In August 2022, the State entered into an arrangement with various parties for the development and commercialisation of mRNA vaccines and therapeutics. The arrangement is in effect until August 2032. The total cost of this arrangement is commercially sensitive and therefore has not been disclosed at this time.
* In September 2022, the State entered into a contract with John Holland Pty Ltd to deliver the replacement of sections of a water main between the Olinda and Mitcham reservoirs.  The total contract cost is $66 million and the project is planned for completion by March 2025.
* In September 2022, a variation of $110 million was made to the Melbourne Airport Rail (MAR) Early Works arrangements with Laing O’Rourke Australia to deliver work package 1 of the MAR Early Works. The works under this contract are expected to be completed by December 2024.
* In September 2022, the State entered into a contract extension with Civica BPO Ltd to continue delivering administrative services relating to the enforcement of fines on behalf of Fines Victoria and Victoria Police. The total cost under the contract extension is $117 million and the contract operates until 2024.
* In September 2022, the State entered into a grant agreement with Hancock Victoria Plantations Pty Ltd to plant 16 million trees. The program aims to provide alternative fibre for the state’s wood processors following the end of native timber harvesting. The program will cost $120 million and is expected to be completed by December 2050.
* In September 2022, a variation of $123 million was made to the Murray Basin Rail Program Early Works and Delivery contract with Coleman Rail, Acciona, SMEC Australia and V/Line to revise the delivery strategy. The work is expected to be completed by the end of 2023.
* In September 2022, the State entered into an arrangement with various providers to deliver better mobile coverage across the state. The total cost is estimated to be $215 million and is expected to be completed by 2026.
* In September 2022, a variation of $285 million was made to the Western Program Alliance with Arup and Mott MacDonald Australia Pty Limited Joint Venture, McConnell Dowell Constructors Australia Pty Ltd and Metro Trains Melbourne Pty Ltd for the delivery of additional level crossing removal works. The works, under the Program Alliance Master Contract, are estimated to be completed by 2030.
* In September 2022, the State entered into a contract with Lendlease Building Contractors Pty Ltd to deliver six community hospitals at Craigieburn, Cranbourne, Eltham Area, Pakenham, Point Cook and City of Whittlesea with a contract value of $364 million. The works under the contract are estimated to be completed by the end of 2024.
* In September and October 2022, a variation of $196 million was made to the Metropolitan Roads Program Alliance with Fulton Hogan Construction Pty Ltd and Metro Trains Melbourne for the delivery of additional level crossing removal works. The works, under the Program Alliance Master Contract, are estimated to be completed by 2030.
* In September and October 2022, a variation of $899 million was made to the South Eastern Program Alliance with Jacobs Group (Australia) Pty Ltd, Laing O’Rourke Australia Construction Pty Ltd and Metro Trains Melbourne for the delivery of additional level crossing removal works. The works, under the Program Alliance Master Contract, are estimated to be completed by 2030.
* In October 2022, the State appointed the Nexus consortium comprising Laing O’Rourke Australia Construction Pty Ltd, Symal Infrastructure Pty Ltd, WSP Australia Pty Ltd and Arcadis Australia Pacific Pty Ltd as the preferred proponent of the North East Link Southern Freeway Package. Under the Alliance Development Agreement, Nexus consortium will be undertaking $64 million of development and delivery readiness activities to support the procurement of the Southern Freeway Package. The work is expected to be completed in 2023.
* In October 2022, a variation of $82 million was made to the Ballarat Line Upgrade contract with Coleman Rail, Acciona, SMEC Australia and V/Line for outstanding claims. The work is expected to be completed by 30 June 2023.
* In October 2022, the State entered into an arrangement to deliver better broadband coverage across the state. The arrangement is estimated to cost $88 million and is expected to be completed by December 2024.
* In October 2022, the State activated the Disaster Recovery Panel to engage the Johns Lyng Group to undertake a clean-up Program to support disaster affected residents impacted by the flooding that occurred within registered areas. Acting as Managing Contractor, the services include the assessment of eligible structures and subsequent make safe or demolition works to be undertaken in line with the program guidelines. The anticipated cost is $165 million with completion estimated in December 2023.
* In October 2022, the State entered into a contract with Lendlease Construction (Southern) Pty Ltd for construction of the Wyndham Law Courts. The total cost of the contract is $241 million and works are expected to be completed in 2025.
* In October 2022, a variation of $264 million was made to the Metro Tunnel Tunnels and Stations Package with Cross Yarra Partnership to resolve COVID-19 related claims for the period until 30 June 2022. The work under the Metro Tunnel Public Private Partnership is expected to be completed by 2025.
* In October 2022, a variation of $305 million was made to the North Western Program Alliance with Kellogg Brown & Root Pty Ltd, John Holland Group Pty Ltd and Metro Trains Melbourne for the delivery of additional level crossing removal works. The works, under the Program Alliance Master Contract, are estimated to be completed by 2030.
* In October 2022, a variation of $495 million was made to the Southern Program Alliance with Acciona Coleman Rail Joint Venture, WSP Australia Pty Limited and Metro Trains Melbourne for the delivery of additional level crossing removal works. The works, under the Program Alliance Master Contract, are estimated to be completed by 2030.
* In October 2022, the State entered into an agreement to purchase a site in Victoria’s Parkville medical precinct. This is expected to be completed by March 2023. The total cost of this agreement is commercially sensitive and therefore has not been disclosed at this time.

* In December 2022, a variation of $79 million was made to the contract with Metro Trains Melbourne for Package 1C under Rail Advanced Works of the North East Link Early Works program. The works under the contract are estimated to be completed by April 2024.
* In December 2022, a variation of $102 million was made to the Suburban Rail Loop (SRL) Initial Works and Early Works (IWEW) Managing Contractor Agreement (MCA) with Laing O’Rourke Australia to deliver the SRL IWEW MCA Power Connection Works Package for the unregulated construction power works. The works under the contract are expected to be completed by October 2025.
* In December 2022, the State entered into a contract with John Holland Group Pty Ltd to deliver Stages 2 Central Energy Plant and Support Services with a contract value of $107 million. The works under the contract are estimated to be completed by 2024.
* In December 2022, the State executed a contract with BMD Constructions Pty Limited for the Mickleham Road Upgrade Stage 1 Project with a contract value of $129 million. The works are estimated to be completed by 2025.
* In December 2022, the State entered into a contract with BMD Constructions Ltd to deliver the 5W Nutrient Removal Project sewage treatment upgrade at the Western Treatment Plant. The total contract cost is $265 million and the project is planned for completion by September 2025.

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

# Other assets and liabilities

## Introduction

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

## Structure

[6.1 Inventories 38](#_Toc93592357)

[6.2 Receivables and contract assets 38](#_Toc93592358)

[6.3 Payables and contract liabilities 39](#_Toc93592359)

[6.4 Superannuation 39](#_Toc93592360)

[6.5 Other provisions 40](#_Toc93592361)

## Inventories

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2022 | Jun 2022 | Dec 2022 | Jun 2022 |
| **At cost** |  |  |  |  |
| Raw materials | 11 | 9 | 10 | 8 |
| Work in progress | 327 | 134 | 5 | 4 |
| Finished goods | 65 | 70 | 6 | 6 |
| Consumable stores | 1 163 | 1 294 | 1 074 | 1 220 |
| Land and other assets held as inventory | 1 018 | 939 | 23 | 24 |
| **At net realisable value** |  |  |  |  |
| Finished goods | .. | 2 | .. | .. |
| Consumable stores | 5 | 5 | .. | .. |
| **Total inventories** | **2 589** | **2 452** | **1 118** | **1 262** |

## Receivables and contract assets

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2022 | Jun 2022 | Dec 2022 | Jun 2022 |
| **Contractual** |  |  |  |  |
| Sales of goods and services | 1 688 | 1 426 | 1 012 | 733 |
| Accrued investment income | 124 | 72 | 49 | 18 |
| Other receivables | 2 819 | 2 529 | 1 403 | 1 725 |
| Allowance for impairment of contractual receivables | (353) | (308) | (209) | (202) |
| **Statutory** |  |  |  |  |
| Sales of goods and services | 6 | 8 | 11 | 11 |
| Taxes receivables | 4 032 | 4 715 | 4 366 | 5 156 |
| Fines and regulatory fees | 2 608 | 2 729 | 2 607 | 2 728 |
| GST input tax credits recoverable | 1 465 | 1 446 | 656 | 604 |
| Other receivables | 3 | 3 | .. | .. |
| Allowance for impairment of statutory receivables | (2 178) | (2 368) | (2 178) | (2 368) |
| **Other** |  |  |  |  |
| Actuarially determined | 576 | 599 | .. | .. |
| Contract assets | 114 | 105 | .. | 1 |
| **Total receivables and contract assets** | **10 903** | **10 955** | **7 717** | **8 406** |
| **Represented by:** |  |  |  |  |
| Current receivables and contract assets | 9 491 | 9 318 | 7 195 | 7 892 |
| Non‑current receivables and contract assets | 1 412 | 1 637 | 522 | 514 |

## Payables and contract liabilities

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2022 | Jun 2022 | Dec 2022 | Jun 2022 |
| **Contractual** |  |  |  |  |
| Accounts payable | 2 394 | 2 261 | 995 | 828 |
| Accrued expenses | 4 663 | 5 828 | 4 191 | 5 148 |
| Grant of a right to the operator liability | 19 441 | 10 344 | 19 382 | 10 305 |
| Unearned income | 12 695 | 10 769 | 1 355 | 1 203 |
| **Statutory** |  |  |  |  |
| Accrued taxes payable | 132 | 102 | 81 | 67 |
| **Other** |  |  |  |  |
| Contract liabilities | 682 | 596 | 407 | 342 |
| **Total payables and contract liabilities** | **40 007** | **29 899** | **26 412** | **17 893** |
| **Represented by:** |  |  |  |  |
| Current payables and contract liabilities | 12 149 | 10 898 | 6 908 | 7 244 |
| Non‑current payables and contract liabilities | 27 857 | 19 001 | 19 504 | 10 649 |

## Superannuation

($ million)

|  | State of Victoria | |
| --- | --- | --- |
|  | Dec 2022 | Jun 2022 |
| Current liability | 992 | 1 007 |
| Non‑current liability | 17 637 | 18 748 |
| **Total superannuation liability** | **18 629** | **19 756** |
| **Represented by:** |  |  |
| Emergency Services and State Super | 17 534 | 18 594 |
| Other funds | 1 095 | 1 161 |

## Other provisions

($ million)

|  | State of Victoria | | General  government sector | |
| --- | --- | --- | --- | --- |
|  | Dec 2022 | Jun 2022 | Dec 2022 | Jun 2022 |
| **Provision for insurance claims** |  |  |  |  |
| WorkSafe Victoria | 3 604 | 3 499 | .. | .. |
| Transport Accident Commission | 1 593 | 1 609 | .. | .. |
| Victorian Managed Insurance Authority | 742 | 650 | .. | .. |
| Other agencies | 40 | 63 | 38 | 61 |
| **Current provision for insurance claims** | **5 979** | **5 821** | **38** | **61** |
| Other provisions | 1 305 | 1 400 | 1 019 | 1 109 |
| **Total current other provisions** | **7 283** | **7 222** | **1 057** | **1 169** |
| **Non‑current provision for insurance claims** |  |  |  |  |
| WorkSafe Victoria | 21 349 | 20 813 | .. | .. |
| Transport Accident Commission | 15 084 | 15 630 | .. | .. |
| Victorian Managed Insurance Authority | 2 291 | 2 201 | .. | .. |
| Other agencies | 97 | 97 | 97 | 97 |
| **Non‑current provision for insurance claims** | **38 821** | **38 741** | **97** | **97** |
| Other provisions | 829 | 833 | 807 | 815 |
| **Total non‑current other provisions** | **39 650** | **39 574** | **905** | **912** |
| **Total other provisions** | **46 934** | **46 795** | **1 962** | **2 082** |

# 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.

## Financial instruments

Note 7.1 Financial instruments in the *2021-22 Financial Report* for the State of Victoria contains a comprehensive disclosure of the State’s financial risk management objectives and policies associated with financial instruments.

## 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 *2021-22 Financial Report* for the State of Victoria (Note 7.2) for details of contingent assets as at 30 June 2022.

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 either:
  1. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations
  2. the amount of the obligations cannot be measured with sufficient reliability.

Reference should be made to the *2021-22 Financial Report* for the State of Victoria (Note 7.2) for details of contingent liabilities as at 30 June 2022.

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

# 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*.

## Structure

[8.1 Consolidated fund receipts and payments 42](#_Toc93592362)

[8.2 Trust fund statement cash flows 43](#_Toc93592363)

[8.3 Reconciliation of cash flows to balances held 43](#_Toc93592364)

[8.4 Details of securities held in the   
Public Account 44](#_Toc93592365)

## Consolidated fund receipts and payments

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual to Dec |  | actual to Dec | revised budget |
| 13 848 | Taxation | 15 335 | 31 737 |
| 478 | Fines and regulatory fees | 676 | 968 |
| 14 950 | Grants received | 12 886 | 26 124 |
| 414 | Sales of goods and services | 774 | 1 511 |
| 223 | Interest received | 460 | 478 |
| 356 | Dividends, income tax equivalent and rate equivalent receipts | 305 | 738 |
| 513 | Other receipts | 8 099 | 6 811 |
| **30 781** | **Total operating activities** | **38 534** | **68 368** |
| 19 626 | Total inflows from investing and financing | 14 594 | 19 903 |
| **50 407** | **Total receipts** | **53 128** | **88 270** |
|  | **Payments to departments** |  |  |
| 7 779 | Education and Training | 8 720 | 18 238 |
| 1 624 | Environment, Land, Water and Planning | 1 938 | 3 964 |
| 4 606 | Families, Fairness and Housing | 4 516 | 8 699 |
| 9 059 | Health | 8 901 | 17 068 |
| 8 962 | Jobs, Precincts and Regions | 1 999 | 4 282 |
| 5 781 | Justice and Community Services | 5 398 | 10 337 |
| 254 | Premier and Cabinet | 628 | 1 092 |
| 8 528 | Transport | 8 901 | 17 556 |
| 4 514 | Treasury and Finance | 3 891 | 16 705 |
| 166 | Parliament | 172 | 353 |
| 414 | Courts | 456 | 1 010 |
| **51 687** | **Total payments** | **45 519** | **99 304** |
| **(1 280)** | **Net receipts/(payments)** | **7 621** | **(11 034)** |

## Trust fund statement cash flows

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual to Dec |  | actual to Dec | revised budget |
|  | **Cash flows from operating activities** |  |  |
| 339 | Taxation | 403 | 643 |
| 42 | Regulatory fees and fines | 120 | 138 |
| 13 187 | Grants received | 11 708 | 20 859 |
| 245 | Sale of goods and services | 423 | 1 354 |
| 15 | Interest received | 55 | 117 |
| 16 | Dividends received | 23 | 17 |
| 4 977 | Net transfers from consolidated fund | 4 980 | 10 748 |
| 78 | Other receipts | 1 576 | 995 |
| **18 899** | **Total receipts** | **19 289** | **34 871** |
| (303) | Payments for employees | (219) | (304) |
| (24) | Superannuation | (18) | (24) |
| (51) | Interest paid | (58) | (108) |
| (13 039) | Grants and subsidies | (12 866) | (23 705) |
| (2 271) | Goods and services | (2 648) | (3 824) |
| **(15 688)** | **Total payments** | **(15 809)** | **(27 964)** |
| **3 211** | **Net cash flows from operating activities** | **3 481** | **6 907** |
|  | **Cash flows from investing activities** |  |  |
| (37) | Purchases of property, plant and equipment | (73) | (5 791) |
| 40 | Proceeds from sale of property, plant and equipment | 46 | 65 |
| 619 | Net proceeds from customer loans | 637 | 221 |
| (1 896) | Other investing activities | (1 614) | (1 408) |
| **(1 274)** | **Net cash flows from investing activities** | **(1 004)** | **(6 914)** |
|  | **Cash flows from financing activities** |  |  |
| 113 | Net proceeds/(repayments) from borrowings | (122) | (295) |
| **113** | **Net cash flows from financing activities** | **(122)** | **(295)** |
| **2 050** | **Net cash inflow/(outflow)** | **2 355** | **(302)** |

## Reconciliation of cash flows to balances held

($ million)

|  | Balances held at 30 Jun 2022 | Dec movement YTD | Balances held at 31 Dec 2022 |
| --- | --- | --- | --- |
| **Cash and deposits** |  |  |  |
| Cash and balances outside of the Public Account | (1) | 1 | .. |
| Deposits held with the Public Account – Specific trusts | 1 024 | 76 | 1 101 |
| Other balances held in the Public Account | 3 353 | 9 906 | 13 258 |
| **Total cash and deposits** | **4 376** | **9 983** | **14 359** |
| **Investments** |  |  |  |
| Investments held with the Public Account – Specific trusts | 1 485 | 50 | 1 535 |
| **Total investments** | **1 485** | **50** | **1 535** |
| **Total fund balances** | **5 861** | **10 033** | **15 894** |
| **Less funds held outside the public account** |  |  |  |
| Cash | (1) | 1 | .. |
| **Total fund balances held outside the Public Account** | **(1)** | **1** | **..** |
| **Total fund balances held in the Public Account (a)** | **5 862** | **10 032** | **15 894** |

Note:

(a) See Note 8.4 for details of securities and investments, including amounts held in the Public Account on behalf of trust accounts.

## Details of securities held in the Public Account

($ million)

| 2021‑22 |  | 2022‑23 | |
| --- | --- | --- | --- |
| actual 31 Dec (a) |  | opening 1 Jul (b) | actual 31 Dec |
| 2 640 | Amounts invested on behalf of specific trust accounts | 2 519 | 2 636 |
| 6 712 | General account balances | 3 353 | 13 258 |
| **9 352** | **Total Public Account** | **5 872** | **15 894** |
|  | **Represented by:** |  |  |
| 8 499 | Stock, securities, cash and investments | 5 012 | 14 607 |
|  | Add cash advanced for: |  |  |
| .. | Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to Section 38 of the *Financial Management Act 1994* | .. | .. |
| 853 | Advances pursuant to sections 36 and 37 of the *Financial Management Act 1994* | 859 | 1 287 |
| **9 352** | **Total Public Account** | **5 872** | **15 894** |

Notes:

(a) Certain 2021-22 comparative figures have been restated to reflect more current information.

(b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DELWP to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance. DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.

# Other disclosures

## Introduction

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

## Structure

[9.1 Disaggregated information 46](#_Toc128571525)

[9.2 Other gains/(losses) from other economic flows 54](#_Toc128571526)

[9.3 Controlled entities 54](#_Toc128571527)

[9.4 Glossary of technical terms 54](#_Toc128571528)

## Disaggregated information

Disaggregated operating statement for the six months ended 31 December ($ million)

|  | General  government sector | | Public non‑financial corporations | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| **Revenue and income from transactions** |  |  |  |  |
| Taxation | 14 380 | 12 954 | .. | .. |
| Interest income | 591 | 266 | 35 | 3 |
| Dividends, income tax equivalent and rate equivalent income | 233 | 390 | 3 | 5 |
| Sales of goods and services | 3 198 | 2 557 | 3 389 | 3 274 |
| Grants | 19 758 | 20 922 | 1 008 | 1 121 |
| Other revenue and income | 1 758 | 1 677 | 354 | 313 |
| **Total revenue and income from transactions** | **39 919** | **38 766** | **4 789** | **4 715** |
| **Expenses from transactions** |  |  |  |  |
| Employee expenses | 16 745 | 16 108 | 864 | 794 |
| Net superannuation interest expense | 363 | 242 | .. | .. |
| Other superannuation | 1 874 | 1 892 | 85 | 75 |
| Depreciation | 2 178 | 2 127 | 945 | 939 |
| Interest expense | 1 813 | 1 385 | 423 | 406 |
| Grant expense | 8 308 | 14 627 | 372 | 259 |
| Other operating expenses | 12 838 | 12 364 | 2 044 | 2 285 |
| Other property expenses | .. | .. | 118 | 101 |
| **Total expenses from transactions** | **44 119** | **48 745** | **4 851** | **4 857** |
| **Net result from transactions – net operating balance** | **(4 200)** | **(9 979)** | **(62)** | **(142)** |
| **Other economic flows included in net result** |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 50 | 36 | 32 | 30 |
| Net gain/(loss) on financial assets or liabilities at fair value | 9 | (18) | 25 | 16 |
| Share of net profit/(loss) from associates/joint venture entities | 5 | .. | .. | .. |
| Other gains/(losses) from other economic flows | 96 | (51) | 237 | (439) |
| **Total other economic flows included in net result** | **160** | **(33)** | **295** | **(393)** |
| **Net result** | **(4 040)** | **(10 012)** | **233** | **(535)** |
| **Other economic flows – other comprehensive income** |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | 4 541 | 353 | 54 | 186 |
| Remeasurement of superannuation defined benefits plans | 1 422 | (165) | 9 | .. |
| Other movements in equity | (352) | (14) | (96) | 4 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | 134 | (19) | (10) | (1) |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | 3 507 | (1 193) | .. | .. |
| **Total other economic flows – other comprehensive income** | **9 251** | **(1 038)** | **(42)** | **189** |
| **Comprehensive result – total change in net worth** | **5 211** | **(11 050)** | **190** | **(346)** |
|  |  |  |  |  |
| **FISCAL AGGREGRATES** |  |  |  |  |
| **Net operating balance** | **(4 200)** | **(9 979)** | **(62)** | **(142)** |
| **Net acquisition of non‑financial assets from transactions** |  |  |  |  |
| Purchases of non‑financial assets (including change in inventories) | 8 135 | 6 736 | 1 879 | 1 805 |
| Less: Sales of non‑financial assets | (201) | (89) | (101) | (70) |
| Less: Depreciation and amortisation | (2 178) | (2 127) | (945) | (939) |
| Plus/(less): Other movements in non‑financial assets | 1 160 | 1 670 | 649 | 514 |
| **Less: Net acquisition of non‑financial assets from transactions** | **6 915** | **6 190** | **1 482** | **1 310** |
| **Net lending/(borrowing)** | **(11 115)** | **(16 169)** | **(1 544)** | **(1 452)** |

| Public financial  corporations | | Inter‑sector  eliminations | | State of Victoria | |
| --- | --- | --- | --- | --- | --- |
| 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|  |  |  |  |  |  |
| .. | .. | (236) | (220) | 14 144 | 12 733 |
| 1 635 | 1 204 | (1 577) | (1 168) | 683 | 304 |
| 1 530 | 2 169 | (199) | (365) | 1 567 | 2 199 |
| 3 007 | 2 781 | (797) | (776) | 8 797 | 7 836 |
| 377 | 59 | (1 399) | (1 258) | 19 745 | 20 844 |
| 11 | 10 | .. | .. | 2 123 | 2 000 |
| **6 560** | **6 223** | **(4 208)** | **(3 787)** | **47 060** | **45 916** |
|  |  |  |  |  |  |
| 253 | 226 | (370) | (333) | 17 491 | 16 794 |
| .. | .. | .. | .. | 363 | 242 |
| 25 | 21 | .. | .. | 1 984 | 1 987 |
| 43 | 33 | 473 | 433 | 3 640 | 3 532 |
| 1 595 | 1 195 | (1 578) | (1 168) | 2 253 | 1 817 |
| 24 | 85 | (1 483) | (1 344) | 7 221 | 13 628 |
| 5 014 | 4 663 | (580) | (579) | 19 317 | 18 732 |
| 404 | 274 | (522) | (375) | .. | .. |
| **7 358** | **6 496** | **(4 059)** | **(3 365)** | **52 269** | **56 733** |
| **(798)** | **(273)** | **(149)** | **(423)** | **(5 209)** | **(10 817)** |
|  |  |  |  |  |  |
| .. | .. | .. | .. | 83 | 66 |
| 2 431 | 1 838 | .. | .. | 2 465 | 1 836 |
| .. | .. | .. | .. | 5 | .. |
| 1 927 | 841 | (299) | (435) | 1 962 | (85) |
| **4 359** | **2 679** | **(299)** | **(435)** | **4 514** | **1 817** |
| **3 561** | **2 406** | **(448)** | **(858)** | **(694)** | **(8 999)** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| .. | .. | (65) | (55) | 4 531 | 483 |
| .. | .. | .. | .. | 1 431 | (165) |
| .. | (56) | .. | .. | (448) | (65) |
|  |  |  |  |  |  |
| .. | .. | .. | .. | 124 | (20) |
|  |  | (3 507) | 1 193 | .. | .. |
| **..** | **(56)** | **(3 572)** | **1 139** | **5 637** | **234** |
| **3 561** | **2 350** | **(4 020)** | **281** | **4 943** | **(8 766)** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **(798)** | **(273)** | **(149)** | **(423)** | **(5 209)** | **(10 817)** |
|  |  |  |  |  |  |
| 29 | 25 | (22) | 11 | 10 021 | 8 578 |
| (1) | .. | .. | .. | (303) | (160) |
| (43) | (33) | (473) | (433) | (3 640) | (3 532) |
| .. | .. | (1) | .. | 1 807 | 2 184 |
| **(15)** | **(8)** | **(496)** | **(422)** | **7 886** | **7 070** |
| **(783)** | **(265)** | **347** | **(1)** | **(13 095)** | **(17 887)** |

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

|  | General  government sector | | Public non‑financial corporations | |
| --- | --- | --- | --- | --- |
|  | Dec 2022 | Jun 2022 | Dec 2022 | Jun 2022 |
| **Assets** |  |  |  |  |
| **Financial assets** |  |  |  |  |
| Cash and deposits | 21 468 | 10 974 | 1 983 | 1 843 |
| Advances paid | 5 227 | 4 929 | 434 | 522 |
| Receivables and contract assets | 7 717 | 8 406 | 1 459 | 1 679 |
| Investments, loans and placements | 3 619 | 3 370 | 800 | 812 |
| Loans receivable from non‑financial public sector (a) | .. | .. | .. | .. |
| Investments accounted for using the equity method | 1 223 | 10 | .. | .. |
| Investments in other sector entities | 93 525 | 89 162 | .. | .. |
| **Total financial assets** | **132 779** | **116 851** | **4 676** | **4 856** |
| **Non‑financial assets** |  |  |  |  |
| Inventories | 1 118 | 1 262 | 1 470 | 1 191 |
| Non‑financial assets held for sale | 82 | 171 | 30 | 42 |
| Land, buildings, infrastructure, plant and equipment | 233 161 | 225 770 | 111 439 | 110 087 |
| Other non‑financial assets | 7 668 | 3 313 | 2 783 | 2 567 |
| **Total non‑financial assets** | **242 029** | **230 516** | **115 723** | **113 887** |
| **Total assets** | **374 809** | **347 367** | **120 399** | **118 742** |
| **Liabilities** |  |  |  |  |
| Deposits held and advances received | 1 727 | 1 831 | 1 243 | 1 188 |
| Payables | 26 006 | 17 551 | 9 808 | 9 984 |
| Contract liabilities | 407 | 342 | 282 | 259 |
| Borrowings | 132 754 | 117 420 | 20 280 | 19 312 |
| Employee benefits | 9 582 | 9 857 | 536 | 545 |
| Superannuation | 18 629 | 19 756 | .. | .. |
| Other provisions | 1 962 | 2 082 | 9 760 | 9 730 |
| **Total liabilities** | **191 066** | **168 839** | **41 909** | **41 019** |
| **Net assets** | **183 743** | **178 528** | **78 490** | **77 724** |
| Accumulated surplus/(deficit) | 49 863 | 52 824 | (26 326) | (26 419) |
| Reserves | 133 879 | 125 704 | 104 816 | 104 143 |
| **Net worth** | **183 743** | **178 528** | **78 490** | **77 724** |
|  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |
| Net financial worth | (58 287) | (51 988) | (37 233) | (36 163) |
| Net financial liabilities | 151 812 | 141 149 | 37 233 | 36 163 |
| Net debt | 104 167 | 99 978 | 18 306 | 17 324 |

Note:

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

| Public financial  corporations | | Inter‑sector  eliminations | | State of Victoria | |
| --- | --- | --- | --- | --- | --- |
| Dec | Jun 2022 | Dec 2022 | Jun 2022 | Dec 2022 | Jun 2022 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 4 368 | 4 919 | (817) | (478) | 27 001 | 17 258 |
| 25 | 45 | (4 720) | (4 864) | 967 | 632 |
| 2 605 | 1 886 | (878) | (1 016) | 10 903 | 10 955 |
| 52 946 | 51 551 | (63) | (110) | 57 302 | 55 623 |
| 116 408 | 102 724 | (116 408) | (102 724) | .. | .. |
| .. | .. | .. | .. | 1 223 | 10 |
| .. | .. | (93 525) | (89 162) | .. | .. |
| **176 353** | **161 125** | **(216 412)** | **(198 353)** | **97 396** | **84 479** |
|  |  |  |  |  |  |
| .. | .. | .. | .. | 2 589 | 2 452 |
| .. | .. | .. | .. | 112 | 212 |
| 342 | 354 | 36 171 | 36 749 | 381 114 | 372 959 |
| 2 975 | 3 397 | (4 434) | (4 436) | 8 992 | 4 842 |
| **3 316** | **3 751** | **31 738** | **32 313** | **392 806** | **380 466** |
| **179 669** | **164 876** | **(184 674)** | **(166 040)** | **490 203** | **464 945** |
|  |  |  |  |  |  |
| 206 | 233 | (1 372) | (1 528) | 1 804 | 1 724 |
| 4 410 | 2 724 | (900) | (956) | 39 325 | 29 303 |
| .. | .. | (6) | (5) | 682 | 596 |
| 116 396 | 107 309 | (121 546) | (107 555) | 147 884 | 136 486 |
| 119 | 118 | .. | .. | 10 237 | 10 519 |
| .. | .. | .. | .. | 18 629 | 19 756 |
| 44 833 | 44 573 | (9 621) | (9 590) | 46 934 | 46 795 |
| **165 964** | **154 956** | **(133 445)** | **(119 634)** | **265 495** | **245 180** |
| **13 705** | **9 919** | **(51 229)** | **(46 406)** | **224 708** | **219 765** |
| 13 352 | 9 796 | 48 370 | 48 767 | 85 259 | 84 968 |
| 353 | 123 | (99 599) | (95 174) | 139 449 | 134 797 |
| **13 705** | **9 919** | **(51 229)** | **(46 406)** | **224 708** | **219 765** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 10 388 | 6 168 | (82 967) | (78 719) | (168 099) | (160 702) |
| (10 388) | (6 168) | (10 558) | (10 442) | 168 099 | 160 702 |
| (57 146) | (51 697) | (908) | (908) | 64 419 | 64 697 |

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

|  | General  government sector | | Public non‑financial corporations | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| **Cash flows from operating activities** |  |  |  |  |
| **Receipts** |  |  |  |  |
| Taxes received | 15 175 | 13 704 | .. | .. |
| Grants | 19 724 | 21 695 | 1 058 | 1 135 |
| Sales of goods and services (a) | 3 331 | 2 939 | 3 837 | 3 583 |
| Interest received | 554 | 261 | 29 | 23 |
| Dividends, income tax equivalent and rate equivalent receipts | 228 | 381 | 17 | 5 |
| Other receipts | 9 334 | 1 118 | 324 | 292 |
| **Total receipts** | **48 346** | **40 098** | **5 265** | **5 038** |
| **Payments** |  |  |  |  |
| Payments for employees | (16 944) | (15 660) | (868) | (762) |
| Superannuation | (1 942) | (1 768) | (77) | (76) |
| Interest paid | (1 604) | (1 243) | (412) | (406) |
| Grants and subsidies | (8 636) | (14 934) | (266) | (150) |
| Goods and services (a) | (13 276) | (13 332) | (2 492) | (2 700) |
| Other payments | (439) | (518) | (364) | (238) |
| **Total payments** | **(42 841)** | **(47 455)** | **(4 479)** | **(4 333)** |
| **Net cash flows from operating activities** | **5 505** | **(7 357)** | **786** | **706** |
| **Cash flows from investing activities** |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |
| Purchases of non‑financial assets | (8 280) | (6 769) | (1 865) | (1 796) |
| Sales of non‑financial assets | 201 | 89 | 101 | 70 |
| **Net cash flows from investments in non‑financial assets** | **(8 080)** | **(6 679)** | **(1 763)** | **(1 726)** |
| Net cash flows from investments in financial assets for policy purposes | (1 073) | 26 | (28) | 636 |
| **Sub‑total** | **(9 153)** | **(6 653)** | **(1 791)** | **(1 090)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (171) | (2 186) | (10) | (29) |
| **Net cash flows from investing activities** | **(9 324)** | **(8 839)** | **(1 801)** | **(1 119)** |
| **Cash flows from financing activities** |  |  |  |  |
| Advances received (net) | (116) | (902) | (9) | (589) |
| Net borrowings | 14 410 | 15 461 | 549 | 401 |
| Deposits received (net) | 8 | 147 | 68 | 34 |
| Other financing (net) | .. | .. | 556 | 425 |
| **Net cash flows from financing activities** | **14 302** | **14 706** | **1 165** | **271** |
| **Net increase/(decrease) in cash and cash equivalents** | **10 483** | **(1 490)** | **150** | **(142)** |
| Cash and cash equivalents at beginning of reporting period (b) | 10 985 | 14 609 | 1 833 | 1 857 |
| **Cash and cash equivalents at end of the reporting period** | **21 468** | **13 119** | **1 983** | **1 715** |
|  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |
| Net cash flows from operating activities | 5 505 | (7 357) | 786 | 706 |
| Dividends paid | .. | .. | (52) | (82) |
| Net cash flows from investments in non‑financial assets | (8 080) | (6 679) | (1 763) | (1 726) |
| **Cash surplus/(deficit)** | **(2 574)** | **(14 036)** | **(1 029)** | **(1 102)** |

Note:

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

| Public financial  corporations | | Inter‑sector  eliminations | | State of Victoria | |
| --- | --- | --- | --- | --- | --- |
| 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| .. | .. | (236) | (220) | 14 939 | 13 483 |
| 369 | 64 | (1 451) | (1 260) | 19 700 | 21 634 |
| 4 475 | 4 385 | (898) | (1 100) | 10 745 | 9 807 |
| 1 380 | 961 | (1 512) | (1 165) | 452 | 81 |
| 1 530 | 2 169 | (306) | (357) | 1 469 | 2 199 |
| 14 | 34 | (59) | 14 | 9 613 | 1 458 |
| **7 768** | **7 612** | **(4 461)** | **(4 087)** | **56 918** | **48 661** |
|  |  |  |  |  |  |
| (251) | (215) | 370 | 333 | (17 692) | (16 305) |
| (25) | (21) | .. | .. | (2 043) | (1 864) |
| (1 480) | (1 156) | 1 512 | 1 165 | (1 984) | (1 640) |
| (27) | (75) | 1 451 | 1 260 | (7 478) | (13 899) |
| (3 299) | (3 389) | 694 | 883 | (18 374) | (18 538) |
| (6) | (10) | 359 | 245 | (451) | (521) |
| **(5 088)** | **(4 866)** | **4 386** | **3 885** | **(48 022)** | **(52 768)** |
| **2 680** | **2 746** | **(75)** | **(202)** | **8 897** | **(4 107)** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| (29) | (25) | 22 | (11) | (10 152) | (8 601) |
| 1 | .. | .. | .. | 303 | 160 |
| **(29)** | **(25)** | **22** | **(11)** | **(9 849)** | **(8 441)** |
| 20 | (42) | 690 | (741) | (392) | (121) |
| **(9)** | **(67)** | **712** | **(753)** | **(10 241)** | **(8 562)** |
| (15 419) | (22 982) | 13 659 | 18 488 | (1 941) | (6 710) |
| **(15 428)** | **(23 048)** | **14 371** | **17 735** | **(12 182)** | **(15 272)** |
|  |  |  |  |  |  |
| (39) | (28) | 128 | 1 238 | (36) | (281) |
| 11 999 | 17 568 | (14 011) | (14 908) | 12 947 | 18 522 |
| 12 | 1 796 | 28 | (1 848) | 116 | 128 |
| 224 | (132) | (780) | (293) | .. | .. |
| **12 196** | **19 203** | **(14 635)** | **(15 812)** | **13 028** | **18 369** |
| **(551)** | **(1 099)** | **(339)** | **1 721** | **9 743** | **(1 010)** |
| 4 919 | 7 875 | (478) | (2 409) | 17 258 | 21 933 |
| **4 368** | **6 776** | **(817)** | **(687)** | **27 001** | **20 923** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 2 680 | 2 746 | (75) | (202) | 8 897 | (4 107) |
| (1) | (132) | 53 | 215 | .. | .. |
| (29) | (25) | 22 | (11) | (9 849) | (8 441) |
| **2 651** | **2 589** | **..** | **2** | **(953)** | **(12 548)** |

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

|  | Accumulated surplus/(deficit) | | Contributions by owners | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **General government sector** | |  |  |  |  |  |  |
| Balance at 1 July 2022 (a) | | 52 827 | .. | 79 719 | 44 815 | 1 170 | 178 531 |
| Net result for the year | | (4 040) | .. | .. | .. |  | (4 040) |
| Other comprehensive income for the year | | 1 076 | .. | 4 541 | 3 507 | 127 | 9 251 |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | .. | .. | .. | .. | .. |  |
| Transactions with owners in their capacity as owners | | .. | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2022** | | **49 863** | **..** | **84 261** | **48 322** | **1 297** | **183 743** |
| **PNFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2022 (a) | | (26 420) | 75 136 | 28 337 |  | 667 | 77 721 |
| Net result for the year | | 233 | .. | .. | .. |  | 233 |
| Other comprehensive income for the year | | (87) | .. | 54 | .. | (10) | (42) |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (52) |  |  | .. | .. | (52) |
| Transactions with owners in their capacity as owners | | .. | 631 | .. | .. | .. | 631 |
| **Total equity as at 31 December 2022** | | **(26 326)** | **75 768** | **28 392** | .. | **657** | **78 490** |
| **PFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2022 | | 9 796 | 65 | 10 | .. | 49 | 9 919 |
| Net result for the year | | 3 561 | .. | .. | .. |  | 3 561 |
| Other comprehensive income for the year | | (5) | .. | .. | .. | 5 | .. |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (1) |  | .. | .. | .. | (1) |
| Transactions with owners in their capacity as owners | | .. | 225 | .. | .. | .. | 225 |
| **Total equity as at 31 December 2022** | | **13 352** | **290** | **10** | .. | **54** | **13 705** |
| Eliminations | | 48 370 | (76 057) | 24 780 | (48 322) |  | (51 229) |
| **Total State of Victoria** | | **85 259** | **..** | **137 442** | **..** | **2 008** | **224 708** |

Note:

(a) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into DELWP to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance. DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.

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

|  | Accumulated surplus/(deficit) | | Contributions by owners | Non‑financial assets revaluation surplus | Investment in other sector entities revaluation surplus | Other reserves | Total |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **General government sector** | |  |  |  |  |  |  |
| Balance at 1 July 2021 | | 58 642 | .. | 61 017 | 32 981 | 1 159 | 153 799 |
| Net result for the year | | (10 012) | .. | .. | .. | .. | (10 012) |
| Other comprehensive income for the year | | (299) | .. | 353 | (1 193) | 101 | (1 038) |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | |  |  |  | .. | .. |  |
| Transactions with owners in their capacity as owners | | .. | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2021** | | **48 331** | **..** | **61 370** | **31 788** | **1 260** | **142 749** |
| **PNFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2021 | | (24 192) | 71 602 | 24 939 | .. | 604 | 72 953 |
| Net result for the year | | (535) | .. | .. | .. |  | (535) |
| Other comprehensive income for the year | | .. | .. | 186 | .. | 3 | 189 |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (82) | .. | .. | .. | .. | (82) |
| Transactions with owners in their capacity as owners | | .. | 541 | .. | .. | .. | 541 |
| **Total equity as at 31 December 2021** | | **(24 809)** | **72 143** | **25 124** | .. | **607** | **73 065** |
| **PFC sector** | |  |  |  |  |  |  |
| Balance at 1 July 2021 | | (5 505) | 15 | 7 | .. | 45 | (5 438) |
| Net result for the year | | 2 406 | .. | .. | .. |  | 2 406 |
| Other comprehensive income for the year | | (61) | .. | .. | .. | 5 | (56) |
| Transfer to/(from) accumulated surplus | | .. | .. | .. | .. | .. | .. |
| Dividends paid | | (132) |  | .. | .. | .. | (132) |
| Transactions with owners in their capacity as owners | | .. | .. | .. | .. | .. | .. |
| **Total equity as at 31 December 2021** | | **(3 292)** | **15** | **7** | .. | **50** | **(3 220)** |
| Eliminations | | 46 944 | (72 158) | 23 772 | (31 788) |  | (33 229) |
| **Total State of Victoria** | | **67 174** | **..** | **110 273** | **..** | **1 918** | **179 364** |

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

($ million)

|  | State of Victoria | | General government | |
| --- | --- | --- | --- | --- |
|  | 2022 | 2021 | 2022 | 2021 |
| Net (increase)/decrease in allowances for credit losses | 281 | (15) | 284 | (13) |
| Amortisation of intangible non‑produced assets | (19) | (18) | (2) | (2) |
| Net swap interest revenue/(expense) | (17) | 5 | .. | .. |
| Bad debts written off | (247) | (7) | (243) | (6) |
| Other gains/(losses) | 1 963 | (49) | 57 | (30) |
| **Total other gains/(losses) from other economic flows** | **1 962** | **(85)** | **96** | **(51)** |

## Controlled entities

Note 9.8 in Chapter 4 of the *2021-22 Financial Report* for the State of Victoria 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 2022 which have been consolidated for the purposes of the financial report:

|  |  |
| --- | --- |
| General government sector | |
| **Department of Environment, Land, Water and Planning(a)**  **Department of Jobs, Precincts and Regions**  Victoria 2026 Pty Ltd (b) | Department of Transport (c)  Safe Transport Victoria (STV) (d)  VicRoads Modernisation including: (e)  • CP Services Victoria Pty Ltd  • R&L Services Victoria Pty Ltd  • Victorian R&L Services Trust  • Victorian CP Services Trust |
| *Public non-financial corporations* | |
| **Department of Environment, Land, Water and Planning**  Alpine Resorts Victoria (f) | Department of Justice and Community Safety  Workplace Injury Commission (g) |

Notes:

*(a)* *On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and amalgamated to form a business unit within DELWP, Recycling Victoria.* *DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.*

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

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

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

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

(f) The Alpine Resorts Legislation Amendment Act 2022 commenced on 1 October 2022. It abolished Victoria’s four existing Alpine Resort Management Boards (ARMBs), and the Alpine Resorts Coordinating Council (ARCC) and established a single entity, Alpine Resorts Victoria, to manage the Falls Creek, Mt Hotham, Mt Buller, Mt Stirling, Lake Mountain and Mt Baw Baw alpine resorts.

(g) On 1 September 2022, the Accident Compensation Conciliation Service (ACCS) changed its name to the Workplace Injury Commission.

## Glossary of technical terms

The *2021-22 Financial Report* for the State of Victoria Note 9.9 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)

|  | 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- | --- |
|  | Dec | Mar | Jun | Sep | Dec |
| **Revenue and income from transactions** |  |  |  |  |  |
| Taxation | 5 936 | 9 994 | 7 599 | 7 842 | 6 539 |
| Interest income | 132 | 130 | 162 | 259 | 331 |
| Dividends, income tax equivalent and rate equivalent income | 296 | 64 | 430 | 88 | 146 |
| Sales of goods and services | 1 274 | 1 394 | 1 694 | 1 696 | 1 503 |
| Grants | 12 224 | 10 604 | 10 279 | 9 265 | 10 494 |
| Other revenue and income | 988 | 856 | 1 053 | 751 | 1 007 |
| **Total revenue and income from transactions** | **20 850** | **23 042** | **21 216** | **19 900** | **20 019** |
| **Expenses from transactions** |  |  |  |  |  |
| Employee expenses | 8 226 | 7 740 | 8 391 | 8 361 | 8 383 |
| Net superannuation interest expense | 100 | 119 | 120 | 172 | 191 |
| Other superannuation | 923 | 952 | 1 068 | 1 039 | 835 |
| Depreciation | 1 079 | 1 063 | 1 118 | 1 085 | 1 093 |
| Interest expense | 747 | 658 | 826 | 822 | 991 |
| Grant expense | 6 677 | 4 955 | 5 481 | 4 021 | 4 287 |
| Other operating expenses | 6 600 | 6 967 | 8 612 | 5 814 | 7 024 |
| **Total expenses from transactions** | **24 352** | **22 454** | **25 615** | **21 315** | **22 804** |
| **Net result from transactions – net operating balance** | **(3 502)** | **588** | **(4 399)** | **(1 415)** | **(2 785)** |
| **Other economic flows included in net result** |  |  |  |  |  |
| Net gain/(loss) on disposal of non‑financial assets | 9 | 10 | (31) | 32 | 18 |
| Net gain/(loss) on financial assets or liabilities at fair value | 15 | 52 | 121 | (7) | 16 |
| Share of net profit/(loss) from associates/joint venture entities | .. | .. | 5 | 3 | 2 |
| Other gains/(losses) from other economic flows | (164) | 60 | 105 | (5) | 101 |
| **Total other economic flows included in net result** | **(141)** | **123** | **200** | **23** | **137** |
| **Net result** | **(3 643)** | **710** | **(4 200)** | **(1 392)** | **(2 648)** |
| **Other economic flows – other comprehensive income** |  |  |  |  |  |
| **Items that will not be reclassified to net result** |  |  |  |  |  |
| Changes in non‑financial assets revaluation surplus | 95 | 110 | 18 240 | 4 393 | 148 |
| Remeasurement of superannuation defined benefits plans | (854) | 3 233 | 4 723 | 1 284 | 138 |
| Other movements in equity | 21 | (6) | (33) | (437) | 84 |
| **Items that may be reclassified subsequently to net result** |  |  |  |  |  |
| Net gain/(loss) on financial assets at fair value | (37) | (59) | 34 | 87 | 46 |
| Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets | (1 193) | 48 | 12 980 | .. | 3 507 |
| **Total other economic flows – other comprehensive income** | **(1 969)** | **3 326** | **35 943** | **5 328** | **3 923** |
| **Comprehensive result – total change in net worth** | **(5 612)** | **4 036** | **31 743** | **3 936** | **1 275** |
|  |  |  |  |  |  |
| **KEY FISCAL AGGREGATES** |  |  |  |  |  |
| **Net operating balance** | **(3 502)** | **588** | **(4 399)** | **(1 415)** | **(2 785)** |
| Less: Net acquisition of non‑financial assets from transactions | 3 707 | 2 976 | 1 583 | 2 692 | 4 224 |
| **Net lending/(borrowing)** | **(7 209)** | **(2 388)** | **(5 982)** | **(4 106)** | **(7 009)** |

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

|  | 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- | --- |
|  | Dec | Mar | Jun | Sep | Dec |
| **Assets** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and deposits | 13 119 | 13 573 | 10 974 | 22 544 | 21 468 |
| Advances paid | 4 931 | 4 695 | 4 929 | 5 025 | 5 227 |
| Receivables and contract assets | 6 721 | 9 470 | 8 406 | 8 041 | 7 717 |
| Investments, loans and placements | 5 108 | 3 374 | 3 370 | 3 472 | 3 619 |
| Investments accounted for using the equity method | 10 | 10 | 10 | 1 221 | 1 223 |
| Investments in other sector entities | 73 292 | 73 576 | 89 162 | 89 414 | 93 525 |
| **Total financial assets** | **103 181** | **104 697** | **116 851** | **129 716** | **132 779** |
| **Non‑financial assets** |  |  |  |  |  |
| Inventories | 879 | 1 154 | 1 262 | 1 130 | 1 118 |
| Non‑financial assets held for sale | 181 | 171 | 171 | 154 | 82 |
| Land, buildings, infrastructure, plant and equipment | 202 492 | 206 017 | 225 770 | 229 316 | 233 161 |
| Other non‑financial assets | 4 002 | 3 494 | 3 313 | 7 859 | 7 668 |
| **Total non‑financial assets** | **207 555** | **210 836** | **230 516** | **238 459** | **242 029** |
| **Total assets** | **310 736** | **315 533** | **347 367** | **368 175** | **374 809** |
| **Liabilities** |  |  |  |  |  |
| Deposits held and advances received | 2 036 | 1 916 | 1 831 | 1 762 | 1 727 |
| Payables | 15 791 | 16 192 | 17 551 | 27 048 | 26 006 |
| Contract liabilities | 375 | 323 | 342 | 358 | 407 |
| Borrowings | 110 693 | 114 353 | 117 420 | 125 758 | 132 754 |
| Employee benefits | 9 873 | 9 942 | 9 857 | 9 911 | 9 582 |
| Superannuation | 27 749 | 24 566 | 19 756 | 18 845 | 18 629 |
| Other provisions | 1 470 | 1 457 | 2 082 | 2 026 | 1 962 |
| **Total liabilities** | **167 987** | **168 749** | **168 839** | **185 707** | **191 066** |
| **Net assets** | **142 749** | **146 784** | **178 528** | **182 468** | **183 743** |
| Accumulated surplus/(deficit) | 48 331 | 52 271 | 52 824 | 52 290 | 49 863 |
| Reserves | 94 417 | 94 514 | 125 704 | 130 178 | 133 879 |
| **Net worth** | **142 749** | **146 784** | **178 528** | **182 468** | **183 743** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net financial worth | (64 806) | (64 052) | (51 988) | (55 991) | (58 287) |
| Net financial liabilities | 138 098 | 137 628 | 141 149 | 145 405 | 151 812 |
| Net debt | 89 571 | 94 627 | 99 978 | 96 479 | 104 167 |

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

|  | 2021‑22 |  |  | 2022‑23 |  |
| --- | --- | --- | --- | --- | --- |
|  | Dec | Mar | Jun | Sep | Dec |
| **Cash flows from operating activities** |  |  |  |  |  |
| **Receipts** |  |  |  |  |  |
| Taxes received | 6 771 | 7 614 | 8 970 | 7 962 | 7 213 |
| Grants | 12 937 | 10 653 | 10 373 | 9 307 | 10 417 |
| Sales of goods and services (a) | 1 230 | 1 412 | 1 930 | 2 097 | 1 235 |
| Interest received | 131 | 130 | 157 | 235 | 319 |
| Dividends, income tax equivalent and rate equivalent receipts | 288 | 72 | 96 | 88 | 140 |
| Other receipts | 634 | 396 | 393 | 8 171 | 1 163 |
| **Total receipts** | **21 992** | **20 276** | **21 919** | **27 859** | **20 487** |
| **Payments** |  |  |  |  |  |
| Payments for employees | (8 043) | (7 540) | (8 133) | (8 282) | (8 662) |
| Superannuation | (1 022) | (1 020) | (1 275) | (838) | (1 104) |
| Interest paid | (665) | (620) | (728) | (724) | (880) |
| Grants and subsidies | (6 654) | (4 957) | (4 729) | (4 190) | (4 445) |
| Goods and services (a) | (6 786) | (7 082) | (7 110) | (6 033) | (7 243) |
| Other payments | (282) | (182) | (320) | (240) | (200) |
| **Total payments** | **(23 451)** | **(21 401)** | **(22 294)** | **(20 307)** | **(22 534)** |
| **Net cash flows from operating activities** | **(1 459)** | **(1 124)** | **(376)** | **7 552** | **(2 047)** |
| **Cash flows from investing activities** |  |  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |  |  |
| Purchases of non‑financial assets | (3 728) | (3 304) | (5 095) | (3 500) | (4 781) |
| Sales of non‑financial assets | 45 | 58 | 128 | 73 | 128 |
| **Net cash flows from investments in non‑financial assets** | **(3 683)** | **(3 246)** | **(4 967)** | **(3 426)** | **(4 653)** |
| Net cash flows from investments in financial assets for policy purposes | (52) | (7) | 28 | (391) | (682) |
| **Sub‑total** | **(3 735)** | **(3 253)** | **(4 939)** | **(3 818)** | **(5 335)** |
| Net cash flows from investments in financial assets for liquidity management purposes | (2 117) | 1 891 | (33) | (71) | (100) |
| **Net cash flows from investing activities** | **(5 852)** | **(1 361)** | **(4 972)** | **(3 889)** | **(5 435)** |
| **Cash flows from financing activities** |  |  |  |  |  |
| Advances received (net) | (403) | (260) | 232 | (111) | (5) |
| Net borrowings | 4 975 | 3 060 | 2 834 | 7 968 | 6 441 |
| Deposits received (net) | 72 | 140 | (317) | 38 | (29) |
| **Net cash flows from financing activities** | **4 644** | **2 939** | **2 750** | **7 896** | **6 407** |
| **Net increase/(decrease) in cash and cash equivalents** | **(2 667)** | **454** | **(2 598)** | **11 559** | **(1 076)** |
| Cash and cash equivalents at beginning of the reporting period (b) | 15 786 | 13 119 | 13 573 | 10 985 | 22 544 |
| **Cash and cash equivalents at end of the reporting period** | **13 119** | **13 573** | **10 974** | **22 544** | **21 468** |
|  |  |  |  |  |  |
| **FISCAL AGGREGATES** |  |  |  |  |  |
| Net cash flows from operating activities | (1 459) | (1 124) | (376) | 7 552 | (2 047) |
| Net cash flows from investments in non‑financial assets | (3 683) | (3 246) | (4 967) | (3 426) | (4 653) |
| **Cash surplus/(deficit)** | **(5 142)** | **(4 371)** | **(5 343)** | **4 126** | **(6 700)** |

Notes:

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

(b) On 1 July 2022, the seven Waste and Resource Recovery Groups were abolished and transferred from the PNFC sector to be amalgamated into the Department of Environment, Land, Water and Planning (DELWP) to form a business unit within DELWP, Recycling Victoria. This has resulted in the 1 July 2022 opening balance not equalling the 30 June closing balance. DELWP has been renamed the Department of Energy, Environment and Climate Action (DEECA) following the Machinery of Government changes announced by the Premier on 5 December 2022 with effect from 1 January 2023. These changes will be reflected in future financial reports.

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.

| Financial Management Act reference | Requirement | Comments/reference |
| --- | --- | --- |
| Section 25(1) | The Minister must prepare a mid-year report for each financial year. | Refer to Chapter 2. |
| Section 25(2) | The mid-year report: |  |
|  | (a) must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks | 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 2. |
|  | (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: | Refer to Chapter 2, consolidated balance sheet. |
|  | (i) the transactions on the Public Account | Refer to Chapter 2, Note 8. |
|  | (ii) the transactions of the Victorian general government sector | Refer to Chapter 2, consolidated comprehensive operating statement, consolidated cash flow statement and related notes. |
|  | (iii) other financial transactions of the State in respect of the period of six months ending on that day. | Refer to Chapter 2, consolidated comprehensive operating statement, consolidated cash flow statement and related notes. |
| 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: |  |
|  | (a) a statement of financial performance of the Victorian general government sector for the quarter | Refer to Appendix A, consolidated comprehensive operating statement. |
|  | (b) a statement of the financial position of the Victorian general government sector at the end of the quarter | Refer to Appendix A, consolidated balance sheet. |
|  | (c) a statement of cash flows of the Victorian general government sector for the quarter | Refer to Appendix A, consolidated cash flow statement. |
|  | (d) a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based. | Refer to Chapter 2, Note 1. |
| 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 2, 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.

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