



Victorian Budget
2024/25

Mid-Year Financial Report

(incorporating Quarterly
Financial Report No. 2)

March 2025
Presented by
Jaclyn Symes MP
Treasurer of the
State of Victoria

ACKNOWLEDGEMENT OF COUNTRY

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

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



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

The Secretary
Department of Treasury and Finance
1 Treasury Place
Melbourne, Victoria, 3002
Australia
Tel: +61 3 9651 5111
Fax: +61 3 9651 2062
Website: dtf.vic.gov.au

Authorised by the Victorian Government
1 Treasury Place, Melbourne, 3002

© State of Victoria 2025
(Department of Treasury and Finance)



You are free to re-use this work under a Creative Commons Attribution 4.0 licence, provided you credit the State of Victoria (Department of Treasury and Finance) as author, indicate if changes were made and comply with the other licence terms. The licence does not apply to any branding, including Government logos.

Copyright queries may be directed to information@dtf.vic.gov.au

ISSN 2204-7166 (online)
Published March 2025

2024-25 Mid-Year Financial Report

(incorporating Quarterly Financial Report No. 2)



March 2025

Presented by

Jaclyn Symes MP

Treasurer of the State of Victoria

Published by order, or under the authority, of the Parliament of Victoria
March 2025

CONTENTS

Chapter 1 – Foreword	1
Purpose.....	1
Overview.....	1
Fiscal outcomes	2
Chapter 2 – Mid-year results for the general government sector	3
Financial performance.....	3
Financial position.....	5
Cash flow	6
Financial sustainability	7
Chapter 3 – Mid-year results for the broader public sector	9
Public non-financial corporations sector.....	10
Financial sustainability of the non-financial public sector	12
Public financial corporations sector	14
State of Victoria	17
Chapter 4 – Mid-year Financial Report	19
Consolidated comprehensive operating statement.....	19
Consolidated balance sheet	20
Consolidated cash flow statement.....	21
Consolidated statement of changes in equity.....	22
1. About this report.....	23
2. How funds are raised	25
3. How funds are spent	29
4. Major assets and investments	36
5. Financing state operations.....	39
6. Risks and contingencies	43
7. Public account	44
8. Other disclosures	47
Appendix A – General government sector quarterly financial report	57
Appendix B – <i>Financial Management Act 1994</i> compliance index	61
Style conventions	63

CHAPTER 1 – FOREWORD

PURPOSE

The *2024-25 Mid-Year Financial Report* presents the consolidated financial outcomes for the State of Victoria, including the general government sector, the public non-financial corporations sector and the public financial corporations sector, for the six months to 31 December 2024.

This chapter outlines the economic and fiscal context for the State's financial performance and position, and summarises the 2024-25 results, for the six months to 31 December 2024.

Chapter 2 analyses the results for the general government sector, comparing them with the half-year actual outcomes in 2023-24 and the revised budget estimates for the year as presented in the *2024-25 Budget Update*.

Chapter 3 presents the half-year 2024-25 results for the broader public sector and the State of Victoria.

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

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

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

OVERVIEW

The Victorian economy continues to grow, and the labour market is strong, despite ongoing challenges of high living costs and elevated interest rates. Economic output, as measured by real gross state product (GSP) increased by 1.5 per cent in 2023-24. Unemployment remains low by historical standards, and labour force participation remains near a record high, indicating continued labour market strength in the state.

Victoria's state final demand rose by 1.4 per cent over the year to September 2024. Public demand, business investment and dwelling investment all contributed to growth, as did household consumption, though real growth in consumer spending was subdued over the year amid elevated interest rates and ongoing consumer price pressures.

Over the year to December 2024, Victoria's employment increased by 132 200 persons, or 3.6 per cent. Workforce participation and the share of working-age Victorians in employment were both near record rates in December. Strong employment growth meant that, by the end of 2024, employment was 659 300 persons above its trough in September 2020.

Inflation has eased further over the past year from earlier high rates, as it has nationally. In year-ended terms, inflation reached a peak of 8.0 per cent in December 2022, and by December 2024 had eased to 2.5 per cent. However, the period of high inflation has increased prices of many essential goods and services, adversely affecting many Victorians, particularly those on low incomes.

In response to inflation pressures, the Reserve Bank of Australia (RBA) has maintained interest rates at elevated levels, restraining activity in some sectors of the economy. After holding interest rates steady for more than a year, in February 2025 the RBA eased interest rates modestly, although it indicated that monetary policy remains restrictive. Despite these challenges, the Victorian economy is expected to continue to grow, partly supported by the strong labour market and a rise in real household incomes that will aid growth in household consumption.

FISCAL OUTCOMES

The Government recorded a general government sector operating deficit of \$3.9 billion for the six months to 31 December 2024.

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

Government infrastructure investment (GII), which includes general government net infrastructure investment (net of asset sales) and estimated construction related cash outflows for Partnerships Victoria projects, was \$12.8 billion for the period to 31 December 2024, or 54 per cent of the revised full-year budget estimate. The net operating cash result for the half year was a deficit of \$1.9 billion compared with a revised budget forecast surplus of \$407 million for the full year. This primarily reflects the timing of receipts for land tax and the timing of payments, including the timing of enterprise bargaining agreement outcomes, and hence the 2024-25 likely full-year results cannot be extrapolated from this half year result.

Net debt for the general government sector was \$146.8 billion (22.9 per cent of estimated gross state product) at 31 December 2024 compared with a forecast of \$155.2 billion for the full year. The likely 30 June 2025 outcome cannot be extrapolated from this half-year result due to the timing of receipts and operating and capital payments throughout the year.

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

FINANCIAL PERFORMANCE

For the six months to 31 December 2024, the general government sector recorded a net result from transactions deficit of \$3.9 billion, which is a slight improvement compared with the same period last year.

The Mid-Year Financial Report projects no change to the full-year net result from transactions deficit estimate of \$3.6 billion as per the *2024-25 Budget Update*.

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

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

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

	General government sector			% ^(b)
	2023-24 actual to Dec	2024-25 actual to Dec	2024-25 revised estimate	
Revenue and income from transactions				
Taxation	15 632	16 879	39 152	43
Interest income	806	781	1 396	56
Dividends and income tax equivalent and rate equivalent income	344	680	1 127	60
Sales of goods and services	3 233	3 377	7 080	48
Grants	20 480	23 589	45 598	52
Other revenue and income	1 852	1 799	3 706	49
Total revenue and income from transactions	42 346	47 104	98 059	48
Expenses from transactions				
Employee expenses	17 687	19 212	37 526	51
Net superannuation interest expense	389	395	783	50
Other superannuation	2 004	2 293	4 084	56
Depreciation	2 407	2 701	5 512	49
Interest expense	2 635	3 259	6 582	50
Grant expense	7 600	8 520	17 728	48
Other operating expenses	13 806	14 645	29 438	50
Total expenses from transactions	46 529	51 024	101 653	50
Net result from transactions – Net operating balance	(4 182)	(3 921)	(3 595)	109
Total other economic flows included in net result	(158)	185	(248)	(74)
Net result	(4 341)	(3 736)	(3 843)	97
Total other economic flows – Other comprehensive income	(1 939)	1 548	(1 927)	(80)
Comprehensive result – Total change in net worth	(6 280)	(2 187)	(5 770)	38

Notes:

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

(b) The percentage represents the 2024-25 actual to December as a percentage of the estimate presented in the 2024-25 Budget Update.

Revenue and income

Total revenue for the six months ending 31 December 2024 was \$47.1 billion. This is 48 per cent of the revised full-year budget estimate and an increase of \$4.8 billion from the same period last year.

Taxation revenue was \$16.9 billion, or 43 per cent of the revised full-year estimate. Taxation revenue is affected by seasonal collection patterns that mean a higher share of revenue is recognised in the second half of the financial year. As can be seen in Table 2.1 above and Note 2.1 in Chapter 4 of this report, this is mainly attributable to land tax, for which only 4 per cent of the revised full-year estimate has been recognised in the year-to-date. In common with several property-related taxes, land tax assessments are issued on an annual cycle, and most land tax revenue is recognised in the March quarter.

Taxation revenue increased by \$1.2 billion compared with the same period last year. This was primarily due to an increase of \$485 million in land transfer duty, mainly driven by strength in residential sales volumes and a stabilisation in non-residential sales, and higher payroll taxes (including Mental Health and Wellbeing Levy and COVID Debt Levy – Payroll \$10m+) due to a strong labour market driven by continued high employment and robust wage growth.

Grants were \$23.6 billion, which is slightly higher than the pro rata revised budget estimate. This was primarily driven by the timing of the Goods and Services Tax (GST) no-worse-off guarantee payments received from the Commonwealth.

When compared with the same period last year grants revenue was \$3.1 billion. This was primarily driven by higher GST grants due to an increase in the national GST pool and greater no-worse-off guarantee payments received from the Commonwealth. Also driving the increase was higher grants from the Commonwealth relating to Energy Bill Relief Payments that the state passes on to eligible households and businesses, grants for non-government schools and an increase in Commonwealth funding relating to National Health Reform and the Pharmaceutical Benefit Scheme.

Interest income of \$781 million was 56 per cent of the revised full-year budget estimates and broadly consistent when compared with the same period last year.

Dividends, income tax equivalent and rate equivalent income for the half year was \$680 million, \$336 million higher compared with the same period last year. This was primarily driven by increased dividend income distribution from the Victorian Future Fund's and Victorian Social Housing Growth Fund's investments. This represents 60 per cent of the revised full-year budget estimate.

Revenue from the sale of goods and services for the half year was \$3.4 billion, or 48 per cent of the revised full-year budget estimate, and \$144 million higher when compared with the same period last year. This increase from the prior year was primarily due to the higher revenue from increased hospital patient fees and additional TAFE revenue resulting from increased activity.

Other revenue and income was \$1.8 billion or 49 per cent of the revised full-year budget estimate, and \$53 million lower when compared with the same period last year. This decrease was primarily driven by lower fines revenue as a result of industrial action partially offset by increased assets received free of charge relating to the progressive recognition of the contribution made by Cross Yarra Partnership consortium and adjustments for expected costs under the Metro Tunnel service concession arrangement.

Expenses

Total expenses were \$51 billion, or 50 per cent of the revised full-year budget estimate.

Employee expenses were slightly above the pro rata budget for the first half of the year at \$19.2 billion, or 51 per cent of the revised full-year budget estimate. This was primarily due to the timing of remuneration and associated costs in line with enterprise bargaining agreement outcomes and timing of allowance payments made to teaching staff. The increase of \$1.5 billion compared with the same period last year was mainly due to increased spending on service delivery in the health, education and justice sectors and annual salary growth in line with enterprise bargaining agreements.

Grant expense for the first half of the year was \$8.5 billion, 48 per cent of the revised full-year budget estimate. This was below the pro rata revised budget, primarily due to the timing of grants for various programs across the community sport, economic growth and jobs portfolios.

Compared with the same period last year, grant expense increased by \$920 million. This increase is primarily due to an increase in grants for housing and increased expenditure associated with Commonwealth grants for non-government schools.

Interest expense of \$3.3 billion was 50 per cent of the revised full-year budget estimate and \$624 million higher when compared with the same period last year. The nominal increase is primarily due to additional borrowings to fund the State's capital program and an increase in interest rates on new and refinanced borrowings.

Other operating expenses were \$14.6 billion, or 50 per cent of the revised full-year budget estimate. This is an increase of \$839 million compared with the same period last year, primarily due to the increased expenditure in health sector.

FINANCIAL POSITION

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

(\$ million)

	General government sector		
	Jun 2024	Dec 2024	Actual movement
Assets			
Financial assets	145 077	147 006	1 929
Non-financial assets	276 546	284 910	8 365
Total assets	421 623	431 917	10 294
Liabilities			
Superannuation	18 226	17 369	(857)
Borrowings	167 309	183 005	15 696
Other liabilities ^(b)	46 229	43 913	(2 316)
Total liabilities	231 764	244 286	12 523
Net assets	189 859	187 630	(2 229)

Notes:

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

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

Net assets

During the period to 31 December 2024, the net assets for the general government sector decreased by \$2.2 billion, primarily driven by the operating deficit of \$3.9 billion for the six months to 31 December 2024 as discussed above. This was partially offset by a remeasurement gain on the State's defined benefit superannuation liability, which was driven by investment returns on superannuation assets and an increase in the bond yield which underlies the superannuation valuation, and the revaluation of assets in the health and creative industries sectors.

Assets

Total assets for the general government sector increased by \$10.3 billion, mainly driven by the Government's pipeline of infrastructure investments and increased holdings of financial assets.

Liabilities

Total liabilities for the general government sector increased by \$12.5 billion to \$244.3 billion. This was largely due to an increase in borrowings, reflecting incremental borrowings primarily to fund the Government's infrastructure investment program.

CASH FLOW

Table 2.3 outlines the use of cash resources. It summarises cash generated through the operations of government departments and other general government sector agencies and how the cash has been invested in fixed assets. The net cash flows from operating activities for the half year was a deficit of \$1.9 billion compared with a revised budget forecast surplus of \$407 million for the full year. This includes the timing of receipts for land tax and the timing of payments, including the timing of enterprise bargaining agreement outcomes.

A detailed cash flow statement is provided in Chapter 4.

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

	2024-25 actual to Dec	2024-25 revised estimate
Net result from transactions – Net operating balance	(3 921)	(3 595)
Add back: Non-cash revenues and expenses (net) ^(a)	2 053	4 002
Net cash flows from operating activities	(1 867)	407
Less:		
Net investment in fixed assets		
Purchases of non-financial assets	8 843	16 391
Net cash flows from investments in financial assets for policy purposes	1 981	4 029
Sales of non-financial assets	(101)	(620)
Net investment in fixed assets	10 723	19 801
Leases and service concession arrangements	1 336	2 618
Other movements	(396)	(93)
Decrease/(increase) in net debt ^(b)	(13 530)	(21 919)

Notes:

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

(b) The 2024-25 movement in net debt differs from the reported increase of net debt on the consolidated balance sheet from 30 June 2024 to 31 December 2024 as a result of 1 July 2024 opening balance adjustments. Refer to the consolidated statement of changes in equity in Chapter 4 for further information.

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 \$12.8 billion for the period to 31 December 2024, or 54 per cent of the revised full-year budget estimate.

FINANCIAL SUSTAINABILITY

General government sector

General government sector net debt increased by \$13.5 billion to \$146.8 billion as at 31 December 2024. This primarily reflects an increase in borrowings of \$15.7 billion over the period to fund the State's capital program. The ratio of net debt to GSP increased from 22.0 to 22.9 per cent.

Overall, net financial liabilities increased during the period primarily due to the increase in net debt as explained above.

Over the period to 31 December 2024, the ratio of net financial liabilities to GSP increased from 30.5 to 30.7 per cent.

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

	Closing 30 Jun 2024	Closing 31 Dec 2024	Actual movement	% change
Assets				
Cash and deposits	14 306	14 847	541	4
Advances paid	6 421	6 335	(86)	(1)
Investment, loans and placements	14 866	16 491	1 625	11
Total	35 593	37 673	2 080	6
Liabilities				
Deposits held and advances received	1 525	1 435	(90)	(6)
Borrowings	167 309	183 005	15 696	9
Total	168 834	184 440	15 606	9
Net debt ^(a)	133 241	146 767	13 525	10
Superannuation liability	18 226	17 369	(857)	(5)
Net debt plus superannuation liabilities	151 467	164 136	12 668	8
Other liabilities (net) ^(b)	33 398	32 785	(612)	(2)
Net financial liabilities ^(c)	184 865	196 921	12 056	7
(per cent)				
Net debt to GSP ^(d)	22.0	22.9		
Net debt plus superannuation liability to GSP ^(d)	25.0	25.6		
Net financial liabilities to GSP ^(d)	30.5	30.7		

Notes:

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

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

(c) 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 2024 reflect the 2024-25 GSP forecast growth rate for the full year.

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

This chapter sets out the financial results for the six months to 31 December 2024 for the broader public sector, comprising:

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

PUBLIC NON-FINANCIAL CORPORATIONS SECTOR

Operating statement

The public non-financial corporations (PNFC) sector reported a net deficit from transactions of \$12 million for the six months ending 31 December 2024. Once gains reported as other economic flows are included, the PNFC sector's net result improves to a surplus of \$160 million for the six months ending 31 December 2024.

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

	2023-24 actual to Dec	2024-25 actual to Dec	2024-25 revised estimate	% ^(a)
Revenue and income from transactions				
Interest income	58	65	90	72
Dividend income	5	6	22	29
Sales of goods and services	3 824	3 980	8 039	50
Grants	1 138	1 314	2 619	50
Other revenue and income	397	403	724	56
Total revenue and income from transactions	5 423	5 768	11 493	50
Expenses from transactions				
Employee expenses	972	1 053	1 967	54
Net superannuation interest expense	..	..	4	..
Other superannuation	98	114	227	50
Depreciation	1 021	1 141	2 194	52
Interest expense	477	512	1 055	49
Grant expense	291	257	415	62
Other operating expenses	2 418	2 579	5 298	49
Other property expenses	146	123	202	61
Total expenses from transactions	5 424	5 780	11 362	51
Net result from transactions – Net operating balance	(1)	(12)	131	(9)
Total other economic flows included in net result ^(b)	(24)	172	(4 730)	(4)
Net result	(25)	160	(4 599)	(3)

Notes:

(a) The percentage represents the 2024-25 actual to December as a percentage of the estimate presented in the 2024-25 Budget Update.

(b) The total other economic flows include 50 per cent of the annual technical derecognition of the assets acquired by VicTrack which only occurs once assets are completed.

Revenue

Total revenue for the six months ending 31 December 2024 was \$5.8 billion. This is a \$345 million (6 per cent) increase from the same period last year.

The increase, as compared with the same period last year, was largely driven by increased revenue across the water sector as well as the timing of the sale of property by Development Victoria.

Expenses

Total expenses from transactions for the PNFC sector was \$5.8 billion. This is a \$356 million increase from the same period last year partially due to the commencement of new employee enterprise agreements at V/Line, increased staffing levels at Homes Victoria, as well as higher depreciation reported within the water sector and Homes Victoria.

Net result from transactions

The PNFC sector's net result from transactions for the six months ending 31 December 2024 was a deficit of \$12 million, a \$11 million decline from the same period last year predominantly driven by increases in depreciation and employee expenses.

Net result and other economic flows

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

The surplus from total other economic flows included in the net result was \$172 million largely reflecting the movement in deferred tax reported by VicTrack.

Overall, this resulted in the PNFC sector reporting a net result surplus of \$160 million for the six months ending 31 December 2024.

Financial position

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

	Jun 2024	Dec 2024	Actual movement
Assets			
Financial assets ^(a)	5 017	6 054	1 036
Non-financial assets ^(b)	127 576	130 590	3 014
Total assets	132 594	136 643	4 050
Liabilities			
Borrowings	23 321	25 040	1 719
Other provisions	12 066	12 184	118
Other liabilities ^(c)	14 162	14 207	44
Total liabilities	49 549	51 430	1 881
Net assets	83 045	85 213	2 168

Notes:

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

Table 3.2. shows that PNFC sector net assets increased by \$2.2 billion to \$85.2 billion as at 31 December 2024.

The increase in total assets of \$4 billion was primarily driven by increased cash holdings of \$633 million, capital expenditure by the water corporations, as well as the addition of service concession assets for the North East Link State

Tolling Corporation and the Big Housing Build for Homes Victoria, increasing non-financial assets by \$3.0 billion. Liabilities increased by \$1.9 billion primarily due to an increase in borrowings of \$1.7 billion primarily by the water corporations of \$1.1 billion and by the North East Link State Tolling Corporation of \$618 million to fund the construction of the North East Link project.

FINANCIAL SUSTAINABILITY OF THE NON-FINANCIAL PUBLIC SECTOR

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

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

	Closing 30 Jun 2024	Closing 31 Dec 2024	Actual movement	% change
Assets				
Cash and deposits	16 561	17 735	1 174	7
Advances paid	521	417	(104)	(20)
Investment, loans and placements	15 719	17 392	1 672	11
Total	32 801	35 543	2 742	8
Liabilities				
Deposits held and advances received	1 779	1 775	(4)	..
Borrowings	186 334	203 817	17 484	9
Total	188 113	205 593	17 480	9
Net debt ^(a)	155 312	170 050	14 738	9
Superannuation liability	18 226	17 369	(857)	(5)
Net debt plus superannuation liabilities	173 538	187 419	13 881	8
Other liabilities (net) ^(b)	43 003	41 978	(1 025)	(2)
Net financial liabilities ^(c)	216 540	229 396	12 856	6
(per cent)				
Net debt to GSP ^(d)	25.6	26.5		
Net debt plus superannuation liability to GSP ^(d)	28.6	29.3		
Net financial liabilities to GSP ^(d)	35.7	35.8		

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, payables, provisions, contract liabilities, unearned income and grant of a right to the operator liability, less receivables and investments accounted for using the equity method.

(c) Net financial liabilities are total liabilities less financial assets (excluding investments in other sector entities).

(d) Ratios to GSP may vary from publications year-to-year due to revisions to the Australian Bureau of Statistics GSP data. The ratios as at 31 December 2024 reflect the 2024-25 GSP forecast growth rate for the full year.

For the six months to 31 December 2024, the increase in NFPS net debt was \$14.7 billion primarily due to higher borrowings largely to fund the Government's infrastructure program. This resulted in an increase in net debt to GSP from 25.6 per cent to 26.5 per cent.

Infrastructure investment

Net cash flows from investments in non-financial assets includes \$8.7 billion invested by the general government sector and \$2.9 billion in the PNFC sector.

Infrastructure investment in the PNFC sector included:

- the upgrade and renewal of water and sewer assets by the Melbourne metropolitan water corporations. This included the:
 - Melbourne Water Corporation’s Primary Treatment and Waste Activated Sludge Capacity Augmentation at the Western Treatment Plant and 5 West Nutrient Removal Plant at the Western Treatment Plant to help protect Port Phillip Bay’s biodiversity
 - Yarra Valley Water’s Waste to Energy Project 2 and Rankin Street Branch Sewer Project
 - South East Water’s digital meter rollout and Mt Martha Water Recycling Plant Augmentation
 - Greater Western Water’s Redstone Hill Sewer Pump Station and Bald Hill Tank Construction.
- the upgrade and renewal of water and sewer assets in regional Victoria.
- Homes Victoria’s Big Housing Build and Regional Housing Fund which is investing \$6.3 billion to deliver more than 13 300 social and affordable homes across Victoria.
- transport infrastructure primarily related to the North East Link State Tolling Corporation’s investment in the North East Link – Primary Package (Tunnels).

PUBLIC FINANCIAL CORPORATIONS SECTOR

Operating statement

The public financial corporations (PFC) sector reported a net deficit from transactions of \$84 million for the six months ending 31 December 2024. Once other economic flows, which primarily relate to capital gains or losses on the investments held by the State's insurance agencies and revaluations, are included the PFC sector's net result was a deficit of \$114 million for the six months ending 31 December 2024.

Table 3.4: 2024-25 summary operating statement – PFC sector (\$ million)

	2023-24 actual to Dec	2024-25 actual to Dec	2024-25 revised estimate	% ^(a)
Revenue and income from transactions				
Interest income	2 481	3 292	6 890	48
Dividend income	1 573	2 352	2 670	88
Sales of goods and services	3 890	4 199	8 596	49
Grants	..	..	7	..
Other revenue and income	13	17	28	62
Total revenue and income from transactions	7 957	9 861	18 191	54
Expenses from transactions				
Employee expenses	272	288	556	52
Other superannuation	27	31	57	54
Depreciation	44	44	84	53
Interest expense	2 362	3 234	6 503	50
Grant expense	72	83	650	13
Other operating expenses	5 841	5 771	12 274	47
Other property expenses	87	494	5	n.a.
Total expenses from transactions	8 706	9 944	20 129	49
Net result from transactions – Net operating balance	(749)	(84)	(1 939)	4
Total other economic flows included in net result	(2 265)	(31)	(1 602)	2
Net result	(3 014)	(114)	(3 540)	3

Note:

(a) The percentage represents the 2024-25 actual to December as a percentage of estimate presented in the 2024-25 Budget Update.

Revenue

Total revenue from transactions for the PFC sector was \$9.9 billion in the six months to 31 December 2024 which was \$1.9 billion, or 24 per cent, higher than the six months to 31 December 2023.

Compared with the six months to 31 December 2023, the increase in revenue from transactions is primarily attributable to higher interest income for the TCV and an increase in dividend income from investment market returns from the State's insurance agencies.

Expenses

Total expenses from transactions for the PFC sector were \$9.9 billion in the six months to 31 December 2024, which was \$1.2 billion or 14 per cent higher than the six months to 31 December 2023. This increase was largely due to higher interest expense for the TCV.

Net result from transactions

Overall, the increase in revenue was higher than the increase in expenses such that the PFC sector's net result from transactions improved from a deficit of \$749 million in the six months to 31 December 2023 to a deficit of \$84 million in the six months to 31 December 2024.

Net result and other economic flows

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

In the six months to 31 December 2024, other economic flows for the PFC sector were negative \$31 million, an improvement compared with the \$2.3 billion loss for the same period last year. This improvement was largely driven by favourable movements in the valuation of financial liabilities, unrealised gains on financial assets held by PFC sector entities and favourable movements in provisions held by the State's insurance agencies. It should be noted that other economic flows for the PFC sector can vary significantly between reporting periods as a result of the requirement to value the TCV borrowings and the insurance claims liabilities using the long-term bond yields at respective balance dates.

Overall, this resulted in the PFC sector reporting a net deficit of \$114 million in the six months to 31 December 2024, which was lower than the \$3 billion deficit in the six months to 31 December 2023.

Financial position

Table 3.5: 2024-25 summary balance sheet – PFC sector

(\$ million)

	Jun 2024	Dec 2024	Actual movement
Assets			
Financial assets ^(a)	224 553	242 918	18 365
Non-financial assets ^(b)	3 610	3 189	(421)
Total assets	228 164	246 108	17 944
Liabilities			
Borrowings	160 729	173 923	13 194
Other provisions	50 362	51 976	1 613
Other liabilities ^(c)	3 390	6 639	3 250
Total liabilities	214 481	232 538	18 057
Net assets	13 683	13 569	(113)

Notes:

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

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

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

Table 3.5 shows that PFC sector net assets decreased to \$13.6 billion at 31 December 2024, a \$113 million decrease compared with 30 June 2024.

The decrease in net assets since 30 June 2024 is primarily due to an increase in the TCV borrowings and increases in the liabilities of the State's insurance agencies, which is offset in part by an increase in TCV loans receivable from the NFPS and an increase in the investments held by the State's insurance agencies.

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

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

This difference, which is estimated to be around \$12.5 billion at 30 June 2024, is eliminated when the TCV's loans to government clients are consolidated in the whole of state accounts. This difference is not apparent in the TCV's own accounts as both assets and liabilities are reported at market value.

It is important to note the sensitivity of the PFC sector's net asset position to changes in Commonwealth Government bond yields which, in accordance with Australian accounting standards, underlie the discount rates used to value the insurance agencies' outstanding claims liabilities. In isolation, an increase in the relevant bond yields between 30 June 2024 and 31 December 2024 reduced the value of insurance agencies' claims liabilities. Changes in claims assumptions also reduced the TAC's and WorkSafe's insurance claims liabilities. However, overall, insurance claims liabilities increased due to the ongoing accruing of claims and the impact of inflation assumptions.

STATE OF VICTORIA

Operating statement

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

	State of Victoria			% ^(b)
	2023-24 actual to Dec	2024-25 actual to Dec	2024-25 revised estimate	
Revenue and income from transactions				
Taxation	15 373	16 586	38 576	43
Interest income	992	1 052	2 053	51
Dividends and income tax equivalent and rate equivalent income	1 692	2 861	3 355	85
Sales of goods and services	9 936	10 344	21 476	48
Grants	20 431	23 526	44 994	52
Other revenue and income	2 262	2 219	4 458	50
Total revenue and income from transactions	50 687	56 589	114 912	49
Expenses from transactions				
Employee expenses	18 394	19 951	39 047	51
Net superannuation interest expense	389	395	788	50
Other superannuation	2 129	2 438	4 368	56
Depreciation	4 014	4 467	8 971	50
Interest expense	3 121	3 968	7 924	50
Grant expense	6 692	7 394	15 403	48
Other operating expenses	21 414	22 122	45 353	49
Total expenses from transactions	56 153	60 734	121 855	50
Net result from transactions – Net operating balance	(5 466)	(4 145)	(6 943)	60
Total other economic flows included in net result	(2 744)	132	(1 907)	(7)
Net result	(8 209)	(4 013)	(8 850)	45
Total other economic flows – Other comprehensive income	268	2 136	6 488	33
Comprehensive result – Total change in net worth	(7 941)	(1 876)	(2 362)	79

Notes:

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

(b) The percentage represents the 2024-25 actual to December as a percentage of the estimate presented in the 2024-25 Budget Update.

Table 3.6 shows the State recorded a net deficit from transactions of \$4.1 billion for the six months to 31 December 2024 compared with a deficit of \$5.5 billion for the same period last year. This improvement was largely driven by the general government sector, as discussed in the previous chapter, and the PFC sector, as discussed earlier in this chapter.

Revenue

Total revenue for the State for the six months ending 31 December 2024 was \$56.6 billion. This is \$5.9 billion higher than the same period last year. The general government sector contributed 83 per cent of this result, with the balance coming from the PNFC and PFC sectors as discussed earlier in this chapter.

Expenses

Total expenses for the State increased by \$4.6 billion to \$60.7 billion compared with the same period last year. Of this, 84 per cent was driven by the general government sector.

Other economic flows for the State included in the net result was a gain of \$132 million for the six months to 31 December 2024. This compares with a deficit of \$2.7 billion for the same period in the prior year. This improved result is due to the gain from other economic flows for the PFC sector for the six months to December 2024 compared with a loss for same period last year.

Financial position

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

(\$ million)

	State of Victoria		
	Jun 2024	Dec 2024	Actual movement
Assets			
Financial assets	116 519	120 115	3 596
Non-financial assets	446 177	456 464	10 287
Total assets	562 697	576 580	13 883
Liabilities			
Superannuation	18 226	17 369	(857)
Borrowings	193 712	208 304	14 592
Other liabilities ^(b)	110 854	112 875	2 021
Total liabilities	322 792	338 548	15 756
Net assets	239 904	238 031	(1 873)

Notes:

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

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

State of Victoria

During the six months to 31 December 2024, net assets for the State of Victoria decreased by \$1.9 billion. The total assets of the State increased by \$13.9 billion, mainly driven by the Government's pipeline of infrastructure investments and increased holdings of financial assets.

Total liabilities for the State increased by \$15.8 billion to \$338.5 billion. This was largely due to an increase in borrowings, reflecting incremental borrowings by the Treasury Corporation of Victoria primarily to fund the Government's infrastructure investment program.

CHAPTER 4 – MID-YEAR FINANCIAL REPORT

CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the six months ended 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		2024	2023	2024	2023
Revenue and income from transactions					
Taxation	2.1	16 586	15 373	16 879	15 632
Interest income		1 052	992	781	806
Dividends, income tax equivalent and rate equivalent income	2.2	2 861	1 692	680	344
Sales of goods and services	2.3	10 344	9 936	3 377	3 233
Grants	2.4	23 526	20 431	23 589	20 480
Other revenue and income	2.5	2 219	2 262	1 799	1 852
Total revenue and income from transactions		56 589	50 687	47 104	42 346
Expenses from transactions					
Employee expenses		19 951	18 394	19 212	17 687
Net superannuation interest expense	3.2	395	389	395	389
Other superannuation	3.2	2 438	2 129	2 293	2 004
Depreciation	4.2	4 467	4 014	2 701	2 407
Interest expense	5.4	3 968	3 121	3 259	2 635
Grant expense	3.4	7 394	6 692	8 520	7 600
Other operating expenses	3.5	22 122	21 414	14 645	13 806
Total expenses from transactions	3.7, 3.8	60 734	56 153	51 024	46 529
Net result from transactions – Net operating balance		(4 145)	(5 466)	(3 921)	(4 182)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		48	11	25	33
Net gain/(loss) on financial assets or liabilities at fair value		(155)	(2 120)	367	120
Share of net profit/(loss) from associates/joint venture entities		(18)	(13)	(18)	(13)
Other gains/(losses) from other economic flows	8.2	258	(621)	(189)	(299)
Total other economic flows included in net result		132	(2 744)	185	(158)
Net result		(4 013)	(8 209)	(3 736)	(4 341)
Other economic flows – Other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus		868	437	778	339
Remeasurement of superannuation defined benefits plans	3.2	1 212	(35)	1 203	(43)
Other movements in equity		66	(121)	94	75
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value		(9)	(12)	(3)	(5)
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		..	..	(524)	(2 305)
Total other economic flows – Other comprehensive income		2 136	268	1 548	(1 939)
Comprehensive result – Total change in net worth		(1 876)	(7 941)	(2 187)	(6 280)
KEY FISCAL AGGREGATES					
Net operating balance		(4 145)	(5 466)	(3 921)	(4 182)
Less: Net acquisition of non-financial assets from transactions	8.1	9 706	9 141	7 755	8 010
Net lending/(borrowing)		(13 851)	(14 606)	(11 675)	(12 193)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		Dec 2024	Jun 2024	Dec 2024	Jun 2024
Assets					
Financial assets					
Cash and deposits	5.2	21 347	19 595	14 847	14 306
Advances paid	5.3	417	521	6 335	6 421
Receivables and contract assets	2.6	13 492	14 129	8 556	10 163
Investments, loans and placements	5.3	83 535	81 054	16 491	14 866
Investments accounted for using the equity method		1 325	1 220	1 136	1 143
Investments in other sector entities		..	..	99 641	98 178
Total financial assets		120 115	116 519	147 006	145 077
Non-financial assets					
Inventories		1 656	1 748	322	402
Non-financial assets held for sale		257	245	243	232
Land, buildings, infrastructure, plant and equipment	4.1	446 539	436 678	277 316	269 690
Other non-financial assets	4.3	8 012	7 505	7 030	6 222
Total non-financial assets		456 464	446 177	284 910	276 546
Total assets	3.9	576 580	562 697	431 917	421 623
Liabilities					
Deposits held and advances received		1 996	1 938	1 435	1 525
Payables	3.6	7 982	10 491	5 350	7 741
Borrowings	5.1	208 304	193 712	183 005	167 309
Employee benefits	3.1	12 022	11 857	11 312	11 120
Superannuation	3.3	17 369	18 226	17 369	18 226
Other provisions	3.7	55 411	53 960	3 265	3 431
Other liabilities	2.7	35 463	32 609	22 550	22 411
Total liabilities		338 548	322 792	244 286	231 764
Net assets		238 031	239 904	187 630	189 859
Equity					
Accumulated surplus/(deficit)		73 741	76 281	40 902	43 405
Reserves		164 290	163 624	146 728	146 454
Net worth		238 031	239 904	187 630	189 859
FISCAL AGGREGATES					
Net financial worth		(218 433)	(206 273)	(97 280)	(86 686)
Net financial liabilities		218 433	206 273	196 921	184 865
Net debt		105 002	94 480	146 767	133 241

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December

(\$ million)

	Notes	State of Victoria		General government sector	
		2024	2023	2024	2023
Cash flows from operating activities					
Receipts					
Taxes received		18 431	16 750	18 724	17 009
Grants		23 435	20 377	23 462	20 425
Sales of goods and services ^(a)		12 512	11 911	3 396	3 258
Interest received		792	871	731	793
Dividends, income tax equivalent and rate equivalent receipts		2 873	1 711	663	806
Other receipts		1 750	1 201	1 362	1 086
Total receipts		59 793	52 822	48 338	43 376
Payments					
Payments for employees		(19 750)	(18 108)	(18 989)	(17 412)
Superannuation		(2 478)	(2 020)	(2 342)	(1 904)
Interest paid		(3 232)	(2 680)	(3 062)	(2 440)
Grants and subsidies		(8 319)	(6 878)	(9 454)	(7 850)
Goods and services ^(a)		(21 455)	(20 125)	(15 370)	(14 436)
Other payments		(991)	(584)	(988)	(585)
Total payments		(56 225)	(50 395)	(50 205)	(44 625)
Net cash flows from operating activities		3 568	2 427	(1 867)	(1 249)
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	3.8, 3.9	(11 676)	(11 454)	(8 843)	(9 097)
Sales of non-financial assets		155	196	101	114
Net cash flows from investments in non-financial assets		(11 522)	(11 258)	(8 742)	(8 983)
Net cash flows from investments in financial assets for policy purposes		(135)	55	(1 981)	(1 003)
Sub-total		(11 657)	(11 203)	(10 723)	(9 986)
Net cash flows from investments in financial assets for liquidity management purposes		325	(11 816)	(1 131)	(9 609)
Net cash flows from investing activities		(11 332)	(23 019)	(11 854)	(19 594)
Cash flows from financing activities					
Advances received (net)		(21)	125	(8)	142
Net borrowings		9 457	13 535	14 348	13 824
Deposits received (net)		80	139	(82)	93
Net cash flows from financing activities		9 516	13 800	14 257	14 059
Net increase/(decrease) in cash and cash equivalents		1 752	(6 792)	536	(6 785)
Cash and cash equivalents at beginning of reporting period ^(b)		19 595	25 678	14 310	19 698
Cash and cash equivalents at end of the reporting period	5.2	21 347	18 886	14 847	12 913
FISCAL AGGREGATES					
Net cash flows from operating activities		3 568	2 427	(1 867)	(1 249)
Net cash flows from investments in non-financial assets		(11 522)	(11 258)	(8 742)	(8 983)
Cash surplus/(deficit)		(7 954)	(8 831)	(10 609)	(10 232)

The accompanying notes form part of these financial statements.

Notes:

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December

(\$ million)

<i>State of Victoria</i>	<i>Accumulated surplus/(deficit)</i>	<i>Non-financial assets revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
2024					
Balance at 1 July 2024	76 281	161 192	..	2 432	239 904
Opening balance adjustment ^{(a)/(b)}	215	(211)	..	..	3
Restated balance at 1 July 2024	76 495	160 980	..	2 432	239 908
Net result for the year	(4 013)	..	..	..	(4 013)
Other comprehensive income for the year	1 259	868	..	9	2 136
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 31 December 2024	73 741	161 849	..	2 441	238 031
2023					
Balance at 1 July 2023	80 106	151 951	..	2 139	234 196
Net result for the year	(8 209)	..	..	..	(8 209)
Other comprehensive income for the year	(220)	437	..	51	268
Transfer to/(from) accumulated surplus	375	(375)	..	..	..
Total equity as at 31 December 2023	72 051	152 013	..	2 191	226 255

General government sector

2024					
Balance at 1 July 2024	43 405	98 544	46 381	1 528	189 859
Opening balance adjustment ^{(a)/(b)}	(51)	..	10	..	(41)
Restated balance at 1 July 2024	43 354	98 544	46 391	1 528	189 818
Net result for the year	(3 736)	..	..	..	(3 736)
Other comprehensive income for the year	1 284	778	(524)	10	1 548
Transfer to/(from) accumulated surplus	..	..	..	..	..
Total equity as at 31 December 2024	40 902	99 323	45 867	1 538	187 630
2023					
Balance at 1 July 2023	45 889	91 269	48 245	1 380	186 783
Net result for the year	(4 341)	..	..	..	(4 341)
Other comprehensive income for the year	(28)	339	(2 305)	55	(1 939)
Transfer to/(from) accumulated surplus	375	(375)	..	..	..
Total equity as at 31 December 2023	41 894	91 234	45 941	1 435	180 504

The accompanying notes form part of these financial statements.

Notes:

- (a) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024 and the residual financial assets were transferred to the Department of Energy, Environment and Climate Action. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.
- (b) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

1. ABOUT THIS REPORT

Basis of preparation

This 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 2024.

The detailed accounting policies applied in preparing the interim financial report are consistent with those applied for the financial statements published in the *2023-24 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 *2023-24 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 *2024-25 Mid-Year Financial Report* was authorised for issue by the Treasurer on 5 March 2025.

Basis of accounting and measurement

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

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

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

Reporting entity

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

General government

The Victorian general government sector includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production.

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

Public non-financial corporations

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

Public financial corporations

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

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

Non-financial public sector

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

Note 8.1 disaggregates information about these sectors.

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

Basis of consolidation

The consolidated financial statements of the State incorporate the assets and liabilities of all reporting entities it controlled as at 31 December 2024 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 8.3.

Rounding

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

2. HOW FUNDS ARE RAISED

Introduction

This section presents the sources and amounts of revenue and income 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*.

2.1 Taxation

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
TAXES ON EMPLOYERS' PAYROLL AND LABOUR FORCE				
Payroll Tax	4 759	4 426	4 821	4 481
COVID Debt Levy – Payroll \$10m+	520	429	526	433
Mental Health and Wellbeing Levy	520	464	526	474
Total taxes on employers' payroll and labour force	5 799	5 319	5 873	5 388
TAXES ON IMMOVABLE PROPERTY				
Land tax	217	263	243	285
COVID Debt Levy – Landholdings ^(a)	(7)	..	(7)	..
Fire Services Property Levy	946	833	946	833
Congestion levy ^(b)	3	(2)	3	(2)
Metropolitan improvement levy	90	122	90	122
Windfall gains tax	33	10	33	10
Total taxes on property	1 282	1 227	1 307	1 249
TAXES ON THE PROVISION OF GOODS AND SERVICES				
Gambling taxes^(c)				
Public lotteries	300	326	300	326
Electronic gaming machines	725	692	725	692
Casino	105	86	105	86
Racing and other sports betting	196	139	196	139
Other	9	9	9	9
Financial and capital transactions				
Land transfer duty	4 737	4 251	4 737	4 251
Metropolitan planning levy	13	11	13	11
Financial accommodation levy	..	..	96	84
Growth areas infrastructure contribution	86	125	86	125
Levies on statutory corporations	..	..	97	83
Taxes on insurance	1 172	1 089	1 172	1 089
Total taxes on the provision of goods and services	7 343	6 728	7 536	6 895
TAXES ON THE USE OF GOODS AND PERFORMANCE OF ACTIVITIES				
Motor vehicle taxes				
Vehicle registration fees	1 104	1 040	1 105	1 042
Duty on vehicle registrations and transfers	661	704	661	704
Liquor licence fees	23	..	23	..
Other	374	354	374	354
Total taxes on the use of goods and performance of activities	2 162	2 098	2 163	2 099
Total taxation	16 586	15 373	16 879	15 632

Notes:

- (a) Negative revenue from the COVID Debt Levy – Landholdings was mainly caused by the withdrawal or downward revision of assessments originally issued and accrued in 2023-24. Assessments may be withdrawn or amended for several reasons, including valuation objections and identification of taxpayer exemptions.
- (b) Negative revenue from the Congestion Levy was mainly caused by the withdrawal or amendment of assessments originally issued and accrued in 2023-24. Assessments may be withdrawn or amended for several reasons, including identification of taxpayer concessions or exemptions.
- (c) The Public lotteries, electronic gaming machines, casino, racing and other sports betting and other taxes include gambling licence revenue in the six months to 31 December 2024 of \$86 million (31 December 2023: \$95 million), recognised under AASB 15 Revenue from Contracts with Customers. The balance of these items is recognised under AASB 1058 Income of Not-for-Profit Entities.

2.2 Dividends, income tax equivalent and rate equivalent income

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Dividends from PFC sector	..	..	..	..
Dividends from PNFC sector	..	..	66	85
Dividends from non-public sector	2 861	1 692	502	114
Dividends	2 861	1 692	568	200
Income tax equivalent income from PFC sector	..	..	10	22
Income tax equivalent income from PNFC sector	..	..	102	123
Income tax equivalent income	..	..	112	144
Local government rate equivalent income	..	..	..	..
Total dividends, income tax equivalent and rate equivalent income	2 861	1 692	680	344

Dividends by entity

(\$ million)

	General government sector	
	2024	2023
Public financial corporations		
Victorian Managed Insurance Authority	..	..
Treasury Corporation of Victoria	..	..
State Trustees Ltd	..	..
Victorian Funds Management Corporation	..	..
Dividends from PFC sector	..	..
Public non-financial corporations		
Greater Western Water	10	..
Melbourne Water Corporation	..	11
South East Water Corporation	11	22
Yarra Valley Water Corporation	45	25
Development Victoria	..	27
Dividends from PNFC sector	66	85

2.3 Sales of goods and services

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Amounts recognised as revenue from contracts with customers (AASB 15)				
Sale of goods	267	334	50	45
Provision of services	9 187	8 580	2 744	2 505
Amounts recognised as income of not-for-profit entities (AASB 1058)				
Motor vehicle regulatory fees	138	164	138	164
Other regulatory fees	402	461	386	445
Refunds and reimbursements	167	200	1	1
Amounts recognised as lease income (AASB 16)				
Rental	184	197	57	72
Total sales of goods and services	10 344	9 936	3 377	3 233

2.4 Grants ^(a)

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
General purpose grants	12 613	10 820	12 613	10 820
Specific purpose grants for on-passing	2 741	2 532	2 741	2 532
Specific purpose grants	8 028	7 009	8 024	6 996
Total	23 382	20 361	23 379	20 348
Other contributions and grants	144	70	210	132
Total grants	23 526	20 431	23 589	20 480

Note:

(a) Grants predominantly relate to grants from the Commonwealth Government, which are recognised under AASB 1058 Income of Not-for-Profit Entities. The State has not recognised any material grant revenue under AASB 15 in the current or previous year.

2.5 Other revenue and income

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Amounts recognised as revenue from contracts with customers (AASB 15)				
Royalties	88	75	79	67
Other revenue – Health	173	144	173	144
Other miscellaneous revenue	596	548	505	452
Amounts recognised as income of not-for-profit entities (AASB 1058)				
Fair value of assets received free of charge or for nominal consideration ^(a)	616	424	383	214
Fines	93	375	91	372
Donations and gifts ^(b)	175	218	118	157
Other income – Education	175	173	175	173
Amounts recognised as lease income (AASB 16)				
Other non-property rental	46	47	18	15
Revenue items accounted for under AASB 1059				
Revenue related to economic service concession arrangements	259	258	258	258
Total other revenue and income	2 219	2 262	1 799	1 852

Notes:

(a) The fair value of assets and services received free of charge or for nominal consideration in 2024-25 figure include \$381 million (2023-24: \$212 million) relating to the progressive recognition of the contribution made by Cross Yarra Partnership consortium and adjustments for expected costs under the Metro Tunnel service concession arrangement.

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

2.6 Receivables and contract assets

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Contractual				
Sales of goods and services	2 020	1 467	1 017	681
Accrued investment income	188	178	143	81
Other receivables	4 323	3 415	2 288	2 373
Allowance for impairment of contractual receivables	(446)	(362)	(165)	(158)
Statutory				
Sales of goods and services	14	13	..	1
Taxes receivables	4 749	6 414	4 775	6 477
Fines and regulatory fees	2 254	2 602	2 253	2 601
GST input tax credits recoverable	1 548	1 524	556	530
Other receivables	1	..	..	..
Allowance for impairment of statutory receivables	(2 313)	(2 424)	(2 313)	(2 424)
Other				
Actuarially determined	893	1 096	..	..
Contract assets	261	206	..	..
Total receivables and contract assets	13 492	14 129	8 556	10 163
Represented by:				
Current receivables and contract assets	11 116	11 875	7 723	9 391
Non-current receivables and contract assets	2 375	2 254	833	771

2.7 Other liabilities

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Contract liabilities	765	724	497	477
Grant of a right to the operator liability	20 213	20 175	20 095	20 089
Unearned income	14 485	11 710	1 958	1 846
Total other liabilities	35 463	32 609	22 550	22 411
Represented by:				
Current other liabilities	5 785	3 244	1 683	1 680
Non-current other liabilities	29 678	29 365	20 868	20 732

3. HOW FUNDS ARE SPENT

Introduction

This section accounts for the major components of expenditure incurred by the State towards the delivery of services and on capital or infrastructure projects during the year, as well as any related obligations outstanding as at 31 December 2024.

3.1 Employee expenses and provision for outstanding employee benefits

Employee expenses (Operating statement)

Employee expenses in the operating statement are a major component of operating costs and include all costs related to employment, including wages and salaries, fringe benefits tax, leave entitlements and redundancy payments. More than 93 per cent of employee expenses in the operating statement are wages and salaries. Employee expenses are recognised in the period in which the employee provides the services.

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 2024.

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

(\$ million)

	State of Victoria		General government sector	
	Dec 2024	Jun 2024	Dec 2024	Jun 2024
Current				
Accrued salaries and wages	817	862	799	820
Other employee benefits	154	170	131	137
Annual leave	3 276	3 289	3 036	3 041
Long service leave	6 532	6 339	6 214	6 027
Total current employee benefits and on-costs	10 779	10 660	10 180	10 025
Non-current				
Accrued salaries and wages	13	13	..	..
Long service leave	1 230	1 183	1 132	1 095
Total non-current employee benefits and on-costs	1 244	1 197	1 132	1 095
Total employee benefits and on-costs	12 022	11 857	11 312	11 120

3.2 Superannuation (Operating statement)

(\$ million)

	State of Victoria	
	2024	2023
Defined benefit plans		
Net superannuation interest expense	395	389
Current service cost	517	484
Remeasurements:		
Expected return on superannuation assets excluding interest income	(323)	(363)
Other actuarial (gain)/loss on superannuation assets	(578)	(36)
Actuarial and other adjustments to unfunded superannuation liability	(311)	434
Total expense recognised in respect of defined benefit plans	(300)	908
Defined contribution plans		
Employer contributions to defined contribution plans	1 869	1 605
Other (including pensions)	51	40
Total expense recognised in respect of defined contribution plans	1 921	1 644
Total superannuation (gain)/expense recognised in operating statement	1 621	2 553
Represented by:		
Net superannuation interest expense	395	389
Other superannuation	2 438	2 129
Superannuation expense from transactions	2 833	2 518
Remeasurement recognised in other comprehensive income	(1 212)	35
Total superannuation costs recognised in operating statement	1 621	2 553

3.3 Superannuation Liability (Balance Sheet)

(\$ million)

	State of Victoria	
	Dec 2024	Jun 2024
Current liability	581	581
Non-current liability	16 788	17 645
Total superannuation liability	17 369	18 226
Represented by:		
Emergency Services and State Super	16 532	17 349
Other funds	837	877

3.4 Grant expense

(\$ million)

	<i>State of Victoria</i>		<i>General government sector</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Current grant expense				
Commonwealth Government	1 572	1 495	1 572	1 495
Local government (including grants for on-passing)	269	155	267	153
Private sector and not-for-profit on-passing	2 751	2 555	2 751	2 555
Other private sector and not-for-profit	2 361	2 048	2 336	2 025
Grants within the Victorian Government	..	..	1 274	1 095
Grants to other state governments	72	28	72	28
Total current grant expense	7 026	6 282	8 273	7 351
Capital grant expense				
Commonwealth Government	5	..	..	..
Local government (including grants for on-passing)	82	55	82	55
Private sector and not-for-profit on-passing	266	333	136	180
Other private sector and not-for-profit	8	..	8	..
Grants within the Victorian Government	..	..	20	12
Other grants	6	22	2	..
Total capital grant expense	368	410	247	249
Total grant expense	7 394	6 692	8 520	7 600

3.5 Other operating expenses

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Purchase of supplies and consumables ^(a)	3 255	2 770	2 699	2 375
Cost of goods sold	200	179	14	23
Finance expenses and fees ^(b)	283	328	34	26
Purchase of services ^(a)	10 736	10 766	9 627	9 476
Insurance claims expense	5 256	5 229	345	231
Maintenance	1 122	1 053	666	585
Short-term and low-value lease expense	65	83	67	85
Other	1 205	1 006	1 192	1 005
Total other operating expenses	22 122	21 414	14 645	13 806

Notes:

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

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

Purchase of supplies and consumables

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Medicinal pharmacy and medical supplies	1 175	1 110	1 175	1 110
Office supplies and consumables	126	103	119	97
Specialised operational supplies and consumables	154	150	137	128
Other purchase of supplies and consumables	1 800	1 407	1 268	1 041
Total purchase of supplies and consumables	3 255	2 770	2 699	2 375

Purchase of services

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Service contracts	5 947	5 828	5 710	5 589
Accommodation/occupancy	669	673	575	565
Medical and client care services	230	272	230	272
Staff related expenses (non-labour related)	189	177	168	158
Other purchase of services	3 701	3 815	2 945	2 891
Total purchase of services	10 736	10 766	9 627	9 476

3.6 Payables

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Contractual				
Accounts payable	2 890	3 340	979	1 456
Accrued expenses	4 995	7 050	4 307	6 218
Statutory				
Accrued taxes payable	96	101	65	67
Total payables	7 982	10 491	5 350	7 741
Represented by:				
Current payables	7 824	10 331	5 193	7 582
Non-current payables	158	159	157	159

3.7 Other provisions

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Provision for insurance claims				
WorkSafe Victoria	4 382	4 197	..	..
Transport Accident Commission	1 881	1 855	..	..
Victorian Managed Insurance Authority	920	959	..	..
Other agencies	175	175	173	174
Current provision for insurance claims	7 358	7 186	173	174
Other provisions	1 770	2 217	1 550	1 963
Total current other provisions	9 128	9 403	1 724	2 137
Non-current provision for insurance claims				
WorkSafe Victoria	26 088	24 966	..	..
Transport Accident Commission	15 705	15 516	..	..
Victorian Managed Insurance Authority	2 853	2 706	..	..
Other agencies	191	191	191	191
Non-current provision for insurance claims	44 837	43 380	191	191
Other provisions	1 447	1 177	1 351	1 103
Total non-current other provisions	46 284	44 557	1 541	1 294
Total other provisions	55 411	53 960	3 265	3 431

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

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

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

State of Victoria	Expenses from transactions		Purchases of non-financial assets	
	Dec	Dec	Dec	Dec
	2024	2023	2024	2023
Education	11 479	10 442	1 155	1 339
Energy, Environment and Climate Action	5 365	5 195	1 459	1 429
Families, Fairness and Housing	5 715	5 054	382	422
Government Services	783	753	8	52
Health	16 486	15 010	873	825
Jobs, Skills, Industry and Regions	2 382	2 015	257	210
Justice and Community Safety	5 555	5 278	242	233
Premier and Cabinet	349	234	4	8
Transport and Planning	6 422	6 142	7 144	6 717
Treasury and Finance	17 064	15 069	19	32
Parliament	186	176	9	12
Courts	476	425	98	81
Regulatory bodies and other part budget funded agencies ^(a)	1 931	1 921	171	96
Total	74 195	67 714	11 819	11 455
<i>Less eliminations and adjustments ^(b)</i>	<i>(13 461)</i>	<i>(11 561)</i>	<i>(142)</i>	<i>(2)</i>
Grand total	60 734	56 153	11 676	11 454

General government sector				
Education	11 479	10 442	1 155	1 339
Energy, Environment and Climate Action	1 730	1 711	93	117
Families, Fairness and Housing	4 706	4 068	15	14
Government Services	783	753	8	52
Health	16 394	14 925	857	808
Jobs, Skills, Industry and Regions	1 980	1 637	159	121
Justice and Community Safety	5 437	5 136	240	230
Premier and Cabinet	333	234	4	8
Transport and Planning	4 804	4 582	6 046	6 220
Treasury and Finance	6 994	6 279	4	9
Parliament	186	176	9	12
Courts	476	425	98	81
Regulatory bodies and other part budget funded agencies ^(a)	1 931	1 921	171	96
Total	57 235	52 288	8 858	9 106
<i>Less eliminations and adjustments ^(b)</i>	<i>(6 211)</i>	<i>(5 760)</i>	<i>(15)</i>	<i>(9)</i>
Grand total	51 024	46 529	8 843	9 097

Notes:

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

(b) Mainly comprising payroll tax (including the COVID Debt Levy – Payroll \$10m+), the mental health and wellbeing levy and inter-departmental transfers.

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

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

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

	Expenses from transactions		Purchases of non-financial assets		Total assets	
	Dec	Dec	Dec	Dec	Dec	Jun
	2024	2023	2024	2023	2024	2024
State of Victoria						
General public services	11 482	10 706	34	100	6 472	7 010
Public order and safety	5 690	5 401	457	384	16 406	16 158
Economic affairs	1 308	1 480	160	54	1 860	1 818
Environmental protection	539	509	83	84	16 778	16 700
Housing and community amenities	3 072	2 860	1 275	1 252	65 489	64 682
Health	15 881	14 411	844	827	33 009	31 928
Recreation, culture and religion	1 105	1 444	307	224	17 192	16 822
Education	12 004	10 758	1 186	1 333	46 235	45 391
Social protection	5 249	4 580	425	461	39 859	39 619
Transport	5 233	5 176	7 048	6 737	219 279	211 974
Not allocated by function ^{(a)(b)}	(828)	(1 173)	(142)	(2)	114 001	110 593
Total	60 734	56 153	11 676	11 454	576 580	562 697

General government sector						
General public services	4 929	3 975	19	76	3 188	3 252
Public order and safety	5 909	5 555	457	384	16 406	16 158
Economic affairs	1 271	1 445	129	53	1 827	1 810
Environmental protection	587	544	83	84	16 778	16 700
Housing and community amenities	899	742	30	13	3 853	3 837
Health	16 225	14 690	844	827	33 009	31 928
Recreation, culture and religion	571	873	158	77	8 943	8 670
Education	12 093	10 827	1 186	1 333	46 235	45 391
Social protection	4 636	3 984	59	53	2 732	2 690
Transport	4 167	4 123	5 894	6 206	152 617	146 666
Not allocated by function ^{(a)(b)}	(263)	(229)	(15)	(9)	146 328	144 521
Total	51 024	46 529	8 843	9 097	431 917	421 623

Notes:

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

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

4. MAJOR ASSETS AND INVESTMENTS

Introduction

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

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

<i>Dec 2024</i>	<i>State of Victoria</i>			<i>General government sector</i>		
	<i>Gross carrying amount</i>	<i>Accumulated depreciation</i>	<i>Carrying amount</i>	<i>Gross carrying amount</i>	<i>Accumulated depreciation</i>	<i>Carrying amount</i>
Buildings	94 783	(6 941)	87 842	65 976	(5 479)	60 497
Land and national parks	141 685	..	141 685	96 249	..	96 249
Infrastructure	85 643	(7 031)	78 612	2 026	(729)	1 296
Plant, equipment and vehicles	19 571	(8 594)	10 976	10 671	(6 465)	4 205
Roads and road infrastructure	33 942	(1 703)	32 238	33 788	(1 692)	32 096
Earthworks	12 370	..	12 370	12 370	..	12 370
Cultural assets	7 101	(131)	6 970	6 996	(131)	6 865
Construction in progress	75 846	..	75 846	63 738	..	63 738
Total land, buildings, infrastructure, plant and equipment	470 940	(24 401)	446 539	291 814	(14 498)	277 316

<i>Jun 2024</i>						
Buildings	93 451	(5 360)	88 091	64 642	(4 172)	60 469
Land and national parks	141 310	..	141 310	95 973	..	95 973
Infrastructure	83 931	(5 323)	78 608	2 026	(708)	1 318
Plant, equipment and vehicles	19 384	(8 118)	11 267	10 470	(6 168)	4 302
Roads and road infrastructure	33 937	(1 136)	32 801	33 786	(1 126)	32 660
Earthworks	12 370	..	12 370	12 370	..	12 370
Cultural assets	7 038	(124)	6 914	6 933	(124)	6 810
Construction in progress	65 318	..	65 318	55 789	..	55 789
Total land, buildings, infrastructure, plant and equipment	456 739	(20 061)	436 678	281 988	(12 299)	269 690

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		
	Gross carrying amount	Accumulated depreciation	Carrying amount	Gross carrying amount	Accumulated depreciation	Carrying amount
Dec 2024						
Buildings	12 651	(2 888)	9 762	12 024	(2 573)	9 451
Infrastructure	22	(8)	14	4	(2)	2
Plant, equipment and vehicles	1 458	(717)	740	1 186	(585)	601
Total right-of-use assets: buildings, infrastructure, plant and equipment	14 130	(3 613)	10 516	13 215	(3 160)	10 055

Jun 2024						
Buildings	12 539	(2 528)	10 010	11 919	(2 237)	9 683
Infrastructure	25	(8)	17	4	(1)	2
Plant, equipment and vehicles	1 432	(650)	782	1 175	(532)	643
Total right-of-use assets: buildings, infrastructure, plant and equipment	13 996	(3 187)	10 809	13 098	(2 770)	10 329

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

	State of Victoria			General government sector		
	Gross carrying amount	Accumulated depreciation	Carrying amount	Gross carrying amount	Accumulated depreciation	Carrying amount
Dec 2024						
Buildings	2 773	(51)	2 722	2 420	(44)	2 376
Land and national parks	3 381	..	3 381	3 381	..	3 381
Infrastructure	6 392	(296)	6 096	..	..	..
Plant, equipment and vehicles	424	(119)	305	424	(119)	305
Roads and road infrastructure	7 766	(348)	7 417	7 766	(348)	7 417
Earthworks	1 056	..	1 056	1 056	..	1 056
Construction in progress	29 073	..	29 073	22 706	..	22 706
Total service concession land, buildings, infrastructure, plant and equipment assets	50 865	(814)	50 051	37 753	(511)	37 242

Jun 2024						
Buildings	2 771	(5)	2 767	2 419	(1)	2 418
Land and national parks	3 381	..	3 381	3 381	..	3 381
Infrastructure	6 395	(220)	6 175	..	..	..
Plant, equipment and vehicles	422	(104)	318	422	(104)	318
Roads and road infrastructure	7 766	(232)	7 534	7 766	(232)	7 534
Earthworks	1 056	..	1 056	1 056	..	1 056
Construction in progress	25 555	..	25 555	21 100	..	21 100
Total service concession land, buildings, infrastructure, plant and equipment assets	47 347	(561)	46 786	36 144	(338)	35 806

4.2 Depreciation

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Buildings	2 067	1 766	1 557	1 316
Infrastructure	946	868	22	21
Plant, equipment and vehicles	724	662	450	407
Roads and road infrastructure	567	556	566	555
Cultural assets	6	7	6	7
Intangible produced assets ^(a)	157	155	100	102
Total depreciation	4 467	4 014	2 701	2 407

Note:

(a) Amortisation of intangible non-produced assets is included under other gains/(losses) from other economic flows.

The following two tables are subsets of total depreciation expense.

Depreciation of right-of-use (leased) assets

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Buildings	385	347	355	318
Infrastructure	1	2	1	..
Plant, equipment and vehicles	78	73	59	54
Total depreciation of right-of-use assets	464	421	414	372

Depreciation of service concession assets

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
Buildings	46	36	43	36
Infrastructure	50	49	..	..
Plant, equipment and vehicles	15	14	15	14
Roads and road infrastructure	116	116	116	116
Intangible produced assets	2	2	2	2
Total depreciation of service concession assets	230	217	176	168

4.3 Other non-financial assets

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Intangible produced assets	4 569	4 499	3 135	3 048
Accumulated depreciation	(2 951)	(2 793)	(1 819)	(1 725)
Service concession assets – Intangible produced ^(a)	3 590	3 540	3 590	3 540
Accumulated depreciation	(9)	(8)	(9)	(8)
Intangible non-produced assets	1 075	1 037	76	76
Accumulated amortisation	(451)	(439)	(66)	(63)
Total intangibles	5 822	5 835	4 906	4 868
Investment properties	330	334	318	321
Other assets	1 859	1 336	1 806	1 033
Total other non-financial assets	8 012	7 505	7 030	6 222

Note:

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

5. FINANCING STATE OPERATIONS

Introduction

State operations are financed through a variety of means including 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.

5.1 Borrowings

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Current borrowings				
Domestic borrowings	23 493	22 660	19 946	19 538
Foreign currency borrowings	306	222	..	..
Lease liabilities	725	790	645	710
Service concession arrangement liabilities	1 978	1 839	789	650
Derivative financial instruments	639	110	..	46
Total current borrowings	27 141	25 621	21 380	20 944
Non-current borrowings				
Domestic borrowings	163 791	152 887	149 188	133 956
Foreign currency borrowings	1 710	670	..	..
Lease liabilities	7 667	7 838	7 167	7 330
Service concession arrangement liabilities	6 465	5 637	5 010	4 856
Derivative financial instruments	1 531	1 058	259	223
Total non-current borrowings	181 163	168 091	161 625	146 365
Total borrowings	208 304	193 712	183 005	167 309

5.2 Cash flow information and balances

Reconciliation of cash and cash equivalents

(\$ million)

	State of Victoria		General government sector	
	Dec	Dec	Dec	Dec
	2024	2023	2024	2023
Cash	4 036	4 273	3 723	3 970
Deposits at call	17 311	14 614	11 124	8 943
Cash and cash equivalents	21 347	18 886	14 847	12 913
Bank overdraft	..	..	..	..
Balances as per cash flow statement	21 347	18 886	14 847	12 913

Reconciliation of net result to net cash flows from operating activities

(\$ million)

	State of Victoria		General government sector	
	Dec	Dec	Dec	Dec
	2024	2023	2024	2023
Net result	(4 013)	(8 209)	(3 736)	(4 341)
Non-cash movements				
Revenue related to economic service concession arrangements	(259)	(258)	(258)	(258)
Depreciation and amortisation	4 482	4 029	2 703	2 410
Revaluation of investments	(964)	(539)	(317)	(125)
Assets (received)/provided free of charge	(609)	(401)	(381)	(213)
Assets not previously/no longer recognised	(1)	..	(1)	..
Revaluation of assets	129	145	120	138
Discount/premium on other financial assets/borrowings	210	3	(3)	(2)
Foreign currency dealings	(8)	2	..	1
Unrealised (gains)/losses on borrowings	1 732	2 778	8	6
Movements included in investing and financing activities				
Net gain/loss from sale of investments	(278)	247	(41)	9
Net gain/loss from sale of non-financial assets	(48)	(11)	(25)	(34)
Realised gains/losses on borrowings	(270)	(333)	..	..
Movements in assets and liabilities				
Increase/(decrease) in allowance for impairment losses	(28)	(24)	(104)	(85)
Increase/(decrease) in payables and contract liabilities	822	2 208	(1 787)	(399)
Increase/(decrease) in employee benefits	166	273	190	266
Increase/(decrease) in superannuation	355	498	346	489
Increase/(decrease) in other provisions	1 838	2 973	27	(175)
(Increase)/decrease in receivables and contract assets	573	(531)	1 828	1 449
(Increase)/decrease in other non-financial assets	(261)	(420)	(437)	(388)
Net cash flows from operating activities	3 568	2 427	(1 867)	(1 249)

5.3 Advances paid and investments, loans and placements

(\$ million)

	State of Victoria		General government sector	
	Dec	Jun	Dec	Jun
	2024	2024	2024	2024
Current advances paid and investments, loans and placements				
Loans and advances paid	210	304	250	341
Equities and managed investment schemes	1 421	4 055	949	836
Australian dollar term deposits	262	354	239	330
Debt securities	7 019	12 391	5	4
Derivative financial instruments	233	276	39	63
Total current advances paid and investments, loans and placements	9 144	17 380	1 482	1 575
Non-current advances paid and investments, loans and placements				
Loans and advances paid	207	217	6 085	6 080
Equities and managed investment schemes	66 962	56 508	15 196	13 599
Australian dollar term deposits	..	..	3	3
Debt securities	7 371	7 151	21	22
Derivative financial instruments	267	318	40	9
Total non-current advances paid and investments, loans and placements	74 808	64 195	21 344	19 713
Total advances paid and investments, loans and placements	83 952	81 575	22 827	21 287
Represented by:				
Advances paid	417	521	6 335	6 421
Investments, loans and placements	83 535	81 054	16 491	14 866

5.4 Interest expense

(\$ million)

	State of Victoria		General government sector	
	2024	2023	2024	2023
	Interest on interest-bearing liabilities and deposits	3 102	2 545	2 862	2 236
Interest on lease liabilities	210	198	202	190
Interest on service concessions	196	203	187	199
Discount interest on payables	459	175	8	11
Total interest expense	3 968	3 121	3 259	2 635

5.5 Commitments

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

Reference to the 2023-24 *Financial Report* (Notes 5.2, 5.3 and 5.8) should be made for details of commitments as at 30 June 2024.

As at 31 December 2024, the following additional material commitments were recorded for the State of Victoria. Unless otherwise stated, contract amounts are GST inclusive and presented as nominal values:

- The State entered into new agreements valued at \$1.3 billion with multiple providers for construction and upgrade programs at State government schools. The contracts cover new schools construction and facility upgrades, with completion dates varying by contract.
- In July and October 2024, a contract variation of \$881 million was made to the North Western Program Alliance with John Holland Pty Ltd, Kellogg Brown & Root Pty Ltd, and Metro Trains Melbourne for the delivery of additional Level Crossing Removals. The works under the North Western Program Alliance are estimated to be completed by December 2030.
- In September 2024, the State exercised its option to extend its contract with Civica BPO Ltd to provide business services relating to fines and enforcement. The cost of the contract extension is \$107 million with a contract end date in December 2026.
- In September 2024, SEC Victoria via its subsidiary, SEC Infrastructure, both 100 per cent owned by the State, entered into a contract with PSD Energy Pty Ltd for detailed design and construction of the Horsham Solar Farm and associated substation. The total cost of the contract is \$102 million and works under the contract are expected to be completed in November 2029.
- In September 2024, an amending deed of \$974 million was formalised with the Cross Yarra Partnership (CYP) for the Metro Tunnel Project to resolve various commercial issues related to the project. As part of this settlement, the parties agreed to share the increased costs of the project, with CYP entitled to additional payments, subject to the timely achievement of all milestones under the revised delivery program. The contract variation reflects the Commercial Settlement amount and the resolution of modifications, as per the Settlement Deed. The Metro Tunnel is scheduled to open by the end of 2025.
- In September 2024, the State entered into a contract with Dysons, CDC and Kinetic to provide zero emission buses and passenger bus services. The total cost of the contract is estimated to be \$4.1 billion and the contract will end in June 2035.
- In October 2024, a contract variation of \$399 million was made to the Southern Program Alliance with the Acciona Coleman Rail Joint Venture, WSP Australia Pty Ltd and Metro Trains Melbourne for the delivery of additional level crossing removal works. The works under the Southern Program Alliance are estimated to be completed by December 2030.
- In October 2024, the State entered into 10 Agreements with five cleaning service providers to deliver cleaning services to State government schools in metropolitan Melbourne. The Agreements are for an initial term of three years, commencing in December 2024, and two further one-year options (a total of five years maximum). The expected total cost of the agreements for the period of three years is \$515 million with the agreements ending in December 2027.
- In November 2024, the State entered into a contract with Terra Verde, a consortium comprising WeBuild S.p.A, GS Engineering and Construction Australia Pty Ltd and Bouygues Construction Australia Pty Ltd, to deliver the Suburban Rail Loop East Tunnel North also known as Work Package D. The total cost of the contract is \$1.9 billion. Works are planned to be completed by mid-2029.
- In December 2024, SEC Victoria via its subsidiary, SEC Infrastructure, both 100 per cent owned by the State, entered into a contract with Energy Vault Pty Ltd for the design and construction of a battery energy storage system at the Horsham Renewable Park. The total contract cost is \$119 million and works under the contract are expected to be completed in November 2027.
- In December 2024, a contract variation of \$374 million was approved with Laing O'Rourke Australia Construction Pty Ltd in the Deed of Amendment 9 to deliver part of the Suburban Rail Loop initial and early works. There is no change to the overall initial and early works Total Estimated Investment of \$2.2 billion. The works are estimated to be completed by January 2026.
- In December 2024, the State entered into a contract extension with Motorola to provide metropolitan mobile radio services for Victorian Emergency Service organisations. The cost of the contract extension is \$625 million with a contract end date of July 2035.

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

6. RISKS AND CONTINGENCIES

Introduction

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

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

6.1 Financial instruments

Note 7.1 Financial instruments in the *2023-24 Financial Report* contains a comprehensive disclosure of the State's financial risk management objectives and policies associated with financial instruments.

6.2 Contingent assets and contingent liabilities

Contingent assets

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

Reference should be made to the *2023-24 Financial Report* (Note 7.2) for details of contingent assets as at 30 June 2024.

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

Reference should be made to the *2023-24 Financial Report* (Note 7.2) for details of contingent liabilities as at 30 June 2024.

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

7. PUBLIC ACCOUNT

Introduction

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

7.1 Consolidated fund receipts and payments

(\$ million)

2023-24		2024-25	
actual to Dec		actual to Dec	revised budget
17 293	Taxation	19 092	39 980
493	Fines and regulatory fees	466	1 200
13 440	Grants received	15 761	31 003
512	Sales of goods and services	522	1 337
638	Interest received	480	882
673	Dividends, income tax equivalent and rate equivalent receipts	177	519
603	Other receipts	599	1 002
33 651	Total operating activities	37 096	75 923
17 544	Total inflows from investing and financing	16 341	27 735
51 194	Total receipts	53 437	103 658
	Payments to departments		
8 765	Education	9 637	18 677
1 463	Energy, Environment and Climate Action	1 846	3 688
4 551	Families, Fairness and Housing	5 253	10 169
252	Government Services	321	446
9 127	Health	12 572	19 922
1 573	Jobs, Skills, Industries and Regions	2 211	4 465
5 327	Justice and Community Safety	5 525	10 296
222	Premier and Cabinet	323	542
12 917	Transport and Planning	10 859	19 865
12 043	Treasury and Finance	4 430	22 300
180	Parliament	180	363
487	Courts	543	1 138
56 907	Sub total	53 699	111 871
..	Appropriations remaining unspent	..	(7 950)
56 907	Total Payments	53 699	103 921
(5 712)	Net receipts/(payments)	(263)	(264)

7.2 Trust fund statement cash flows

(\$ million)

2023-24		2024-25	
<i>actual</i>		<i>actual</i>	<i>revised</i>
<i>to Dec</i>		<i>to Dec</i>	<i>budget</i>
Cash flows from operating activities			
372	Taxation	312	705
161	Regulatory fees and fines	152	257
11 508	Grants received	14 997	25 372
484	Sale of goods and services	786	1 447
117	Interest received	130	220
127	Dividends received	476	626
13 773	Net transfers from consolidated fund	5 586	10 007
584	Other receipts	69	188
27 125	Total receipts	22 510	38 822
(207)	Payments for employees	(293)	(345)
(22)	Superannuation	(31)	(27)
(68)	Interest paid	(68)	(103)
(13 260)	Grants and subsidies	(17 108)	(28 586)
(1 824)	Goods and services	(2 376)	(4 815)
(15 382)	Total payments	(19 876)	(33 876)
11 743	Net cash flows from operating activities	2 634	4 947
Cash flows from investing activities			
(89)	Purchases of property, plant and equipment	(141)	(2 785)
54	Proceeds from sale of property, plant and equipment	54	54
(1 237)	Net proceeds from customer loans	(1 189)	17
(12 198)	Other investing activities	(3 517)	(3 898)
(13 470)	Net cash flows from investing activities	(4 794)	(6 612)
Cash flows from financing activities			
212	Net proceeds/(repayments) from borrowings	(62)	(248)
212	Net cash flows from financing activities	(62)	(248)
(1 515)	Net cash inflow/(outflow)	(2 223)	(1 913)

7.3 Reconciliation of cash flows to balances held

(\$ million)

	<i>Balances held at 30 Jun 2024</i>	<i>Dec movement YTD</i>	<i>Balances held at 31 Dec 2024</i>
Cash and deposits			
Cash and balances outside of the Public Account	1	..	1
Deposits held with the Public Account – Specific trusts	1 950	129	2 079
Other balances held in the Public Account	5 961	(2 461)	3 500
Total cash and deposits	7 913	(2 332)	5 581
Investments			
Investments held with the Public Account – Specific trusts	11 328	940	12 268
Total investments	11 328	940	12 268
Total fund balances	19 240	(1 392)	17 849
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)	19 239	(1 392)	17 848

Note:

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

7.4 Details of securities held in the Public Account

(\$ million)

<i>2023-24 actual 31 Dec</i>		<i>2024-25 opening 1 Jul</i>	<i>actual 31 Dec</i>
12 196	Amounts invested on behalf of specific trust accounts	13 278	14 347
4 160	General account balances	5 961	3 500
16 356	Total Public Account	19 239	17 848
Represented by:			
15 352	Stock, securities, cash and investments	18 596	17 275
Add cash advanced for:			
..	Temporary Advance from the Treasury Corporation of Victoria to the Consolidated Fund pursuant to Section 38 of the <i>Financial Management Act 1994</i>	..	..
1 004	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	643	573
16 356	Total Public Account	19 239	17 848

8. OTHER DISCLOSURES

Introduction

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

8.1 Disaggregated information

Disaggregated operating statement for the six months ended 31 December

(\$ million)

	General government sector		Public non-financial corporations	
	2024	2023	2024	2023
Revenue and income from transactions				
Taxation	16 879	15 632	..	..
Interest income	781	806	65	58
Dividends, income tax equivalent and rate equivalent income	680	344	6	5
Sales of goods and services	3 377	3 233	3 980	3 824
Grants	23 589	20 480	1 314	1 138
Other revenue and income	1 799	1 852	403	397
Total revenue and income from transactions	47 104	42 346	5 768	5 423
Expenses from transactions				
Employee expenses	19 212	17 687	1 053	972
Net superannuation interest expense	395	389	..	..
Other superannuation	2 293	2 004	114	98
Depreciation	2 701	2 407	1 141	1 021
Interest expense	3 259	2 635	512	477
Grant expense	8 520	7 600	257	291
Other operating expenses	14 645	13 806	2 579	2 418
Other property expenses	..	..	123	146
Total expenses from transactions	51 024	46 529	5 780	5 424
Net result from transactions – Net operating balance	(3 921)	(4 182)	(12)	(1)
Other economic flows included in net result				
Net gain/(loss) on disposal of non-financial assets	25	33	23	(23)
Net gain/(loss) on financial assets or liabilities at fair value	367	120	36	11
Share of net profit/(loss) from associates/joint venture entities	(18)	(13)	..	..
Other gains/(losses) from other economic flows	(189)	(299)	113	(13)
Total other economic flows included in net result	185	(158)	172	(24)
Net result	(3 736)	(4 341)	160	(25)
Other economic flows – Other comprehensive income				
Items that will not be reclassified to net result				
Changes in non-financial assets revaluation surplus ^(a)	778	339	68	124
Remeasurement of superannuation defined benefits plans	1 203	(43)	9	8
Other movements in equity	94	75	(29)	(195)
Items that may be reclassified subsequently to net result				
Net gain/(loss) on financial assets at fair value	(3)	(5)	(6)	(8)
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	(524)	(2 305)	..	..
Total other economic flows – Other comprehensive income	1 548	(1 939)	43	(71)
Comprehensive result – Total change in net worth	(2 187)	(6 280)	203	(96)
FISCAL AGGREGATES				
Net operating balance	(3 921)	(4 182)	(12)	(1)
Net acquisition of non-financial assets from transactions				
Purchases of non-financial assets (including change in inventories)	8 846	9 067	2 945	2 331
Less: Sales of non-financial assets	(101)	(114)	(53)	(81)
Less: Depreciation and amortisation	(2 701)	(2 407)	(1 141)	(1 021)
Plus/(less): Other movements in non-financial assets	1 711	1 465	929	467
Less: Net acquisition of non-financial assets from transactions	7 755	8 010	2 679	1 695
Net lending/(borrowing)	(11 675)	(12 193)	(2 691)	(1 696)

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>State of Victoria</i>	
2024	2023	2024	2023	2024	2023
..	..	(293)	(259)	16 586	15 373
3 292	2 481	(3 085)	(2 353)	1 052	992
2 352	1 573	(178)	(230)	2 861	1 692
4 199	3 890	(1 212)	(1 010)	10 344	9 936
..	..	(1 377)	(1 187)	23 526	20 431
17	13	..	..	2 219	2 262
9 861	7 957	(6 144)	(5 039)	56 589	50 687
288	272	(602)	(537)	19 951	18 394
..	..	..	..	395	389
31	27	..	..	2 438	2 129
44	44	580	542	4 467	4 014
3 234	2 362	(3 037)	(2 354)	3 968	3 121
83	72	(1 465)	(1 272)	7 394	6 692
5 771	5 841	(873)	(651)	22 122	21 414
494	87	(617)	(234)	..	..
9 944	8 706	(6 014)	(4 505)	60 734	56 153
(84)	(749)	(129)	(533)	(4 145)	(5 466)
..	..	..	..	48	11
(512)	(2 252)	(46)	..	(155)	(2 120)
..	..	..	..	(18)	(13)
481	(13)	(148)	(296)	258	(621)
(31)	(2 265)	(194)	(296)	132	(2 744)
(114)	(3 014)	(323)	(830)	(4 013)	(8 209)
1	..	21	(26)	868	437
..	..	..	..	1 212	(35)
..	(1)	..	..	66	(121)
..	..	..	..	(9)	(12)
..	..	524	2 305	..	..
1	(1)	545	2 279	2 136	268
(113)	(3 015)	222	1 449	(1 876)	(7 941)
(84)	(749)	(129)	(533)	(4 145)	(5 466)
15	23	(118)	(2)	11 688	11 419
..	..	..	..	(155)	(196)
(44)	(44)	(580)	(542)	(4 467)	(4 014)
..	..	..	..	2 639	1 931
(30)	(22)	(698)	(544)	9 706	9 141
(54)	(728)	569	10	(13 851)	(14 606)

Disaggregated balance sheet as at 31 December ^(a)

(\$ million)

	General government sector		Public non-financial corporations	
	Dec 2024	Jun 2024	Dec 2024	Jun 2024
Assets				
Financial assets				
Cash and deposits	14 847	14 306	2 888	2 255
Advances paid	6 335	6 421	46	44
Receivables and contract assets	8 556	10 163	2 043	1 800
Investments, loans and placements	16 491	14 866	900	853
Loans receivable from non-financial public sector ^(a)	..	..	..	..
Investments accounted for using the equity method	1 136	1 143	176	65
Investments in other sector entities	99 641	98 178	..	..
Total financial assets	147 006	145 077	6 054	5 017
Non-financial assets				
Inventories	322	402	1 335	1 347
Non-financial assets held for sale	243	232	15	13
Land, buildings, infrastructure, plant and equipment	277 316	269 690	125 751	122 959
Other non-financial assets	7 030	6 222	3 490	3 257
Total non-financial assets	284 910	276 546	130 590	127 576
Total assets	431 917	421 623	136 643	132 594
Liabilities				
Deposits held and advances received	1 435	1 525	2 869	2 734
Payables	5 350	7 741	1 722	1 856
Borrowings	183 005	167 309	25 040	23 321
Employee benefits	11 312	11 120	576	600
Superannuation	17 369	18 226	..	..
Other provisions	3 265	3 431	12 184	12 066
Other liabilities	22 550	22 411	9 039	8 972
Total liabilities	244 286	231 764	51 430	49 549
Net assets	187 630	189 859	85 213	83 045
Equity				
Accumulated surplus/(deficit)	40 902	43 405	(33 437)	(33 520)
Reserves	146 728	146 454	118 650	116 564
Net worth	187 630	189 859	85 213	83 045
FISCAL AGGREGATES				
Net financial worth	(97 280)	(86 686)	(45 377)	(44 531)
Net financial liabilities	196 921	184 865	45 377	44 531
Net debt	146 767	133 241	24 074	22 902

Note:

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

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>State of Victoria</i>	
<i>Dec 2024</i>	<i>Jun 2024</i>	<i>Dec 2024</i>	<i>Jun 2024</i>	<i>Dec 2024</i>	<i>Jun 2024</i>
4 354	3 870	(741)	(836)	21 347	19 595
25	40	(5 990)	(5 985)	417	521
3 664	2 800	(771)	(633)	13 492	14 129
66 192	65 389	(48)	(54)	83 535	81 054
168 672	152 442	(168 672)	(152 442)	..	..
12	12	..	..	1 325	1 220
..	..	(99 641)	(98 178)	..	..
242 918	224 553	(275 863)	(258 128)	120 115	116 519
..	..	..	..	1 656	1 748
..	..	..	..	257	245
313	324	43 159	43 705	446 539	436 678
2 876	3 286	(5 384)	(5 260)	8 012	7 505
3 189	3 610	37 775	38 445	456 464	446 177
246 108	228 164	(238 088)	(219 684)	576 580	562 697
306	216	(2 614)	(2 537)	1 996	1 938
1 640	1 544	(731)	(651)	7 982	10 491
173 923	160 729	(173 663)	(157 647)	208 304	193 712
134	136	..	..	12 022	11 857
..	..	..	..	17 369	18 226
51 976	50 362	(12 013)	(11 899)	55 411	53 960
4 559	1 493	(686)	(267)	35 463	32 609
232 538	214 481	(189 707)	(173 001)	338 548	322 792
13 569	13 683	(48 381)	(46 682)	238 031	239 904
13 028	13 148	53 248	53 247	73 741	76 281
541	535	(101 629)	(99 929)	164 290	163 624
13 569	13 683	(48 381)	(46 682)	238 031	239 904
10 380	10 072	(86 156)	(85 127)	(218 433)	(206 273)
(10 380)	(10 072)	(13 485)	(13 051)	218 433	206 273
(65 013)	(60 796)	(826)	(867)	105 002	94 480

Disaggregated cash flow statement for the six months ended 31 December

(\$ million)

	General government sector		Public non-financial corporations	
	2024	2023	2024	2023
Cash flows from operating activities				
Receipts				
Taxes received	18 724	17 009	..	..
Grants	23 462	20 425	1 498	1 173
Sales of goods and services ^(a)	3 396	3 258	4 039	4 027
Interest received	731	793	73	79
Dividends, income tax equivalent and rate equivalent receipts	663	806	6	5
Other receipts	1 362	1 086	85	122
Total receipts	48 338	43 376	5 701	5 407
Payments				
Payments for employees	(18 989)	(17 412)	(1 075)	(964)
Superannuation	(2 342)	(1 904)	(105)	(89)
Interest paid	(3 062)	(2 440)	(488)	(488)
Grants and subsidies	(9 454)	(7 850)	(165)	(179)
Goods and services ^(a)	(15 370)	(14 436)	(3 107)	(3 028)
Other payments	(988)	(585)	(256)	(229)
Total payments	(50 205)	(44 625)	(5 197)	(4 978)
Net cash flows from operating activities	(1 867)	(1 249)	505	429
Cash flows from investing activities				
Cash flows from investments in non-financial assets				
Purchases of non-financial assets	(8 843)	(9 097)	(2 936)	(2 336)
Sales of non-financial assets	101	114	53	81
Net cash flows from investments in non-financial assets	(8 742)	(8 983)	(2 883)	(2 254)
Net cash flows from investments in financial assets for policy purposes	(1 981)	(1 003)	(140)	(245)
Sub-total	(10 723)	(9 986)	(3 023)	(2 500)
Net cash flows from investments in financial assets for liquidity management purposes	(1 131)	(9 609)	(25)	8
Net cash flows from investing activities	(11 854)	(19 594)	(3 048)	(2 491)
Cash flows from financing activities				
Advances received (net)	(8)	142	51	927
Net borrowings	14 348	13 824	1 031	715
Deposits received (net)	(82)	93	84	34
Other financing (net)	..	..	2 015	274
Net cash flows from financing activities	14 257	14 059	3 181	1 950
Net increase/(decrease) in cash and cash equivalents	536	(6 785)	637	(112)
Cash and cash equivalents at beginning of reporting period ^(b)	14 310	19 698	2 251	2 232
Cash and cash equivalents at end of the reporting period	14 847	12 913	2 888	2 119
FISCAL AGGREGATES				
Net cash flows from operating activities	(1 867)	(1 249)	505	429
Dividends paid	..	..	(66)	(86)
Net cash flows from investments in non-financial assets	(8 742)	(8 983)	(2 883)	(2 254)
Cash surplus/(deficit)	(10 609)	(10 232)	(2 444)	(1 911)

Notes:

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

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

<i>Public financial corporations</i>		<i>Inter-sector eliminations</i>		<i>State of Victoria</i>	
2024	2023	2024	2023	2024	2023
..	..	(293)	(259)	18 431	16 750
..	4	(1 525)	(1 225)	23 435	20 377
6 579	5 759	(1 503)	(1 133)	12 512	11 911
2 955	2 311	(2 967)	(2 312)	792	871
2 352	1 573	(149)	(673)	2 873	1 711
242	22	60	(29)	1 750	1 201
12 129	9 669	(6 376)	(5 631)	59 793	52 822
(289)	(270)	602	537	(19 750)	(18 108)
(31)	(27)	..	..	(2 478)	(2 020)
(2 651)	(2 083)	2 968	2 331	(3 232)	(2 680)
(68)	(75)	1 369	1 225	(8 319)	(6 878)
(4 086)	(3 437)	1 108	777	(21 455)	(20 125)
(10)	(415)	264	645	(991)	(584)
(7 134)	(6 306)	6 311	5 515	(56 225)	(50 395)
4 995	3 363	(64)	(116)	3 568	2 427
(15)	(23)	118	2	(11 676)	(11 454)
..	..	..	..	155	196
(14)	(22)	118	2	(11 522)	(11 258)
15	21	1 971	1 282	(135)	55
1	(1)	2 089	1 283	(11 657)	(11 203)
(14 749)	(18 744)	16 230	16 528	325	(11 816)
(14 748)	(18 745)	18 318	17 811	(11 332)	(23 019)
(30)	(31)	(34)	(913)	(21)	125
10 147	16 000	(16 068)	(17 004)	9 457	13 535
120	16	(43)	(3)	80	139
..	..	(2 015)	(274)	..	..
10 237	15 985	(18 159)	(18 194)	9 516	13 800
484	604	95	(499)	1 752	(6 792)
3 870	4 100	(836)	(352)	19 595	25 678
4 354	4 704	(741)	(851)	21 347	18 886
4 995	3 363	(64)	(116)	3 568	2 427
..	..	66	86	..	..
(14)	(22)	118	2	(11 522)	(11 258)
4 981	3 341	119	(29)	(7 954)	(8 831)

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 2024	43 405	..	98 544	46 381	1 528	189 859
Opening balance adjustment ^{(a)(b)}	(51)	..	..	10	..	(41)
Restated balance at 1 July 2024	43 354	..	98 544	46 391	1 528	189 818
Net result for the year	(3 736)	..	..	..	..	(3 736)
Other comprehensive income for the year	1 284	..	778	(524)	10	1 548
Transfer to/(from) accumulated surplus	..	..	..	..	..	..
Dividends paid	..	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..	..
Total equity as at 31 December 2024	40 902	..	99 323	45 867	1 538	187 630
PNFC sector						
Balance at 1 July 2024	(33 520)	82 246	33 475	..	843	83 045
Opening balance adjustment ^{(a)(b)}	7	214	(211)	..	..	10
Restated balance at 1 July 2024	(33 512)	82 460	33 264	..	843	83 055
Net result for the year	160	..	..	..	..	160
Other comprehensive income for the year	(20)	..	68	..	(6)	43
Transfer to/(from) accumulated surplus	..	..	..	..	..	..
Dividends paid	(66)	..	..	..	..	(66)
Transactions with owners in their capacity as owners	..	2 021	..	..	..	2 021
Total equity as at 31 December 2024	(33 437)	84 481	33 332	..	836	85 213
PFC sector						
Balance at 1 July 2024	13 148	465	9	..	61	13 683
Net result for the year	(114)	..	..	..	..	(114)
Other comprehensive income for the year	(6)	..	1	..	6	1
Transfer to/(from) accumulated surplus	..	..	..	..	..	..
Dividends paid	..	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..	..
Total equity as at 31 December 2024	13 028	465	10	..	67	13 569
Eliminations	53 248	(84 946)	29 184	(45 867)	..	(48 381)
Total State of Victoria	73 741	..	161 849	..	2 441	238 031

Notes:

- (a) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.
- (b) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024 and the residual financial assets were transferred to the Department of Energy, Environment and Climate Action. This has resulted in the 1 July 2024 opening balance not equalling the 30 June closing balance.

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

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owners</i>	<i>Non-financial assets revaluation surplus</i>	<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
General government sector						
Balance at 1 July 2023	45 889	..	91 269	48 245	1 380	186 783
Net result for the year	(4 341)	..	..	..	..	(4 341)
Other comprehensive income for the year	(28)	..	339	(2 305)	55	(1 939)
Transfer to/(from) accumulated surplus	375	..	(375)	..	..	..
Dividends paid	..	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..	..
Total equity as at 31 December 2023	41 894	..	91 234	45 941	1 435	180 504
PNFC sector						
Balance at 1 July 2023	(29 846)	78 417	31 605	..	702	80 880
Net result for the year	(25)	..	..	..	..	(25)
Other comprehensive income for the year	(186)	..	124	..	(8)	(71)
Transfer to/(from) accumulated surplus	..	..	..	..	..	..
Dividends paid	(86)	..	..	..	..	(86)
Transactions with owners in their capacity as owners	..	409	..	..	..	409
Total equity as at 31 December 2023	(30 143)	78 827	31 729		694	81 108
PFC sector						
Balance at 1 July 2023	13 065	290	10	..	57	13 421
Net result for the year	(3 014)	..	..	..	..	(3 014)
Other comprehensive income for the year	(6)	..	..	..	5	(1)
Transfer to/(from) accumulated surplus	..	..	..	..	..	..
Dividends paid	..	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..	..
Total equity as at 31 December 2023	10 045	290	10		62	10 406
Eliminations	50 254	(79 117)	29 041	(45 941)		(45 762)
Total State of Victoria	72 051	..	152 013	..	2 191	226 255

8.2 Other gains/(losses) from other economic flows
(\$ million)

	<i>State of Victoria</i>		<i>General government</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Net (increase)/decrease in allowances for credit losses	13	47	90	49
Amortisation of intangible non-produced assets	(15)	(16)	(3)	(2)
Net swap interest revenue/(expense)	(39)	(23)	..	..
Bad debts written off	(237)	(255)	(217)	(248)
Other gains/(losses)	535	(376)	(59)	(97)
Total other gains/(losses) from other economic flows	258	(621)	(189)	(299)

8.3 Controlled entities

Note 9.8 in Chapter 4 of the 2023-24 *Financial Report* contains a list of significant controlled entities, which have been consolidated for the purposes of the financial report.

The following are changes to entities from 1 July 2024 which have been consolidated for the purposes of the financial report:

General government sector

Department of Energy, Environment and Climate Action ^{(a)(b)}

Department of Health ^(c)

Department of Jobs, Skills, Industry and Regions ^(d)

Department of Justice and Community Safety ^(e)

Parliament of Victoria

Integrity Oversight Victoria ^(f)

Notes:

- (a) On 1 July 2024, the previous State Electricity Commission of Victoria, established under the State Electricity Commission Act 1958 (SEC Act) was abolished by the commencement of the State Electricity Commission Amendment Act 2024.
- (b) VicForests ceased operations on 30 June 2024 and the residual assets and liabilities together with residual responsibilities for native forest management were transferred to the Department of Energy, Environment and Climate Action following proclamation of the Sustainable Forests (Timber) Repeal Act 2024, effective from 1 July 2024.
- (c) On 31 December 2024 the Victorian Assisted Reproductive Treatment Authority (VARTA) ceased operations. The regulation of Assisted Reproductive Treatment (ART) and the management of Victoria's donor conception registers are now overseen by the Department of Health.
- (d) On 21 August 2024, Victoria 2026 Pty Ltd, was officially deregistered as a company from Australian Securities and Investments Commission (ASIC). The decision to deregister was made following the July 2023 announcement that Victoria would no longer host the 2026 Commonwealth Games.
- (e) The Victorian Responsible Gambling Foundation ceased operations on 1 July 2024 and all property, rights and liabilities have been transferred to the Department of Justice and Community Safety following proclamation of the Victorian Responsible Gambling Foundation Repeal and Advisory Councils Act 2024, effective from 25 June 2024.
- (f) On 10 February 2025 the Victorian Inspectorate will be renamed to the Integrity Oversight Victoria following proclamation of the Justice Legislation Amendment (Integrity, Defamation and Other Matters) Act 2024, effective from 10 September 2024.

8.4 Glossary of technical terms

The 2023-24 *Financial Report* 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)

	2023-24			2024-25	
	Dec	Mar	Jun	Sep	Dec
Revenue and income from transactions					
Taxation	7 424	12 937	8 307	8 923	7 956
Interest income	405	377	579	398	382
Dividends, income tax equivalent and rate equivalent income	258	118	1 738	472	208
Sales of goods and services	1 664	1 520	1 460	1 615	1 762
Grants	10 964	10 784	10 533	10 906	12 682
Other revenue and income	1 000	811	1 547	907	892
Total revenue and income from transactions	21 716	26 546	24 163	23 223	23 881
Expenses from transactions					
Employee expenses	8 975	8 792	9 557	9 477	9 735
Net superannuation interest expense	208	192	192	195	200
Other superannuation	968	1 017	1 041	1 140	1 153
Depreciation	1 220	1 217	1 343	1 328	1 373
Interest expense	1 423	1 423	1 580	1 553	1 706
Grant expense	3 776	4 913	4 162	4 272	4 248
Other operating expenses	6 843	6 901	8 419	6 940	7 705
Total expenses from transactions	23 413	24 455	26 295	24 904	26 120
Net result from transactions – Net operating balance	(1 697)	2 090	(2 132)	(1 682)	(2 239)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	21	(1)	(34)	20	5
Net gain/(loss) on financial assets or liabilities at fair value	109	406	(182)	(46)	413
Share of net profit/(loss) from associates/joint venture entities	(13)	(14)	(19)	..	(18)
Other gains/(losses) from other economic flows	(260)	(155)	(112)	(148)	(41)
Total other economic flows included in net result	(143)	236	(347)	(174)	359
Net result	(1 840)	2 327	(2 478)	(1 856)	(1 880)
Other economic flows – Other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	387	125	7 185	586	192
Remeasurement of superannuation defined benefits plans	(2 077)	286	1 418	(978)	2 181
Other movements in equity	39	42	(8)	104	(10)
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	(11)	3	16	(16)	13
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	(2 305)	..	441	..	(524)
Total other economic flows – Other comprehensive income	(3 967)	456	9 052	(305)	1 853
Comprehensive result – Total change in net worth	(5 807)	2 782	6 573	(2 161)	(26)
KEY FISCAL AGGREGATES					
Net operating balance	(1 697)	2 090	(2 132)	(1 682)	(2 239)
Less: Net acquisition of non-financial assets from transactions	4 213	2 004	2 861	3 443	4 312
Net lending/(borrowing)	(5 911)	87	(4 993)	(5 124)	(6 551)

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

	2023-24			2024-25	
	Dec	Mar	Jun	Sep	Dec
Assets					
Financial assets					
Cash and deposits	12 913	13 567	14 306	14 332	14 847
Advances paid	5 961	6 127	6 421	6 377	6 335
Receivables and contract assets	7 701	12 428	10 163	9 428	8 556
Investments, loans and placements	13 578	14 422	14 866	15 625	16 491
Investments accounted for using the equity method	1 149	1 191	1 143	1 161	1 136
Investments in other sector entities	94 147	95 172	98 178	98 974	99 641
Total financial assets	135 449	142 907	145 077	145 897	147 006
Non-financial assets					
Inventories	447	396	402	330	322
Non-financial assets held for sale	278	284	232	242	243
Land, buildings, infrastructure, plant and equipment	257 529	259 936	269 690	273 295	277 316
Other non-financial assets	6 467	6 281	6 222	7 442	7 030
Total non-financial assets	264 722	266 897	276 546	281 310	284 910
Total assets	400 170	409 804	421 623	427 207	431 917
Liabilities					
Deposits held and advances received	1 850	1 771	1 525	1 577	1 435
Payables	5 325	5 558	7 741	5 930	5 350
Borrowings	157 362	164 635	167 309	175 439	183 005
Employee benefits	10 517	10 815	11 120	11 574	11 312
Superannuation	19 437	19 358	18 226	19 368	17 369
Other provisions	2 774	2 838	3 431	3 138	3 265
Other liabilities	22 401	21 542	22 411	22 524	22 550
Total liabilities	219 667	226 518	231 764	239 550	244 286
Net assets	180 504	183 286	189 859	187 657	187 630
Equity					
Accumulated surplus/(deficit)	41 894	44 554	43 405	40 614	40 902
Reserves	138 609	138 731	146 454	147 043	146 728
Net worth	180 504	183 286	189 859	187 657	187 630
FISCAL AGGREGATES					
Net financial worth	(84 218)	(83 611)	(86 686)	(93 653)	(97 280)
Net financial liabilities	178 365	178 783	184 865	192 627	196 921
Net debt	126 760	132 290	133 241	140 682	146 767

Consolidated cash flow statement for the past five quarters

(\$ million)

	2023-24			2024-25	
	Dec	Mar	Jun	Sep	Dec
Cash flows from operating activities					
Receipts					
Taxes received	8 320	8 116	11 371	9 623	9 101
Grants	10 842	10 009	10 628	10 983	12 479
Sales of goods and services ^(a)	1 608	1 640	1 996	1 638	1 758
Interest received	389	375	523	379	352
Dividends, income tax equivalent and rate equivalent receipts	652	118	1 721	474	189
Other receipts	581	521	801	806	556
Total receipts	22 391	20 780	27 041	23 903	24 435
Payments					
Payments for employees	(9 049)	(8 545)	(9 117)	(9 083)	(9 906)
Superannuation	(998)	(1 002)	(947)	(1 172)	(1 171)
Interest paid	(1 324)	(1 339)	(1 483)	(1 480)	(1 582)
Grants and subsidies	(3 853)	(4 918)	(3 168)	(5 089)	(4 365)
Goods and services ^(a)	(7 497)	(6 466)	(5 966)	(8 598)	(6 772)
Other payments	(332)	(278)	(719)	(390)	(599)
Total payments	(23 053)	(22 547)	(21 402)	(25 811)	(24 394)
Net cash flows from operating activities	(662)	(1 767)	5 639	(1 908)	41
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(4 847)	(3 433)	(4 845)	(4 085)	(4 758)
Sales of non-financial assets	62	62	143	48	53
Net cash flows from investments in non-financial assets	(4 785)	(3 371)	(4 702)	(4 037)	(4 705)
Net cash flows from investments in financial assets for policy purposes	(744)	(386)	(942)	(820)	(1 161)
Sub-total	(5 529)	(3 757)	(5 644)	(4 857)	(5 866)
Net cash flows from investments in financial assets for liquidity management purposes	(996)	(444)	(496)	(731)	(400)
Net cash flows from investing activities	(6 525)	(4 201)	(6 140)	(5 588)	(6 266)
Cash flows from financing activities					
Advances received (net)	152	(157)	(211)	(7)	(1)
Net borrowings	3 679	6 701	1 486	7 465	6 882
Deposits received (net)	(63)	79	(35)	59	(141)
Net cash flows from financing activities	3 768	6 623	1 240	7 518	6 740
Net increase/(decrease) in cash and cash equivalents	(3 419)	654	738	22	515
Cash and cash equivalents at beginning of the reporting period ^(b)	16 332	12 913	13 567	14 310	14 332
Cash and cash equivalents at end of the reporting period	12 913	13 567	14 306	14 332	14 847
FISCAL AGGREGATES					
Net cash flows from operating activities	(662)	(1 767)	5 639	(1 908)	41
Net cash flows from investments in non-financial assets	(4 785)	(3 371)	(4 702)	(4 037)	(4 705)
Cash surplus/(deficit)	(5 447)	(5 139)	937	(5 945)	(4 664)

Notes:

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

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

APPENDIX B – FINANCIAL MANAGEMENT ACT 1994

COMPLIANCE INDEX

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

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

<i>Financial Management Act reference</i>	<i>Requirement</i>	<i>Comments/reference</i>
Section 25(1)	The Minister must prepare a mid-year report for each financial year.	Refer to Chapter 4.
Section 25(2)	The mid-year report: <ul style="list-style-type: none"> (a) must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks (b) must present fairly the financial position of the State and the Victorian general government sector at midnight on 31 December in the financial year and: <ul style="list-style-type: none"> (i) the transactions on the Public Account (ii) the transactions of the Victorian general government sector (iii) other financial transactions of the State in respect of the period of six months ending on that day. 	<p>Manner is in accordance with Australian Accounting Standards and Ministerial Directions. Form is consolidated comprehensive operating statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and accompanying notes. Refer to Chapter 4.</p> <p>Refer to Chapter 4, consolidated balance sheet.</p> <p>Refer to Chapter 4, Note 7.</p> <p>Refer to Chapter 4, consolidated comprehensive operating statement, consolidated cash flow statement and related notes.</p> <p>Refer to Chapter 4, consolidated comprehensive operating statement, consolidated cash flow statement and related notes.</p>
Section 26(1)	The Minister must prepare a quarterly financial report for each quarter of each financial year.	Refer to Appendix A.
Section 26(2)	A quarterly financial report comprises: <ul style="list-style-type: none"> (a) a statement of financial performance of the Victorian general government sector for the quarter (b) a statement of the financial position of the Victorian general government sector at the end of the quarter (c) a statement of cash flows of the Victorian general government sector for the quarter (d) a statement of the accounting policies on which the statements required by paragraphs (a), (b) and (c) are based. 	<p>Refer to Appendix A, consolidated comprehensive operating statement.</p> <p>Refer to Appendix A, consolidated balance sheet.</p> <p>Refer to Appendix A, consolidated cash flow statement.</p> <p>Refer to Chapter 4, Note 1.</p>

<i>Financial Management Act reference</i>	<i>Requirement</i>	<i>Comments/reference</i>
Section 26(2A)	A quarterly financial report must be prepared in the manner and form determined by the Minister, having regard to appropriate financial reporting frameworks.	Manner is a financial report for the general government sector. Form is consolidated comprehensive operating statement, consolidated balance sheet, consolidated cash flow statement. Refer to Appendix A.
Section 26(2B)	The quarterly financial report for the quarter ending on 31 December in a financial year must include, in addition to the statements referred to in subsection (2)(a) to (d) for that quarter, those statements for the period of six months ending on that 31 December.	Refer to Chapter 4, consolidated comprehensive operating statement, consolidated balance sheet, and consolidated cash flow statement.

STYLE CONVENTIONS

The source of data for tables and charts is the Department of Treasury and Finance unless specified otherwise.

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

n.a.	not available or not applicable
1 billion	1 000 million
1 basis point	0.01 per cent
..	zero, or rounded to zero
(x xxx.x)	negative amount
x xxx.0	rounded amount

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

If you would like to receive this publication in an accessible format please email information@dtf.vic.gov.au or telephone (03) 9651 5111.

This document is available in PDF and Microsoft Word formats at dtf.vic.gov.au

Mid-Year Financial Report

(incorporating Quarterly Financial Report No. 2)

March 2025

budget.vic.gov.au



Treasury
and Finance