



Victorian Budget 2021/22

Creating Jobs, Caring for Victorians

STATEMENT OF FINANCES

(incorporating Quarterly Financial Report No. 3)
Budget Paper No. 5

Presented by Tim Pallas MP
Treasurer of the State of Victoria

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Budget Paper No. 2 – Strategy and Outlook
Budget Paper No. 3 – Service Delivery
Budget Paper No. 4 – State Capital Program
Budget Paper No. 5 – Statement of Finances
(incorporating Quarterly Financial Report No. 3)

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Statement of Finances

2021-22



Presented by

Tim Pallas MP

Treasurer of the State of Victoria
for the information of Honourable Members

Budget Paper No. 5

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CHAPTER 1 – ESTIMATED FINANCIAL STATEMENTS FOR THE GENERAL GOVERNMENT SECTOR

The following Estimated Financial Statements and accompanying explanatory notes set out the forecast financial results for the Victorian general government sector for the period 2021-22 to 2024-25.

The Estimated Financial Statements have been prepared in accordance with the *Financial Management Act 1994*. This Act requires the Estimated Financial Statements to be consistent with the financial policy objectives and strategies statement (see Budget Paper No. 2, Chapter 1 *Economic and Fiscal Overview*), in a manner and form determined by the Treasurer, having regard to appropriate financial reporting frameworks.

The statements have been prepared having regard to applicable Australian Accounting Standards (AASs). As there is no specific Australian accounting standard or authoritative pronouncement that prescribes the preparation and presentation of prospective financial statements, the Estimated Financial Statements have been prepared based on the principles set out in the New Zealand Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements* (FRS-42).

The statements are presented in a manner consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. This standard is also consistent with the Uniform Presentation Framework (UPF) as it relates to the general government sector. Chapter 2 *Supplementary uniform presentation framework tables* includes additional disclosures relating to the UPF.

Appropriate professional judgement has been applied in preparing the Estimated Financial Statements. However, the ongoing and uncertain impact of the coronavirus (COVID-19) pandemic, including the global roll-out of vaccines, and the associated impact on future economic conditions of any further economic policy responses from the Victorian and Commonwealth governments, means that these estimates are subject to a higher degree of uncertainty when compared with forecasts prepared in recent years.

The Victorian Auditor-General has reviewed the Estimated Financial Statements and his review report follows.

ESTIMATED FINANCIAL STATEMENTS STRUCTURE

The Estimated Financial Statements of the Victorian general government sector, prepared in accordance with sections 23H–23K of the *Financial Management Act 1994*, are presented as follows:

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Independent Assurance Report

To the Members of the Parliament of Victoria

My responsibility to you under section 19 of the *Audit Act 1994* is to review the estimated financial statements for the Victorian General Government Sector and provide you with a report of my assurance conclusions.

Scope	<p>I have reviewed the Estimated Financial Statements for the Victorian General Government Sector which comprise the:</p> <ul style="list-style-type: none">• budgeted comprehensive operating statement for the year ending 30 June 2022 and estimated comprehensive operating statement for the three forward years ending 30 June 2023, 2024 and 2025• budgeted balance sheet as at 30 June 2022 and estimated balance sheet for the three forward years as at 30 June 2023, 2024 and 2025• budgeted cash flow statement for the year ending 30 June 2022 and estimated cash flow statement for the three forward years ending 30 June 2023, 2024 and 2025• budgeted statement of changes in equity for the year ending 30 June 2022 and estimated statement of changes in equity for the three forward years ending 30 June 2023, 2024 and 2025• notes to the estimated financial statements, including significant accounting policies, material economic and other assumptions and other explanatory information• certification by the Treasurer and the Secretary of the Department of Treasury and Finance. <p>The stated basis of preparation used for the estimated financial statements is set out in Note 1.1 to the statements.</p> <p>The estimated financial statements are included in Chapter 1 of <i>Budget Paper 5: Statement of Finances</i> of the 2021–22 State Budget. My review does not include any of the remaining chapters of Budget Paper 5 nor does it include Budget Papers 1 through 4 of the 2021–22 State Budget.</p>
Conclusion	<p>Based on my review, which is not an audit, nothing has come to my attention which causes me to believe that the estimated financial statements:</p> <ul style="list-style-type: none">• have not been prepared on a basis consistent with the accounting policies on which they are stated to be based, as set out in the notes to the estimated financial statements• are not consistent with the targets specified in the current financial policy objectives and strategies statement for each key financial measure specified in that statement, as set out in Note 1.1 to the estimated financial statements• have not been properly prepared on the basis of the assumptions contained in the accompanying statement prepared in association with the statements under section 23K of the <i>Financial Management Act 1994</i> and as contained in the notes to the estimated financial statements• do not use reasonable methodologies to determine those assumptions.

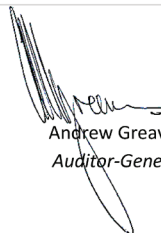
REPORT OF THE AUDITOR-GENERAL (continued)

Basis for conclusion	<p>I have conducted my review in accordance with the Australian Standard on Assurance Engagements ASAE 3450 <i>Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information</i>. A review is a limited assurance engagement which is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain reasonable assurance that I would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, I do not express a reasonable assurance conclusion (audit opinion).</p> <p>My review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. I have relied on representations from the Department of Treasury and Finance that all material information concerning the estimated financial statements has been disclosed to me and that the information provided to me for the purpose of my work is true, complete and accurate in all respects.</p> <p>The Treasurer has prepared the estimated financial statements that set out the projected financial performance of the Victorian General Government Sector for 2021–22 State Budget purposes. There is a considerable degree of subjective judgement involved in preparing these statements, including the assumptions, as they relate to future events and/or transactions that the Treasurer expects to occur and actions that the Treasurer expects to take. The estimated financial statements are also subject to uncertainties and contingencies, which are often outside the control of the Treasurer.</p> <p>Actual results may be different from the estimated financial statements since anticipated events and/or transactions may not occur as expected and the variation may be material. I am not responsible for ensuring the estimated financial results are achieved, and I express no opinion as to whether the estimated results will be achieved.</p> <p>The limited assurance conclusion expressed in my assurance report has been formed on the above basis.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Victorian General Government Sector in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my review of the estimated financial statements in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>My responsibilities under the <i>Audit Act 1994</i> and ASAE 3450 are further described in <i>My Responsibilities for the Review of the Estimated Financial Statements</i> section of my report.</p>
Emphasis of matter	<p>I draw attention to Note 1.1 of the estimated financial statements which describes the higher degree of uncertainty in the estimates resulting from the impact of the coronavirus (COVID-19) pandemic, and the key COVID-19 assumptions that underpin the estimates. My conclusion is not modified in respect of this matter.</p>

REPORT OF THE AUDITOR-GENERAL (*continued*)

Other information	<p>The Treasurer of Victoria is responsible for other information included in the remaining chapters of Budget Paper 5 and Budget Papers 1 through 4 of the 2021–22 State Budget. My review of the estimated financial statements does not cover this other information and accordingly I do not express any form of assurance conclusion on it.</p> <p>As part of my review of the estimated financial statements, I have read the remaining chapters of Budget Paper 5 and Budget Papers 2 through 4 of the 2021–22 State Budget and, in doing so, considered whether the other information is materially inconsistent with the estimated financial statements or my knowledge obtained in the review or otherwise appears to be materially misstated. I have nothing to report in this regard.</p>
Treasurer’s responsibilities for the estimated financial statements	<p>The Treasurer of Victoria is responsible for the preparation of the estimated financial statements in accordance with sections 23H–23K of the <i>Financial Management Act 1994</i>, and for such internal control as is determined necessary to enable the preparation of the estimated financial statements.</p>
My responsibilities for the review of the estimated financial statements	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to state whether, on the basis of my review, anything has come to my attention that would cause me to believe:</p> <ul style="list-style-type: none"> the estimated financial statements have not been prepared on a basis consistent with the accounting policies on which they are stated to be based, as set out in the notes to the estimated financial statements the estimated financial statements are not consistent with the targets specified in the current financial policy objectives and strategies statement for each key financial measure specified in that statement, as set out in Note 1.1 to the estimated financial statements the estimated financial statements have not been properly prepared on the basis of the assumptions contained in the accompanying statement prepared in association with the statements under section 23K of the <i>Financial Management Act 1994</i> and as contained in the notes to the estimated financial statements the methodologies used to determine those assumptions are not reasonable. <p>I do not accept any responsibility for any reliance on these estimated financial statements for any purpose other than that for which it was prepared.</p>

MELBOURNE
14 May 2021



Andrew Greaves
Auditor-General

CERTIFICATION BY THE TREASURER AND THE DEPARTMENT OF TREASURY AND FINANCE

The Estimated Financial Statements of the Victorian general government sector have been prepared on the basis of the economic and fiscal information available to the Department of Treasury and Finance.

In our opinion, the Estimated Financial Statements, which comprise the estimated general government sector comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity, together with the notes to the estimated financial statements for the year ending 30 June 2022 and the three forward years ending 30 June 2023, 2024 and 2025:

- (a) have been prepared in accordance with sections 23H–23K of the *Financial Management Act 1994*, having regard to relevant Australian Accounting Standards and pronouncements, and in the absence of an Australian Accounting Standard for the preparation of prospective financial statements, New Zealand Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements*;
- (b) take into account government decisions and other circumstances that may have a material effect; and
- (c) have been prepared using best professional judgement given the prospective nature of the Estimated Financial Statements.

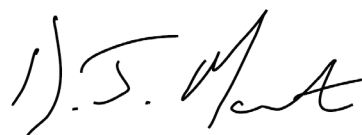
At the time of signing, we are not aware of any circumstances that would render any particulars included in the Estimated Financial Statements to be misleading.



Tim Pallas MP

Treasurer

13 May 2021



David Martine

Secretary

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR COMPREHENSIVE OPERATING STATEMENT

For the financial year ended 30 June

(\$ million)

	Notes	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Revenue and income from transactions					
Taxation	1.2.1	26 577	29 058	31 097	32 429
Interest income		637	633	661	661
Dividends, income tax equivalent and rate equivalent income	1.2.2	575	542	574	584
Sales of goods and services	1.2.3	6 405	6 526	6 645	6 716
Grants	1.2.4	36 778	39 695	40 527	41 520
Other revenue and income	1.2.5	3 605	3 414	3 268	3 383
Total revenue and income from transactions		74 576	79 868	82 773	85 295
Expenses from transactions					
Employee expenses		31 725	32 590	33 542	34 255
Net superannuation interest expense	1.3.2	565	545	525	502
Other superannuation	1.3.2	3 682	3 739	3 836	3 931
Depreciation	1.4.2	4 399	4 572	4 770	5 273
Interest expense	1.5.3	3 051	3 499	4 069	4 774
Grant expense	1.3.3	17 301	15 133	14 777	14 995
Other operating expenses	1.3.4	25 477	23 625	23 359	23 650
Total expenses from transactions	1.3.5	86 200	83 705	84 879	87 379
Net result from transactions – net operating balance		(11 624)	(3 837)	(2 106)	(2 085)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets		30	46	26	26
Net gain/(loss) on financial assets or liabilities at fair value		20	21	22	20
Other gains/(losses) from other economic flows	1.7.1	(521)	(513)	(489)	(445)
Total other economic flows included in net result		(471)	(446)	(440)	(398)
Net result		(12 094)	(4 283)	(2 547)	(2 483)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus		563	7 090	6 029	10 098
Remeasurement of superannuation defined benefit plans	1.3.2	1 241	1 256	1 273	1 293
Other movements in equity		27	26	32	38
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value		3	3	3	3
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	1.6.1	(7 403)	(6 230)	(3 387)	(4 093)
Total other economic flows – other comprehensive income		(5 570)	2 145	3 949	7 340
Comprehensive result – total change in net worth		(17 664)	(2 138)	1 403	4 857
KEY FISCAL AGGREGATES					
Net operating balance		(11 624)	(3 837)	(2 106)	(2 085)
Less: Net acquisition of non-financial assets from transactions	1.3.7	7 442	6 608	9 918	10 342
Net lending/(borrowing)		(19 066)	(10 444)	(12 024)	(12 427)

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

ESTIMATED FINANCIAL STATEMENTS

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR BALANCE SHEET

As at 30 June

(\$ million)

	Notes	2021 revised	2022 budget	2023 estimate	2024 estimate	2025 estimate
Assets						
Financial assets						
Cash and deposits		13 550	13 840	14 136	14 463	14 731
Advances paid	1.5.2	6 181	5 508	5 773	6 024	6 103
Receivables and contract assets		8 014	6 223	6 347	6 652	6 953
Investments, loans and placements	1.5.2	1 470	1 434	1 643	1 913	2 194
Investments accounted for using equity method		10	10	10	10	10
Investments in other sector entities	1.6.1	78 279	81 957	83 658	86 464	87 817
Total financial assets		107 505	108 973	111 567	115 526	117 807
Non-financial assets						
Inventories		977	657	266	269	273
Non-financial assets held for sale		203	215	214	185	148
Land, buildings, infrastructure, plant and equipment	1.4.1, 1.4.3	180 415	188 874	203 178	219 649	239 990
Other non-financial assets	1.4.4	3 219	2 899	2 477	2 249	2 022
Total non-financial assets		184 814	192 646	206 134	222 352	242 433
Total assets	1.4.5	292 319	301 619	317 701	337 878	360 240
Liabilities						
Deposits held and advances received		3 168	2 034	1 409	1 415	1 421
Payables	1.6.2	15 456	18 627	18 412	18 370	17 559
Contract liabilities	1.6.2	215	190	190	190	190
Borrowings	1.5.1	95 566	120 820	140 177	159 335	177 938
Employee benefits	1.3.1	9 342	9 655	9 970	10 290	10 615
Superannuation	1.6.3	28 774	27 995	27 222	26 396	25 605
Other provisions		1 444	1 608	1 770	1 928	2 100
Total liabilities		153 965	180 929	199 149	217 923	235 429
Net assets		138 354	120 690	118 552	119 955	124 811
Accumulated surplus/(deficit)		52 355	41 528	38 527	37 286	36 135
Reserves		85 999	79 162	80 025	82 669	88 677
Net worth		138 354	120 690	118 552	119 955	124 811
FISCAL AGGREGATES ^(a)						
Net financial worth		(46 460)	(71 956)	(87 582)	(102 397)	(117 622)
Net financial liabilities		124 740	153 913	171 240	188 861	205 439
Net debt		77 533	102 071	120 034	138 350	156 332

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

Note:

(a) The fiscal aggregates are defined in Note 9.10 of the 2019-20 Financial Report.

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR CASH FLOW STATEMENT

For the financial year ended 30 June

(\$ million)

	Notes	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Cash flows from operating activities					
Receipts					
Taxes received		28 575	29 334	30 779	32 114
Grants		36 859	39 766	40 523	41 519
Sales of goods and services and other receipts ^(a)		12 380	9 293	9 430	9 713
Interest received		620	616	645	646
Dividends, income tax equivalent and rate equivalent receipts		570	536	568	579
Total receipts		79 004	79 545	81 945	84 571
Payments					
Payments for employees		(31 418)	(32 282)	(33 235)	(33 942)
Superannuation		(3 785)	(3 802)	(3 914)	(3 932)
Interest paid		(2 714)	(3 158)	(3 784)	(4 547)
Grants and subsidies		(17 303)	(15 136)	(14 780)	(14 998)
Goods and services ^(a)		(24 559)	(22 753)	(23 007)	(23 231)
Other payments		(1 273)	(1 348)	(862)	(905)
Total payments		(81 053)	(78 478)	(79 582)	(81 555)
Net cash flows from operating activities		(2 049)	1 067	2 363	3 017
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	1.3.6	(19 833)	(18 021)	(18 968)	(19 417)
Sales of non-financial assets		570	537	363	375
Net cash flows from investments in non-financial assets		(19 263)	(17 483)	(18 605)	(19 041)
Net cash flows from investments in financial assets for policy purposes		570	(307)	(1 199)	(1 783)
Subtotal		(18 692)	(17 790)	(19 804)	(20 825)
Net cash flows from investment in financial assets for liquidity management purposes		62	(171)	(231)	(243)
Net cash flows from investing activities		(18 630)	(17 962)	(20 034)	(21 068)
Cash flows from financing activities					
Advances received (net)		(1 140)	(632)	..	..
Net borrowings		22 103	17 816	17 992	18 313
Deposits received (net)		6	6	6	6
Net cash flows from financing activities		20 969	17 190	17 999	18 319
Net increase/(decrease) in cash and cash equivalents		290	296	327	268
Cash and cash equivalents at beginning of reporting period		13 550	13 840	14 136	14 463
Cash and cash equivalents at end of reporting period		13 840	14 136	14 463	14 731
FISCAL AGGREGATES					
Net cash flows from operating activities		(2 049)	1 067	2 363	3 017
Net cash flows from investments in non-financial assets		(19 263)	(17 483)	(18 605)	(19 041)
Cash surplus/(deficit)		(21 311)	(16 416)	(16 242)	(16 025)

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

Note:

(a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.

ESTIMATED FINANCIAL STATEMENTS

ESTIMATED CONSOLIDATED GENERAL GOVERNMENT SECTOR STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-financial assets revaluation surplus</i>
2021-22 budget		
Balance at 1 July 2021	52 355	55 429
Net result for the year	(12 094)	..
Other comprehensive income for the year	1 267	563
Total equity as at 30 June 2022	41 528	55 992
2022-23 estimate		
Balance at 1 July 2022	41 528	55 992
Net result for the year	(4 283)	..
Other comprehensive income for the year	1 282	7 090
Total equity as at 30 June 2023	38 527	63 082
2023-24 estimate		
Balance at 1 July 2023	38 527	63 082
Net result for the year	(2 547)	..
Other comprehensive income for the year	1 305	6 029
Total equity as at 30 June 2024	37 286	69 111
2024-25 estimate		
Balance at 1 July 2024	37 286	69 111
Net result for the year	(2 483)	..
Other comprehensive income for the year	1 332	10 098
Total equity as at 30 June 2025	36 135	79 209

Source: Department of Treasury and Finance

The accompanying notes form part of these Estimated Financial Statements.

ESTIMATED FINANCIAL STATEMENTS

<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
29 675	895	138 354
..	..	(12 094)
(7 403)	3	(5 570)
22 272	898	120 690
22 272	898	120 690
..	..	(4 283)
(6 230)	3	2 145
16 042	901	118 552
16 042	901	118 552
..	..	(2 547)
(3 387)	3	3 949
12 654	904	119 955
12 654	904	119 955
..	..	(2 483)
(4 093)	3	7 340
8 562	907	124 811

1.1 ABOUT THIS REPORT

Basis of preparation

This note summarises the basis applied in preparing and presenting these Estimated Financial Statements, which include the estimates for the budget year and the three subsequent years.

The detailed accounting policies applied in preparing the Estimated Financial Statements are consistent with those in the *2019-20 Financial Report* for the State of Victoria as presented to Parliament. The audited 30 June 2020 asset and liability balances, as reported in the *2019-20 Financial Report*, form the basis on which asset and liability balances are projected over the next four years.

The Estimated Financial Statements for the 2021-22 budget year have been prepared in accordance with accounting policies expected to be used in preparing historically oriented general purpose financial statements for that year, and the same accounting policies have been used for the subsequent three years.

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

The Estimated Financial Statements are presented in Australian dollars, which is the functional currency of the Victorian general government sector.

The Estimated Financial Statements have been prepared in accordance with the historical cost convention except as indicated below. Historical cost is based on the fair value of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- the 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 acquisition, 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 that the carrying amounts do not materially differ from their fair value;
- intangible service concession arrangement assets which subsequent to acquisition are measured at a revalued amount being their fair value;
- productive trees in commercial native forests, which are measured at their fair value less estimated costs to sell;
- derivative financial instruments, managed investment schemes, certain debt securities and investment properties after initial recognition, which are measured at fair value with changes reflected in the consolidated comprehensive operating statement (fair value through profit or loss or fair value through other comprehensive income);
- 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; and
- financial assets classified as fair value through profit and loss, which are measured at fair value with movements reflected in other economic flows included in net result.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. However, the uncertain nature of the coronavirus (COVID-19) pandemic, including the global roll-out of vaccines, and the associated impact on economic conditions means these estimates are subject to a higher degree of uncertainty when compared with forecasts prepared in recent years. Given the prospective nature of the Estimated Financial Statements, actual results are likely to differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected.

For assets and liabilities measured at fair value in the estimated balance sheet, the principles under AASB 13 *Fair Value Measurement* have been applied.

As required by AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049), the estimated comprehensive operating statement distinguishes between Transactions and Other economic flows based on the principles in the *Government Finance Statistics (GFS) Manual*. Transactions are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement, and also flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and the taxpayer. Transactions may be cash or settled in kind (e.g. assets received/given free of charge or for nominal consideration).

Other economic flows are changes arising from market remeasurements. They include:

- gains and losses from asset disposals;
- revaluations and impairments of non-financial physical and intangible assets;
- remeasurement arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

All amounts in the Estimated Financial Statements have been rounded to the nearest \$1 million unless otherwise stated. The Estimated Financial Statements may not add due to rounding.

Reporting entity

The Estimated Financial Statements are prepared for the general government sector, which includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost. 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. These services are primarily funded through transferring or redistributing revenue that is collected mainly through taxes and other compulsory levies.

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

Basis for consolidation

The Estimated Financial Statements present the estimated consolidated results and position of all reporting entities in the general government sector that are controlled by the State, consistent with the principles of AASB 1049 and AASB 10 *Consolidated Financial Statements*.

Entities in the public non-financial corporations (PNFC) and public financial corporations (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 PNFC and PFC sector entities before consolidation eliminations.

Where the carrying amount of a PNFC or PFC entity's net assets before consolidation eliminations is less than zero, the carrying amount is not included in the general government sector. Any change in the carrying amount of the investment from period to period is accounted for as if the change in carrying amount is a change in fair value and accounted for consistent with AASB 9 *Financial Instruments* and AASB 1049.

Where control of an entity is expected to be obtained during the reporting period, its results are included in the estimated comprehensive operating statement from the date on which control is obtained. Where control is expected to cease during a reporting period, the entity's results are included for that part of the period for which control would exist. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in the Estimated Financial Statements.

All material transactions and balances between entities within the general government sector are eliminated.

Except as stated in Note 1.7.4 of the Estimated Financial Statements, the significant entities consolidated within the sector comprise those general government sector entities listed in Note 9.9 of Chapter 4 *Annual Financial Report* of the 2019-20 *Financial Report* for the State of Victoria.

Compliance

These Estimated Financial Statements have been prepared in accordance with sections 23H-23K of the *Financial Management Act 1994*, having regard to AASs, which include Interpretations issued by the AASB.

The Estimated Financial Statements are presented in a manner consistent with the principles of AASB 1049 and other relevant AASs. However, the prospective nature of these Estimated Financial Statements means that some AAS disclosures are neither relevant nor practical and have been omitted. Where applicable, those AAS paragraphs relevant to not-for-profit entities have been applied. Because AASs do not prescribe requirements for preparing and presenting prospective financial statements, the Estimated Financial Statements have been prepared having regard to the principles set out in New Zealand Public Benefit Entity Financial Reporting Standard 42 *Prospective Financial Statements*.

The GFS information included in this report is based on the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 Cat. No. 5514.0* (ABS GFS).

The information presented in the Estimated Financial Statements takes into account all policy decisions made by the Victorian Government and circumstances that may have a material effect on the Estimated Financial Statements as at 12 May 2021.

The Budget does not account for the grants and funding agreements announced by the Commonwealth Government as part of the *2021-22 Commonwealth Budget*, which are subject to negotiation and confirmation with the Victorian Government.

Many of the infrastructure initiatives and funding agreements are contingent on the Victorian Government sharing the costs. As such, over the coming months, Victoria will consider these initiatives and their suitability with the State's forward infrastructure agenda.

Key financial measure

Uncertainty regarding the coronavirus (COVID-19) pandemic and its impact on the State's financial position remains. While Victoria's economic recovery has been stronger than expected, some sectors are continuing to experience challenges. Should the economic recovery path continue as forecast, the Government's financial sustainability objectives for the *2021-22 Budget* are that:

- the operating deficit will reduce over the budget and forward estimates; and
- an operating cash surplus will be achieved before the end of the forward estimates.

These measures give regard to the important role the Government has in supporting the COVID-19 response and the continued economic recovery.

The Government's long-term financial management objectives and fiscal measures and targets for the *2021-22 Budget* are set out in Budget Paper No. 2, Chapter 1 *Economic and fiscal overview*.

Material economic assumptions

The Estimated Financial Statements have been prepared using the material economic assumptions listed below.

Key economic assumptions

	2020-21 forecast	2021-22 forecast	2022-23 forecast	2023-24 projection	2024-25 projection
	(\$ billion)				
Nominal gross state product	465.3	503.6	528.7	554.8	582.8
	(percentage change) ^(a)				
Real gross state product	(2.00)	6.50	3.25	2.75	2.75
Employment	(1.00)	2.50	1.25	1.75	1.75
Unemployment rate ^(b)	6.50	5.75	5.50	5.25	5.25
Consumer price index ^(c)	1.50	1.50	1.75	2.00	2.25
Wage price index ^(d)	1.25	1.75	2.00	2.25	2.50
Population ^(e)	0.00	0.30	1.20	1.70	1.70

Source: Department of Treasury and Finance

Notes:

(a) Percentage change in year average terms compared with previous year, except for the unemployment rate (see Note (b)) and population (see Note (e)). Forecasts are rounded to the nearest 0.25 percentage points, except for population (see Note (e)). The key assumptions underlying the economic forecasts include: interest rates that follow movements in market expectations; an Australian dollar trade-weighted index of 61.5; and oil prices that follow the path suggested by oil futures.

(b) Year average.

(c) Melbourne consumer price index.

(d) Wage price index, Victoria (based on total hourly rates of pay, excluding bonuses).

(e) Percentage change over the year to 30 June. Forecasts are rounded to the nearest 0.1 percentage point.

Sensitivity analysis

Appendix A *Sensitivity analysis* contained in Budget Paper No. 2 explores the impact of variations in the macroeconomic outlook on key fiscal aggregates using two alternative approaches. The first quantifies the fiscal impacts of a scenario involving simultaneous variations in economic parameters that represent key risks to the economic outlook. Under this approach, a key risk outlined in Budget Paper No. 2, Chapter 2 *Economic Context* is modelled involving a delay to the effective global roll-out of vaccines, leading to further and ongoing restrictions in major economies outside Australia, and lower business and consumer confidence and investment domestically. The second approach considers the fiscal impacts of independent variations in major macroeconomic parameters, holding all parameters other than the indicator of interest constant.

Material events impacting on this report

The coronavirus (COVID-19) pandemic has introduced significant economic and fiscal uncertainties since early 2020. Although the economic recovery is now well underway, risks to Victoria's economic outlook remain greater than normal and the forecasts are subject to a high degree of uncertainty. These risks continue to be dominated by COVID-19, including risks around the global roll-out of vaccines, the efficacy of vaccines on emerging strains of COVID-19, and any further economic policy responses to support the ongoing recovery of the domestic and global economies.

The economic forecasts depend on underlying assumptions about the roll-out of COVID-19 vaccines and borders re-opening, among other factors. These key assumptions are:

- migrant flows remaining low until mid-2022 before gradually picking up, with international students slowly returning from early 2022 and tourist numbers picking up throughout 2022 as further Safe Travel Zones emerge and international borders re-open; and
- any further onset of COVID-19, in Victoria and nationally, is contained and only results in localised, temporary restrictions.

Further detail on the economic outlook and risks to the outlook is included in Budget Paper No. 2, Chapter 2 *Economic Context*.

1.2 HOW FUNDS ARE RAISED

Introduction

This section presents the sources and amounts of revenue and income forecast for the general government sector.

The income and revenue recognition are determined by the State based on the substance or the relevant arrangement in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*.

Structure

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1.2.1 Taxation

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Taxes on employers' payroll and labour force				
Payroll Tax ^(a)	6 138	6 609	7 448	7 804
Mental Health and Wellbeing Levy ^(b)	387	805	841	882
Total taxes on employers' payroll and labour force	6 525	7 413	8 290	8 686
Taxes on immovable property				
Land tax	4 233	4 655	5 029	5 488
Fire Services Property Levy ^(c)	770	798	805	807
Congestion levy	106	105	104	103
Metropolitan improvement levy	206	215	223	223
Windfall gains tax	..	39	41	44
Total taxes on property	5 315	5 812	6 202	6 665
Gambling taxes				
Public lotteries ^(d)	584	599	615	631
Electronic gaming machines ^(d)	1 158	1 204	1 239	1 264
Casino ^(d)	232	246	252	258
Racing and other sports betting ^{(d)(e)}	272	276	282	288
Other ^(d)	11	15	16	17
Financial and capital transactions				
Land transfer duty	6 710	7 342	7 742	8 026
Metropolitan planning levy	21	21	22	23
Financial accommodation levy	165	168	174	178
Growth areas infrastructure contributions	288	331	364	383
Levies on statutory corporations ^(f)	173	173	173	..
Taxes on insurance	1 626	1 730	1 841	1 959
Total taxes on the provision of goods and services	11 238	12 106	12 719	13 026
Motor vehicle taxes				
Vehicle registration fees	1 931	2 026	2 124	2 229
Duty on vehicle registrations and transfers	979	1 025	1 072	1 121
Liquor licence fees	23	24	26	27
Other	564	652	665	675
Total taxes on the use of goods and performance of activities	3 498	3 727	3 886	4 052
Total taxation revenue	26 577	29 058	31 097	32 429

Source: Department of Treasury and Finance

Notes:

- (a) Payroll tax estimates incorporate the impact of the New jobs tax credit and other payroll tax initiatives introduced in the 2020-21 Budget to support businesses and communities.
- (b) The Mental Health and Wellbeing Levy will begin from 1 January 2022 and will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year.
- (c) The 2021-22 revenue estimate includes the return of \$9 million of estimated overcollection in 2020-21 compared with the target revenue that was frozen at 2019-20 levels for one year.
- (d) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue forecasts of \$158 million in 2021-22, \$175 million in 2022-23, \$191 million in 2023-24 and \$191 million in 2024-25, 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.
- (e) Wagering and betting tax will increase from 8 per cent to 10 per cent of net wagering revenue from 1 July 2021.
- (f) The fifth tranche of the environmental contribution levy began on 1 July 2020 for a period of four years concluding on 30 June 2024.

The State's taxation revenue is forecast by:

- assessing economic and other factors influencing the tax base (e.g. for payroll tax, it involves an assessment of the outlook for employment, hours worked, wages, and activity indicators such as export values and retail sales. The forecasts also incorporate the impact of policy changes on the payroll tax base);
- analysing historical information and relationships using econometric and other statistical methods; and
- consulting with relevant market participants, industry associations and government authorities.

1.2.2 Dividends, income tax equivalent and rate equivalent income (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Dividends from PFC sector	131	44	36	37
Dividends from PNFC sector	72	111	143	142
Dividends from non-public sector	121	130	137	145
Dividends	323	285	316	324
Income tax equivalent income from PFC sector	6	7	7	7
Income tax equivalent income from PNFC sector	239	244	244	246
Income tax equivalent income	245	251	251	254
Local government rate equivalent income	7	6	6	6
Total dividends, income tax equivalent and rate equivalent income	575	542	574	584

Source: Department of Treasury and Finance

Dividends and income tax equivalent income are mainly from the PNFC and PFC sectors. This income is forecast based on the State's dividend policy and expected profitability as forecast by the PNFCs and PFCs at the time of the budget.

While most government departments and agencies are exempt from Commonwealth income tax, certain larger PNFC and PFC entities are required to pay income tax equivalents to the general government sector in accordance with the National Tax Equivalent Regime (NTER). The primary objective of the NTER is to promote competitive neutrality, through uniformly applying income tax laws, between NTER entities and their privately held counterparts.

Dividends by entity ^(a)
(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Public financial corporations				
Victorian Managed Insurance Authority	..	..	..	..
Transport Accident Commission	..	..	..	..
Treasury Corporation of Victoria	125	36	28	28
State Trustees Ltd	1	2	3	3
Victorian Funds Management Corporation	5	5	5	5
WorkSafe Victoria	..	..	..	..
Dividends from PFC sector	131	44	36	37
Public non-financial corporations				
City West Water Corporation	10	22	28	30
Melbourne Water Corporation	10	..	..	..
South East Water Corporation	26	34	43	46
Yarra Valley Water Corporation	16	26	28	47
Development Victoria	10	29	43	19
Others	..	..	..	..
Dividends from PNFC sector	72	111	143	142

Source: Department of Treasury and Finance

Note:

(a) Amounts equivalent to dividends to be paid by the Transport Accident Commission and the Victorian Managed Insurance Authority are received and reported as contributions forming part of grant revenue, consistent with the requirements of AASB 1023 General Insurance Contracts. The amounts, subject to annual review, that are forecast to be paid are \$400 million in each of 2021-22 and 2022-23 and \$775 million in each of 2023-24 and 2024-25 for the Transport Accident Commission and \$50 million in each of 2021-22 and 2022-23 and \$25 million in each of 2023-24 and 2024-25 for the Victorian Managed Insurance Authority. These payments from the insurance agencies are contributions to the Delivering for all Victorians Infrastructure Fund, delivering the commitment in Labor's Financial Statement 2018.

1.2.3 Sales of goods and services
(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Revenue items accounted for under AASB 15				
Sale of goods	95	89	90	92
Provision of services ^(a)	5 168	5 240	5 339	5 530
Income accounted for under AASB 1058 statutory requirement				
Motor vehicle regulatory fees	306	316	320	320
Other regulatory fees	731	772	787	663
Refunds and reimbursements	14	14	14	14
Revenue items accounted for under AASB 16				
Rental	91	94	96	98
Total sales of goods and services	6 405	6 526	6 645	6 716

Source: Department of Treasury and Finance

Note:

(a) Further disclosure on the provision of services is available on the Department of Treasury and Finance's website. This further disclosure is not subject to review by the Victorian Auditor-General's Office.

Revenue from the sale of goods and the supply of services is forecast by taking into account known factors, for example, indexation as provided for under the *Monetary Units Act 2004*.

1.2.4 Grants^(a)

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
General purpose grants	17 391	19 213	19 463	19 997
Specific purpose grants for on-passing	4 838	5 092	5 370	5 730
Grants for specific purposes	13 772	14 695	14 738	14 916
Total	36 001	39 001	39 571	40 643
Other contributions and grants	777	695	956	877
Total grants	36 778	39 695	40 527	41 520

Source: Department of Treasury and Finance

Note:

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

Grants mainly comprise contributions from the Commonwealth to assist in meeting general or specific service delivery obligations, primarily for the purpose of aiding in the financing of the operations of the recipient, for capital purposes and/or for on-passing to other recipients. Grant revenue also includes grants from other jurisdictions.

The forecast receipt of financial assistance from the Commonwealth is determined on the latest available information at the time of preparing the Estimated Financial Statements.

Forecast goods and services tax (GST) grants are based on Victoria's assessment of the national GST pool. For 2021-22, Victoria's share of GST is informed by the assessed relativity for Victoria in 2021-22 as published by the Commonwealth Grants Commission, and Victoria's projections of other state and territory populations.

Beyond 2021-22, Victoria's estimated share of the GST pool is based on the projected fiscal capacity of each state and territory that is estimated using latest available information – including state and territory economic and fiscal updates – and Victoria's projections of each state and territory's population. Victoria's GST forecast also includes Commonwealth payments reflecting the transition to the new system of horizontal fiscal equalisation.

1.2.5 Other revenue and income

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Revenue items accounted for under AASB 15				
Royalties	140	140	142	144
Other revenue – Health	242	248	254	261
Other miscellaneous revenue	558	578	574	704
Income accounted for under AASB 1058				
Fair value of assets received free of charge or for nominal consideration ^(a)	709	429	147	2
Fines	972	1 000	1 016	1 040
Donations and gifts	220	203	207	211
Other income – Education	403	411	422	432
Revenue items accounted for under AASB 16				
Other non-property rental	32	32	32	32
Revenue items accounted for under AASB 1059				
Revenue related to economic service concession arrangements	330	374	474	557
Total other revenue and income	3 605	3 414	3 268	3 383

Source: Department of Treasury and Finance

Note:

(a) The profile of the Fair value of assets received free of charge or for nominal consideration includes Cross Yarra Partnership Consortium's contribution to additional costs borne by the operator as part of the Metro Tunnel settlement.

Other revenue and income is received from a variety of miscellaneous sources and is forecast based on historical trends and expectations. Fines are collected from road safety cameras, toll road evasions, on-the-spot infringements, court and other (non-traffic) statutory infringements. Other education income mainly comprises locally raised funds held by schools from school fetes, fundraising events and voluntary contributions made by parents. Other health revenue mainly comprises research funding from non-government organisations and non-salary cost recovery from external organisations in the health sector. Revenue related to economic service concession arrangements reflects the progressive unwinding of the grant of a right to the operator liability (Note 1.6.2) by applying AASB 1059 *Service Concession Arrangements: Grantors*.

1.3 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.

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1.3.1 Employee expenses and provision for outstanding employee benefits

Employee expenses and employee benefits are forecast on the basis of staffing profiles and current salaries, conditions and on-costs. For the forecast period, employee expenses and employee benefits include the expected financial impact of employing more staff to increase service delivery and approved wage outcomes in line with wages policy. Forecast employee expenses also reflect the estimated impact of budget decisions, which either increase or reduce employee expenses. The majority of employee expenses in the operating statement are salaries and wages.

Employee benefits (balance sheet) (\$ million)

	2021 revised	2022 budget	2023 estimate	2024 estimate	2025 estimate
Current					
Accrued salaries and wages	837	852	868	883	898
Other employee benefits	79	79	79	79	79
Annual leave	2 090	2 125	2 159	2 194	2 228
Long service leave	5 030	5 176	5 321	5 466	5 611
Total current employee benefits and on-costs	8 036	8 231	8 426	8 621	8 816
Non-current					
Long service leave	1 306	1 423	1 543	1 669	1 800
Total non-current employee benefits and on-costs	1 306	1 423	1 543	1 669	1 800
Total employee benefits	9 342	9 655	9 970	10 290	10 615

Source: Department of Treasury and Finance

1.3.2 Superannuation expenses

Superannuation expense recognised in the comprehensive operating statement (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Defined benefit plans				
Net superannuation interest expense	565	545	525	502
Current service cost	1 489	1 528	1 580	1 619
Remeasurements:				
Expected return on superannuation assets excluding interest income	(1 241)	(1 256)	(1 273)	(1 293)
Total expense recognised in respect of defined benefit plans	813	817	833	828
Defined contribution plans				
Employer contributions to defined contribution plans	2 117	2 142	2 186	2 243
Other (including pensions)	76	69	69	69
Total expense recognised in respect of defined contribution plans	2 193	2 211	2 255	2 312
Total superannuation (gain)/expense recognised in operating statement	3 007	3 029	3 088	3 140
Represented by:				
Net superannuation interest expense	565	545	525	502
Other superannuation	3 682	3 739	3 836	3 931
Superannuation expense from transactions	4 247	4 285	4 361	4 434
Remeasurements recognised in other comprehensive income	(1 241)	(1 256)	(1 273)	(1 293)
Total superannuation expense recognised in operating statement	3 007	3 029	3 088	3 140

Source: Department of Treasury and Finance

Future defined contribution superannuation expenses are based on assumptions regarding future salaries and contribution rates.

Future defined benefit superannuation expenses, and superannuation liabilities at future balance dates, are estimated by the actuaries of the various defined benefit superannuation plans. These estimates rely on a number of demographic and financial assumptions. The table below sets out the key financial assumptions that are used to estimate the superannuation expense and liability for each defined benefit superannuation plan.

The discount and inflation rates are based on long-term Commonwealth Government bond yields (both nominal and inflation linked) and are assumed to remain constant thereafter. An expected return on plan assets is assumed when projecting assets, and the return this provides in excess of the discount rate is included in Other economic flows – other comprehensive income.

Actual experience is likely to differ from assumptions and cause variations in the reported superannuation liability.

Superannuation assumptions

(per cent)

Underlying assumptions for all listed schemes ^(a)

Discount rate ^(b)	1.9
Wages growth ^(c)	3.5
Inflation rate ^(d)	2.0

Expected return on assets ^(e)

Emergency Services and State Super	7.6
Health Super Fund Defined Benefit Scheme	4.8
Constitutionally protected schemes ^(f)	n.a.

Source: Department of Treasury and Finance

Notes:

- (a) All rates are nominal annual rates and are applicable to all the listed schemes.
- (b) The discount rate is based on a long-term fixed interest Commonwealth bond rate. The rate stated above is an annual effective rate, gross of tax.
- (c) Based on the historical relationship between price and wage inflation, wages growth is assumed to be 1.5 per cent higher than price inflation.
- (d) The superannuation assumptions are determined in accordance with AASB 119 Employee Benefits, which requires that the discount rate be based on Commonwealth bond yields. To ensure consistency with the market-based discount rate, the inflation rate assumed by the actuary reflects market expectations of price inflation, as implied by the relationship between the yields on nominal and inflation-linked Commonwealth bonds. Therefore, these assumptions differ from the key economic assumptions in Note 1.1, which reflect the expected change in consumer prices in Melbourne and movements in wages and salaries in the Victorian labour market.
- (e) The expected return on assets stated is gross of tax. Estimated tax payments are explicitly allowed for in the calculation process.
- (f) Pensions payable from constitutionally protected schemes are paid from the Consolidated Fund. These schemes hold no assets, so there is no expected return on assets.

1.3.3 Grant expense

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Current grant expense				
Commonwealth Government	2 928	3 220	3 320	3 404
Local government (including grants for on-passing)	983	831	812	896
Private sector and not-for-profit for on-passing	4 146	4 383	4 589	4 854
Other private sector and not-for-profit	4 993	4 417	4 028	3 942
Grants within the Victorian government	3 664	1 880	1 715	1 610
Grants to other state governments	76	76	76	77
Total current grant expense	16 791	14 807	14 541	14 784
Capital grant expense				
Local government (including grants for on-passing)	147	133	120	115
Private sector and not-for-profit on-passing	358	189	112	93
Other private sector and not-for-profit	4	4	4	4
Grants within the Victorian government	1	..	..	..
Total capital grant expense	510	327	236	212
Total grant expense	17 301	15 133	14 777	14 995

Source: Department of Treasury and Finance

Grants and other transfer payments include grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to the Commonwealth Government, local government, non-government schools and community groups, and grants and transfer payments to PNFCs and PFCs. These amounts are forecast on the basis of known activity and adjusted by the appropriate economic parameters. Where payments are tied to third-party revenue, such as Commonwealth grants for on-passing, forecasts are based on estimated receipts.

1.3.4 Other operating expenses

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Purchase of supplies and consumables ^(a)	8 667	7 818	7 488	7 705
Cost of goods sold	34	35	35	35
Finance expenses and fees	44	46	46	46
Purchase of services ^(a)	14 285	13 361	13 359	13 372
Insurance claims expense	312	298	301	304
Maintenance	1 123	1 120	1 140	1 153
Short-term and low-value lease expense	102	103	104	106
Other	909	844	886	929
Total other operating expenses	25 477	23 625	23 359	23 650

Source: Department of Treasury and Finance

Note:

(a) The following two tables break down the purchase of supplies and consumables and the purchase of services.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations, and mainly include the purchase of supplies and consumables and the purchase of services. Supplies and services expenses are forecast on the basis of experience and known activity changes, including consideration of government policy such as efficiency measures, changes in the method of service delivery and appropriate economic parameters.

An allowance is made for emerging demand that may arise over the forward estimates.

Purchase of supplies and consumables

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Medicinal pharmacy and medical supplies	2 178	2 217	1 857	1 892
Office supplies and consumables	224	223	219	220
Specialised operational supplies and consumables	185	175	175	176
Other purchase of supplies and consumables	6 081	5 203	5 238	5 417
Total purchase of supplies and consumables	8 667	7 818	7 488	7 705

Source: Department of Treasury and Finance

Purchase of services

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Service contracts	8 155	7 882	7 994	8 063
Accommodation/occupancy	835	827	825	840
Medical and client care services	457	438	447	455
Staff related expenses (non-labour related)	362	344	339	307
Other purchase of services	4 476	3 868	3 755	3 706
Total purchase of services	14 285	13 361	13 359	13 372

Source: Department of Treasury and Finance

1.3.5 Total expenses from transactions by classification of the functions of government and by portfolio department

Expenses from transactions by classification of the functions of government (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
General public services	5 874	6 277	6 790	7 535
Public order and safety	10 143	9 976	9 971	10 084
Economic affairs ^(a)	3 052	2 291	1 701	1 426
Environmental protection ^(b)	1 481	1 081	823	715
Housing and community amenities ^(c)	2 369	2 060	1 916	1 734
Health ^(d)	26 472	25 645	26 415	27 679
Recreation, culture and religion ^(e)	1 524	1 053	697	560
Education	19 932	20 217	21 632	22 482
Social protection ^(f)	9 245	7 632	7 619	7 644
Transport	7 236	6 686	6 486	6 608
Not allocated by purpose ^(g)	(1 127)	787	829	912
Total expenses by COFOG	86 200	83 705	84 879	87 379

Source: Department of Treasury and Finance

Notes:

- (a) The decrease in the economic affairs classification over the forward estimates is driven by fixed-term and lapsing initiative funding.
- (b) The schedule of funding for the environmental protection classification over the forward estimates is driven by fixed-term and lapsing initiative funding.
- (c) The decrease in the housing and community amenities classification over the forward estimates is driven by fixed-term and lapsing initiative funding.
- (d) The decrease in expenses for the health classification in 2022-23 is primarily driven by one-off services and initiatives in response to the coronavirus (COVID-19) pandemic.
- (e) The decrease in the recreation, culture and religion classification over the forward estimates is driven by fixed-term and lapsing initiative funding.
- (f) The decrease in the social protection classification over the forward estimates is driven by fixed-term and lapsing initiative funding.
- (g) Mainly comprises the provision for future demand growth, departmental underspending, eliminated purchases of supplies and consumables between government entities, and items not yet formalised at the time of publication.

Total expenses from transactions by portfolio department (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Education and Training	20 120	19 970	20 435	21 046
Environment, Land, Water and Planning	3 564	3 036	2 596	2 321
Families, Fairness and Housing ^{(a)(b)}	7 589	7 314	7 274	7 376
Health ^(a)	25 250	24 696	24 583	24 960
Jobs, Precincts and Regions	3 458	2 538	2 107	2 080
Justice and Community Safety	8 748	8 609	8 478	8 494
Premier and Cabinet ^(b)	713	721	525	545
Treasury and Finance	9 987	9 768	10 634	11 590
Transport	6 894	6 384	6 304	6 433
Parliament	340	332	331	335
Courts	819	795	784	793
Regulatory bodies and other part funded agencies ^(c)	3 099	3 016	2 862	2 721
Output contingencies not allocated to departments ^(d)	7 134	6 284	7 934	9 201
Total expenses by department	97 716	93 464	94 848	97 894
<i>Less eliminations and adjustments ^(e)</i>	<i>(11 516)</i>	<i>(9 759)</i>	<i>(9 969)</i>	<i>(10 515)</i>
Total expenses	86 200	83 705	84 879	87 379

Source: Department of Treasury and Finance

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing was created. Refer to Note 1.7.4 for further details.
- (b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (c) Other general government sector agencies not allocated to departmental portfolios.
- (d) The following table provides a breakdown of the general government output contingencies not allocated to departments.
- (e) Mainly payroll tax, departmental underspend estimates and inter-departmental transfers.

General government output contingencies not allocated to departments (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Decisions made but not yet allocated ^(a)	7 034	5 934	7 234	8 101
Funding not allocated to specific purposes ^(b)	100	350	700	1 100
Total general government output contingencies	7 134	6 284	7 934	9 201

Source: Department of Treasury and Finance

Notes:

- (a) Reflects existing Government policy decisions for which funding has yet to be allocated to departments; and provisions not yet allocated to meet additional price and demand growth for health, disability, and education.
- (b) An unallocated provision available to contribute to future government policy decisions and commitments.

1.3.6 Purchases of non-financial assets by classification of the functions of government and by portfolio department

Purchases of non-financial assets by classification of the functions of government (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
General public services	213	60	43	39
Public order and safety	1 983	1 018	482	265
Economic affairs	232	161	128	31
Environmental protection	173	127	67	46
Housing and community amenities	223	131	49	13
Health	2 135	1 343	1 316	542
Recreation, culture and religion	158	229	168	281
Education	2 311	2 111	1 098	389
Social protection	1 788	762	387	82
Transport	13 875	15 285	13 715	12 308
Not allocated by purpose ^(a)	(3 259)	(3 206)	1 516	5 420
Total purchases of non-financial assets	19 833	18 021	18 968	19 417

Source: Department of Treasury and Finance

Note:

(a) Estimated amount available to be allocated to departments and projects in future budgets, including major capital investment. It also includes estimated underspends, which may be subject to carryover.

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

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Education and Training	2 324	2 047	950	339
Environment, Land, Water and Planning	216	188	93	58
Families, Fairness and Housing ^{(a)(b)}	96	54	53	51
Health ^(a)	1 721	756	508	191
Jobs, Precincts and Regions	96	123	119	42
Justice and Community Safety	1 443	556	103	110
Premier and Cabinet ^(b)	30	20	17	17
Transport	7 969	6 222	2 927	1 304
Treasury and Finance	178	32	25	21
Parliament	17	11	3	3
Courts	221	63	16	10
Regulatory bodies and other part funded agencies ^(c)	226	128	123	111
Asset contingencies not allocated to departments ^(d)	9 138	10 824	13 128	12 608
Adjustments ^(e)	(3 842)	(3 004)	903	4 552
Total purchases of non-financial assets	19 833	18 021	18 968	19 417

Source: Department of Treasury and Finance

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the Department of Families, Fairness and Housing was created. Refer to Note 1.7.4 for further details.
- (b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (c) Other general government sector agencies not allocated to departmental portfolios.
- (d) The following table provides a breakdown of the general government sector asset contingencies not allocated to departments.
- (e) Mainly comprises estimated departmental underspend, which may be subject to carryover, and estimated underspends by other regulatory bodies and other part-funded agencies.

General government asset contingencies not allocated to departments (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Decisions made but not yet allocated ^{(a)(b)}	9 588	11 715	14 439	13 505
Funding not allocated to specific purposes ^(c)	..	250	600	900
Total general government asset contingencies	9 588	11 965	15 039	14 405

Source: Department of Treasury and Finance

Notes:

- (a) A provision to account for asset policy decisions for which the funding has yet to be allocated to departments.
- (b) Asset contingencies include equity contributions to other sectors for capital projects which are included as part of net cash flows from investments in financial assets for policy purposes, rather than purchases of non-financial assets, on the cash flow statement.
- (c) An unallocated provision available for future government asset investment decisions.

1.3.7 Net acquisition of non-financial assets from transactions (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Purchases of non-financial assets (including change in inventories)	19 513	17 629	18 972	19 421
Less: Sales of non-financial assets	(570)	(537)	(363)	(375)
Less: Depreciation and amortisation	(4 399)	(4 572)	(4 770)	(5 273)
Less: Other movements in non-financial assets ^{(a)(b)}	(7 101)	(5 913)	(3 921)	(3 431)
Total net acquisition of non-financial assets from transactions	7 442	6 608	9 918	10 342

Source: Department of Treasury and Finance

Notes:

- (a) Other movements in non-financial assets includes transferring fixed assets to other sectors of government, recognising the right-of-use assets under lease arrangements, and recognising service concession arrangements, including from public private partnerships.
- (b) The public private partnerships across the budget and forward estimates relate to the High Capacity Metro Trains Project, the Metro Tunnel, the new Footscray Hospital, Frankston Hospital Redevelopment, the Western Roads Upgrade, and the West Gate Tunnel Project.

1.4 MAJOR ASSETS AND INVESTMENTS

Introduction

This section outlines the major assets that the general government sector controls, reflecting investing activities in the prior, current, and future years.

Structure

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1.4.1 Total land, buildings, infrastructure, plant and equipment ^(a) (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Buildings	46 008	48 516	50 949	52 981	56 279
Land and national parks	71 433	71 444	72 364	77 599	81 490
Infrastructure systems	7 031	10 052	13 561	17 320	20 095
Plant, equipment and vehicles	5 021	5 188	5 062	4 828	4 385
Roads and road infrastructure	35 317	38 074	45 845	51 599	61 694
Earthworks	9 744	9 722	9 526	9 440	9 548
Cultural assets	5 861	5 879	5 871	5 882	6 498
Total land, buildings, infrastructure, plant and equipment	180 415	188 874	203 178	219 649	239 990

Source: Department of Treasury and Finance

Note:

(a) The balances for each class of assets includes those related to service concession arrangement assets and right-of-use assets.

Where an asset has been identified as surplus to the needs of the State and is not in use, the asset is valued at disposal value. New investments in assets are valued at the forecast purchase price and, where appropriate, recognised progressively over the estimated construction period.

Assets also include the recognition of right-of-use assets at the lease commencement date. The right-of-use assets are initially measured at cost which comprises the initial amount of the lease liability adjusted for prepaid or accrued lease payments immediately before that date.

The next four years include the estimated impact of revaluations of non-financial physical assets. They have been estimated from examining and extrapolating historical trends in asset revaluations by major asset class.

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

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

(\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Buildings	9 026	8 248	7 697	7 157	6 586
Infrastructure systems	6	7	7	8	9
Plant, equipment and vehicles	635	566	482	396	313
Total right-of-use assets: land, buildings, infrastructure, plant and equipment	9 667	8 821	8 186	7 561	6 907

Source: Department of Treasury and Finance

Victorian Rail Track (VicTrack), a public non-financial corporation (PNFC) sector entity, is the custodial owner of the State's transport-related land, infrastructure, rolling stock and associated assets, which the State, through the Department of Transport (DoT) within the general government sector, is highly dependent on to further its objectives of providing Victorians with a transport system. DoT leases metropolitan, regional and interstate train, tram and rail infrastructure assets from VicTrack at nominal cost (significantly below market value) in order to provide public transport services in Victoria.

The State elected to initially measure the recognition of the right-of-use asset arising from leases that are significantly below market terms and conditions at cost as per the temporary relief given to not-for-profit entities by AASB 16 *Leases*. Therefore, the right-of-use asset and the corresponding liability are recognised at nominal values in the general government sector. This temporary relief has been applied across the budget and forward estimates.

With these assets recognised at nominal value in both the general government and PNFC sectors, their fair value is reinstated as a consolidation adjustment in the non-financial public sector. Refer to Chapter 2 *Supplementary uniform presentation framework* for the details of the PNFC sector and the non-financial public sector.

Total service concession assets: land, buildings, infrastructure, plant and equipment

(\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Buildings	2 212	2 159	2 107	2 056	2 005
Land	2 531	2 531	2 531	2 531	2 831
Infrastructure systems	5 244	7 578	9 058	9 616	9 612
Plant, equipment and vehicles	990	1 244	1 471	1 691	1 718
Roads and road infrastructure	11 431	11 978	13 305	13 885	14 374
Total service concession assets: land, buildings, infrastructure, plant and equipment	22 407	25 490	28 473	29 779	30 539

Source: Department of Treasury and Finance

1.4.2 Depreciation

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Buildings ^(a)	2 245	2 362	2 444	2 750
Infrastructure systems	52	53	54	59
Plant, equipment and vehicles ^(a)	852	851	847	850
Roads and road networks ^(a)	970	1 027	1 149	1 336
Cultural assets	20	21	21	21
Intangible produced assets ^(b)	260	258	255	256
Total depreciation	4 399	4 572	4 770	5 273

Source: Department of Treasury and Finance

Notes:

(a) Includes estimated depreciation on amounts not yet allocated to projects in 2021-22 to 2024-25.

(b) 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)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Buildings	658	650	613	702
Plant, equipment and vehicles	120	115	115	114
Total depreciation of right-of-use assets	777	765	728	815

Source: Department of Treasury and Finance

Depreciation of service concession assets

(\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Buildings	47	47	47	47
Plant, equipment and vehicles	28	28	28	28
Roads and road infrastructure	201	199	248	316
Intangible produced assets	1	1	1	1
Total depreciation of service concession assets	278	276	324	392

Source: Department of Treasury and Finance

Depreciation is forecast on the basis of known asset profiles, asset sales programs and approved new investment. The expense assumes there will be no change in depreciation rates over the forecast period, but includes the estimated impact of the projected future revaluation of assets. However, any future changes in useful lives, carrying value, residual value or methodology would result in a change in future depreciation expense.

1.4.3 Reconciliation of movements in land, buildings, infrastructure, plant and equipment ^(a)

(\$ million)

	2021 revised	2022 budget	2023 estimate	2024 estimate	2025 estimate
Carrying amount at the start of the year	173 708	180 415	188 874	203 178	219 649
Additions of self-owned assets ^(b)	11 217	19 765	18 011	19 541	19 260
Additions of right-of-use assets	1 843	240	155	135	157
Additions of service concession arrangement assets	2 250	2 448	1 851	1 102	10
Disposals at written down value	(145)	(522)	(475)	(320)	(332)
Revaluations	1 043	563	7 090	6 029	10 098
Asset transfers ^(c)	(5 525)	(9 896)	(8 015)	(5 500)	(3 836)
Depreciation expense	(3 976)	(4 139)	(4 314)	(4 515)	(5 016)
Carrying amount at the end of the year	180 415	188 874	203 178	219 649	239 990

Source: Department of Treasury and Finance

Notes:

- (a) The reconciliation of movements comprises land and buildings, infrastructure systems, plant, equipment, vehicles, roads, roads infrastructure and cultural assets, right-of-use (leased) assets, service concession assets, and excludes intangible assets, investment properties and other non-financial assets.
- (b) Represents additions of assets recognised under AASB 116 Property, Plant and Equipment.
- (c) Represents the transfer of assets to the public non-financial corporations sector.

1.4.4 Other non-financial assets

(\$ million)

	2021 revised	2022 budget	2023 estimate	2024 estimate	2025 estimate
Intangible produced assets	2 572	2 717	2 730	2 753	2 781
Accumulated amortisation	(1 393)	(1 636)	(1 880)	(2 126)	(2 375)
Service concession assets – intangible produced ^(a)	480	480	480	480	480
Accumulated amortisation	(2)	(3)	(5)	(6)	(8)
Intangible non-produced assets	119	122	123	124	125
Accumulated amortisation	(50)	(55)	(60)	(64)	(69)
Total intangibles	1 725	1 625	1 389	1 161	934
Investment properties	294	293	275	275	275
Biological assets	4	5	7	8	10
Other assets	1 196	976	807	805	803
Total other non-financial assets	3 219	2 899	2 477	2 249	2 022

Source: Department of Treasury and Finance

Note:

- (a) On 5 March 2021, the Government announced that work will begin to modernise a number of VicRoads services to make them more user-friendly for motorists, with the Government making an in-principle decision to progress a joint venture model for registration, licensing and custom plates. Given that the potential future joint venture operating model and inputs have not been finalised, the database and software assets have not been valued for the purposes of AASB 1059 as part of the Estimated Financial Statements.

Intangible produced assets and service concession intangible produced assets may include computer software, databases or research and development costs. Non-produced intangibles are intangible assets needed for production that have not themselves been produced, such as patents. These amounts are estimated based on their audited balances as at 30 June 2020, which are adjusted for estimated acquisitions, disposals and amortisation.

Other non-financial assets include prepayments, which are payments in advance of the receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

1.4.5 Total assets by classification of the functions of government (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
General public services	4 515	4 580	4 262	3 950	3 601
Public order and safety	14 152	15 430	15 747	15 546	16 524
Economic affairs	1 288	1 438	1 520	1 573	2 624
Environmental protection	11 901	12 001	12 056	12 051	12 025
Housing and community amenities	2 422	2 596	2 676	2 994	4 815
Health	19 790	20 140	19 558	20 434	19 544
Recreation, culture and religion	7 695	7 767	7 920	8 012	8 215
Education	29 335	31 033	35 047	35 464	35 163
Social protection	3 004	3 661	4 481	4 726	4 970
Transport	93 161	100 169	112 658	126 351	138 975
Not allocated by purpose ^(a)	105 057	102 805	101 775	106 778	113 783
Total assets by COFOG	292 319	301 619	317 701	337 878	360 240

Source: Department of Treasury and Finance

Note:

(a) Represents financial assets which are not able to be allocated by purpose. This mainly includes balances relating to the general government sector's investment in other sector entities.

1.5 FINANCING STATE OPERATIONS

Introduction

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

This section provides information on the balances related to the financing of the general government sector's operations.

Structure

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1.5.2	Advances paid and investments, loans and placements	40
1.5.3	Interest expense.....	41

1.5.1 Borrowings (\$ million)

	2021 revised	2022 budget	2023 estimate	2024 estimate	2025 estimate
Current borrowings					
Domestic borrowings	13 539	13 625	13 740	13 852	13 972
Lease liabilities	674	615	531	446	352
Service concession arrangement liabilities	1 196	1 237	2 330	658	537
Derivative financial instruments	7	10	23	36	49
Total current borrowings	15 416	15 487	16 624	14 992	14 911
Non-current borrowings					
Domestic borrowings	66 173	91 750	111 564	132 735	152 059
Lease liabilities	8 268	7 549	7 109	6 675	6 214
Service concession arrangement liabilities	5 375	5 700	4 546	4 599	4 421
Derivative financial instruments	334	334	334	334	334
Total non-current borrowings	80 150	105 333	123 553	144 343	163 027
Total borrowings	95 566	120 820	140 177	159 335	177 938

Source: Department of Treasury and Finance

Borrowings include interest-bearing liabilities mainly raised from public borrowings, lease liabilities, service concession arrangement financial liabilities and other interest-bearing arrangements.

Service concession related liabilities are recognised progressively over the forward estimates to reflect the construction profile of the service concession arrangement assets to which they relate and also the payments expected to be made during that time. For lease liabilities, the amounts recorded reflect management's best estimate of the timing of new leases and the renewal of existing lease arrangements over the next four years.

Estimates for new borrowings are based on the requirement to repay maturing debt and finance expenditure.

1.5.2 Advances paid and investments, loans and placements (\$ million)

	2021 revised	2022 budget	2023 estimate	2024 estimate	2025 estimate
Current advances paid and investments, loans and placements					
Loans and advances paid	1 329	507	784	845	916
Equities and managed investment schemes	133	144	169	207	223
Australian dollar term deposits	113	77	88	103	122
Debt securities	6	6	6	6	6
Derivative financial instruments	7	10	23	36	49
Total current advances paid and investments, loans and placements	1 588	744	1 070	1 197	1 316
Non-current advances paid and investments, loans and placements					
Loans and advances paid	4 852	5 001	4 988	5 179	5 187
Equities and managed investment schemes	1 162	1 149	1 309	1 513	1 745
Australian dollar term deposits	26	25	25	25	25
Debt securities	22	22	22	22	22
Derivative financial instruments	1	1	1	1	1
Total non-current advances paid and investments, loans and placements	6 063	6 198	6 346	6 740	6 980
Total advances paid and investments, loans and placements	7 651	6 943	7 416	7 937	8 296
Represented by:					
Advances paid	6 181	5 508	5 773	6 024	6 103
Investments, loans and placements	1 470	1 434	1 643	1 913	2 194

Source: Department of Treasury and Finance

The financial instruments above have been classified into financial instrument categories, depending on the purpose for which the investments were made or acquired. They are forecast based on expected transaction flows associated with these instruments.

Advances paid include long-term and short-term loan receivables, non-marketable debentures and long and short-term promissory agreements (bonds and bills) mainly issued to the PNFC and PFC sectors, for policy rather than liquidity management purposes.

1.5.3 Interest expense**(\$ million)**

	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
Interest on interest-bearing liabilities and deposits	2 123	2 596	3 259	4 002
Finance charges on lease liabilities	430	403	381	376
Finance charges on service concession liabilities	464	468	400	368
Discount interest on payables	34	32	30	27
Total interest expense	3 051	3 499	4 069	4 774

Source: Department of Treasury and Finance

Estimates for interest expense are based on the forecast levels of outstanding Victorian general government sector debt and non-current financial liabilities. Victorian general government sector debt is expected to mainly comprise fixed-rate facilities from the Treasury Corporation of Victoria, lease liabilities and service concession financial liabilities. Interest expenses associated with issuing future domestic borrowings are based on forecasts provided by the Treasury Corporation of Victoria.

1.6 OTHER ASSETS AND LIABILITIES

Introduction

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

Structure

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1.6.2 Payables and contract liabilities	42
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1.6.1 Investments in other sector entities (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Balance of investment in PNFC and PFC sectors at beginning of period	75 043	78 279	81 957	83 658	86 464
Net contributions to other sectors by owner	6 201	11 080	7 932	6 193	5 445
Revaluation gain/(loss) for period	(2 964)	(7 403)	(6 230)	(3 387)	(4 093)
Investment in other sector entities at end of period	78 279	81 957	83 658	86 464	87 817

Source: Department of Treasury and Finance

Investments in other sector entities are estimated based on their audited net assets as at 30 June 2020, adjusted by management estimates of subsequent operating results, capital investments, distributions and returns of capital.

1.6.2 Payables and contract liabilities (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Contractual					
Accounts payable	1 057	1 044	1 079	1 181	1 036
Accrued expenses	3 692	3 678	3 388	3 379	3 369
Contract liabilities	215	190	190	190	190
Unearned income and grant of a right to the operator liability	10 118	13 491	13 602	13 539	12 954
Statutory					
Accrued taxes payable	93	94	94	95	96
Unearned income	497	320	248	177	105
Total payables and contract liabilities	15 672	18 818	18 602	18 560	17 750
Represented by:					
Current payables and contract liabilities	5 497	5 472	5 167	5 245	5 032
Non-current payables and contract liabilities	10 174	13 346	13 435	13 315	12 717

Source: Department of Treasury and Finance

Payables consist of accounts payable, contract liabilities, accrued taxes such as GST and fringe benefit tax, and unearned income including deferred income from service concession arrangements and licences.

Estimates of accounts payable are based on known movements in contractual arrangements, other outstanding payables and historical experience.

Unearned income and grant of a right to the operator liabilities will reduce each year as revenue is progressively brought to account over the remaining period of the concession term or licence. The estimated changes in other components are based on historical experience.

1.6.3 Superannuation

Reconciliation of the superannuation liabilities (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Emergency Services and State Super				
Defined benefit obligation	48 544	48 302	48 088	47 894
Tax liability ^(a)	2 198	2 064	1 917	1 775
Plan assets	(24 333)	(24 769)	(25 289)	(25 800)
Net liability/(asset)	26 409	25 597	24 716	23 869
Other funds ^(b)				
Defined benefit obligation	2 461	2 482	2 520	2 561
Plan assets	(874)	(857)	(840)	(825)
Net liability/(asset)	1 586	1 625	1 680	1 736
Total superannuation				
Defined benefit obligation	51 005	50 784	50 608	50 455
Tax liability ^(a)	2 198	2 064	1 917	1 775
Plan assets	(25 208)	(25 626)	(26 129)	(26 625)
Superannuation liability	27 995	27 222	26 396	25 605
Represented by:				
Current liability	1 007	1 079	1 042	1 068
Non-current liability	26 988	26 143	25 355	24 537
Total superannuation liability	27 995	27 222	26 396	25 605

Source: Department of Treasury and Finance

Notes:

(a) Tax liability is the present value of tax payments on contributions that are expected to be required to fund accrued benefits.

(b) Other funds include constitutionally protected schemes and the State's share of liabilities of the defined benefit scheme of the former Health Super Fund.

Reconciliation of the present value of the defined benefit obligation (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Opening balance of defined benefit obligation	53 569	53 203	52 848	52 525
Current service cost	1 489	1 528	1 580	1 619
Interest expense	1 028	1 016	1 004	990
Contributions by plan participants	215	213	211	209
Benefits paid	(3 098)	(3 111)	(3 118)	(3 114)
Closing balance of defined benefit obligation	53 203	52 848	52 525	52 230

Source: Department of Treasury and Finance

Reconciliation of the fair value of superannuation plan assets (\$ million)

	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Opening balance of plan assets	24 797	25 208	25 626	26 129
Interest income	463	471	479	488
Return on plan assets not included in interest income	1 241	1 256	1 273	1 293
Employer contributions	1 590	1 590	1 659	1 620
Contributions by plan participants	215	213	211	209
Benefits paid (including tax paid)	(3 098)	(3 111)	(3 118)	(3 114)
Closing balance of plan assets	25 208	25 626	26 129	26 625

Source: Department of Treasury and Finance

See Note 1.3.2 *Superannuation expenses* for further information on superannuation assumptions.

1.7 OTHER DISCLOSURES

Introduction

This section includes several additional disclosures that assist the understanding of the Estimated Financial Statements.

Structure

- 1.7.1 Other gains/(losses) from other economic flows..... 45
- 1.7.2 Reconciliation between Government Finance Statistics and Australian Accounting Standards..... 46
- 1.7.3 Prospective accounting and reporting changes 49
- 1.7.4 Controlled entities..... 50

1.7.1 Other gains/(losses) from other economic flows	(\$ million)			
	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Net (increase)/decrease in allowances for credit losses	(149)	60	(142)	(59)
Amortisation of intangible non-produced assets	(7)	(7)	(7)	(7)
Bad debts written off	(353)	(526)	(316)	(367)
Other gains/(losses)	(12)	(40)	(25)	(12)
Total other gains/(losses) from other economic flows	(521)	(513)	(489)	(445)

Source: Department of Treasury and Finance

Other economic flows are expected changes in the volume or value of an asset or liability arising from market remeasurements, rather than from transactions. They include gains and losses from revaluing biological assets, fair value changes of financial instruments, and depletion of natural assets (non-produced) from their use or removal.

1.7.2 Reconciliation between Government Finance Statistics and Australian Accounting Standards

To assist in an understanding of the relationship of the various balances and aggregates presented in this financial report prepared on the basis of relevant Australian Accounting Standards, and the related balances and aggregates presented under the Government Finance Statistics (GFS) reporting framework, this note seeks to outline the key unconverged differences between the two reporting frameworks.

GFS information enables policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of governments based on consistent economic reporting rules and definitions.

AASB 1049 provides optional relief from the disclosure of reconciliations of key fiscal aggregates measured in accordance with the GFS where they differ from the key fiscal aggregates provided pursuant to this Accounting Standard. This optional relief was applied from the *2019-20 Financial Report* and has been applied across the budget and forward estimates.

The State has adopted the optional relief, which requires an explanation of how each of the key fiscal aggregates required per AASB 1049 is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS.

The key fiscal aggregates below, as defined by AASB 1049, have convergence differences with the GFS:

- **Cash surplus/deficit** represents the net cash flows from operating activities plus net cash flows from investments in non-financial assets (less dividends paid for the PNFC and PFC sectors);
- **Comprehensive result – total change in net worth** is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners;
- **Net lending/borrowing** is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. A positive result reflects a net lending position and a negative result reflects a net borrowing position;
- **Net result from transactions – net operating balance** is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies; and
- **Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

The convergence differences between AASB 1049 and the GFS and their expected impacts applying GFS methodology are outlined in the following table.

<i>Convergence difference</i>	<i>AASB 1049 treatment</i>	<i>ABS GFS treatment</i>	<i>Fiscal aggregate impact</i>
AASB 16 Leases			
	Operating leases are recognised on the balance sheet under AASB 16 <i>Leases</i> unless the lease is shorter than 12 months or where the underlying assets are worth less than \$10 000.	Operating leases are not recognised on the balance sheet.	<ul style="list-style-type: none"> • Cash surplus/ deficit • Comprehensive result – total change in net worth • Net lending/ borrowing • Net result from transactions – net operating balance • Net worth
AASB 1059 Service concession arrangements			
	Economic service concession arrangements, such as toll roads, are recognised on the State's balance sheet under AASB 1059 <i>Service Concession Arrangements: Grantors</i> .	Economic service concession arrangements, such as toll roads, are not recognised on the balance sheet.	<ul style="list-style-type: none"> • Cash surplus/deficit • Comprehensive result – total change in net worth • Net lending/borrowing • Net result from transactions – net operating balance • Net worth
AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities			
	Deferral of revenue recognition, such as where performance obligations have not been satisfied, or for capital grants from the Commonwealth Government, is a requirement under AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .	Deferral of revenue recognition, such as where performance obligations have not been satisfied, or for capital grants from the Commonwealth Government, is not recognised. This timing difference is expected to impact all the key fiscal aggregates. While it is expected that there will not be a net change to the fiscal aggregates over time, there will be convergence differences in any given year.	<ul style="list-style-type: none"> • Cash surplus/deficit • Comprehensive result – total change in net worth • Net lending/borrowing • Net result from transactions – net operating balance • Net worth

<i>Convergence difference</i>	<i>AASB 1049 treatment</i>	<i>ABS GFS treatment</i>	<i>Fiscal aggregate impact</i>
Port of Melbourne lease transaction			
Port Licence Fee	The 15-year prepaid Port Licence Fee from the medium-term lease of the Port of Melbourne is recognised upfront upon receipt.	The 15-year prepaid Port Licence Fee from the medium-term lease of the Port of Melbourne is recognised as revenue over the 15-year period.	<ul style="list-style-type: none"> • Comprehensive result – total change in net worth • Net lending/borrowing • Net result from transactions – net operating balance • Net worth
Port of Melbourne lease transaction	The Port of Melbourne lease transaction is treated as an operating lease with the leased assets remaining with the PNFC sector.	The Port of Melbourne lease transaction is recognised as a sale of equity from the general government sector.	<ul style="list-style-type: none"> • Cash surplus/deficit • Comprehensive result – total change in net worth • Net lending/borrowing • Net result from transactions – net operating balance • Net worth
Doubtful receivables			
	Provisions for doubtful receivables are included on the balance sheet as a reduction in assets.	The act of creating provisions is not considered an economic event and is therefore not included on the balance sheet.	<ul style="list-style-type: none"> • Comprehensive result – total change in net worth • Net worth
Investment in other sector entities			
	The net worth of investments in other sector entities for the general government sector includes doubtful receivables, future tax benefits and deferred tax liabilities of the PNFC and PFC sectors.	The determination of net worth is exclusive of this.	<ul style="list-style-type: none"> • Comprehensive result – total change in net worth • Net worth

1.7.3 Prospective accounting and reporting changes

New and revised accounting standards have been issued which are not effective for the 2021-22 reporting period. These accounting standards have not been applied to the Estimated Financial Statements. The State is reviewing its existing policies and assessing the potential implications of:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*. The operative date of this standard has been deferred by AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* to reporting periods beginning on or after 1 January 2023 with earlier application permitted. This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the balance sheet as current or non-current. The State is in the process of analysing the impacts of this standard and it is not anticipated to have a material impact.
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* operative on or after 1 January 2022. This standard amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141 arising from changes made by the International Accounting Standards Board. The State is in the process of analysing the impacts of this standard, and it is not anticipated to have a material impact.
- AASB 17 *Insurance Contracts*: the operative date of this standard has been deferred by AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts* to reporting periods beginning on or after 1 January 2023 and, will supersede AASB 4 *Insurance Contracts*. AASB 17 seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contracts that an insurer holds. The standard also provides new requirements for presentation and disclosure to enhance comparability between entities. The standard currently does not apply to not-for-profit public sector entities.

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

1.7.4 Controlled entities

Note 9.9 Controlled entities in Chapter 4 *Annual Financial Report* of the 2019-20 Financial Report for the State of Victoria lists significant controlled entities, which were consolidated in that financial report.

The following are changes to entities since 1 July 2020, which have also been incorporated in this financial report.

General government	
Department of Premier and Cabinet	Parliament of Victoria
Cenitex ^(a)	Independent Broad-based Anti-corruption Commission (IBAC) ^(h)
Department of Environment, Land, Water and Planning	Ombudsman Victoria ^(h)
Cladding Safety Victoria ^(b)	Parliamentary Budget Office (PBO) ⁽ⁱ⁾
Victorian Energy Safety Commission ^(c)	Victorian Inspectorate ^(h)
Department of Justice and Community Safety	Department of Jobs, Precincts and Regions
Fire Rescue Victoria ^(d)	Mine Land Rehabilitation Authority ^(j)
Department of Health ^(e)	Secretary, Project Development ^(k)
Department of Families, Fairness and Housing ^(e)	
Commission for Children and Young People ^(f)	
Family Violence Prevention Agency ^(g)	
Shrine of Remembrance Trustees ^(g)	
Victorian Multicultural Commission ^(g)	
Victorian Veterans Council ^(g)	
Public non-financial corporations	
Department of Transport	Department of Health
Development Victoria ^(l)	Remembrance Parks Central Victoria ^(o)
North East Link State Tolling Corporation ^(m)	Department of Families, Fairness and Housing ^(e)
Department of Environment, Land, Water and Planning	Director of Housing ^(f)
Great Ocean Road Coast and Parks Authority ⁽ⁿ⁾	Queen Victoria Women's Centre Trust ^(g)
	VITS Language Loop ^(g)
Public financial corporations	
Department of Premier and Cabinet	
Breakthrough Victoria Pty Ltd ^(p)	

Notes:

- (a) Effective from 1 August 2020, Cenitex transferred from the Department of Treasury and Finance to the Department of Premier and Cabinet.
- (b) Cladding Safety Victoria (CSV) was established under the Cladding Safety Victoria Act 2020. CSV commenced as an agency on 1 December 2020.
- (c) Effective from 1 January 2021, Energy Safe Victoria is also known as the Victorian Energy Safety Commission.
- (d) Fire Rescue Victoria has replaced the Metropolitan Fire and Emergency Services Board from 1 July 2020.
- (e) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing was created.
- (f) Effective from 1 February 2021, portfolio responsibility for these Victorian government entities was transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (g) Effective from 1 February 2021, the Department responsibility for these Victorian government entities was transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (h) Effective from 1 July 2020, the Independent Broad-based Anti-corruption Commission (IBAC), Ombudsman Victoria and Victorian Inspectorate transferred from the Department of Justice and Community Safety to become independent offices of Parliament.
- (i) Effective from 1 July 2020, the Parliamentary Budget Office's financial management services were transferred from the Department of Parliamentary Services to the Parliamentary Budget Office.
- (j) Effective 30 June 2020, the Mine Land Rehabilitation Authority, was established as an independent statutory authority to oversee the rehabilitation and post-closure management of declared mine land to ensure transition to safe, stable and sustainable post-mining landforms in Victoria.

Notes (continued)

- (k) Effective from 22 December 2020, the Secretary, Project Development was established as a body corporate under Section 41A of the Project Development and Construction Management Act 1994 to facilitate and manage public construction for nominated projects under that Act.*
- (l) Effective from 1 July 2020, portfolio responsibility for Development Victoria was transferred from the Department of Jobs, Precincts and Regions to the Department of Transport.*
- (m) The North East Link State Tolling Corporation (STC) was established under the North East Link Act 2020. STC is responsible for managing, operating and maintaining the North East Link road, and will fix and collect tolls for North East Link in accordance with the Act. STC commenced operations on 1 March 2021.*
- (n) The Great Ocean Road Coast and Parks Authority (GORCAPA) was established under the Great Ocean Road and Environs Protection Act 2020. Effective from 1 December 2020, GORCAPA protects and manages Crown land and coastal assets within the Great Ocean Road coast and parks.*
- (o) Effective from 6 August 2020, Bendigo Cemeteries Trust changed its name to Remembrance Parks Central Victoria.*
- (p) Effective 16 March 2021, Breakthrough Victoria Pty Ltd was incorporated under the Corporations Act 2001 to oversee the Breakthrough Victoria Fund initiative.*

CHAPTER 2 – SUPPLEMENTARY UNIFORM PRESENTATION FRAMEWORK TABLES

Table 2.1: Public non-financial corporations sector comprehensive operating statement for the financial year ended 30 June (\$ million)

	<i>2020-21 revised</i>	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
Revenue and income from transactions					
Interest income	55	30	13	8	9
Dividend income	18	25	25	25	25
Sales of goods and services	6 291	6 443	7 245	7 272	7 385
Grants ^(a)	5 346	3 463	1 678	1 513	1 409
Other revenue and income	682	645	646	669	686
Total revenue and income from transactions	12 393	10 605	9 607	9 487	9 514
Expenses from transactions					
Employee expenses	1 481	1 503	1 523	1 561	1 593
Net superannuation interest expense	4	4	4	4	4
Other superannuation	130	135	139	145	151
Depreciation	1 725	1 789	1 841	1 878	1 922
Interest expense	901	871	867	889	898
Grant expense	760	1 837	344	324	251
Other operating expenses ^(a)	7 080	4 164	4 324	4 142	4 059
Other property expenses	228	219	226	254	275
Total expenses from transactions	12 309	10 523	9 268	9 198	9 153
Net result from transactions – net operating balance	84	82	339	290	361
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	24	49	48	547	38
Net gain/(loss) on financial assets or liabilities at fair value	(6)	..	..	..	..
Other gains/(losses) from other economic flows	(3 851)	(6 613)	(6 878)	(4 678)	(4 701)
Total other economic flows included in net result	(3 832)	(6 564)	(6 829)	(4 131)	(4 664)
Net result	(3 749)	(6 482)	(6 490)	(3 841)	(4 303)

Table 2.1: Public non-financial corporations sector comprehensive operating statement for the financial year ended 30 June (continued) (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	937	9	8	99	9
Remeasurement of superannuation defined benefit plans	(9)	..	..	..	..
Other movements in equity	5	(20)	3	3	2
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	5	..	..	..	..
Total other economic flows – other comprehensive income	938	(10)	11	102	11
Comprehensive result – total change in net worth	(2 811)	(6 492)	(6 479)	(3 739)	(4 292)
KEY FISCAL AGGREGATES					
Net operating balance	84	82	339	290	361
Less: Net acquisition of non-financial assets from transactions	8 069	13 506	11 091	8 251	7 014
Net lending/(borrowing)	(7 986)	(13 425)	(10 752)	(7 962)	(6 654)

Source: Department of Treasury and Finance

Note:

(a) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of CAC reduces the grant revenue and other operating expenses by the same amount.

Table 2.2: Public non-financial corporations sector balance sheet as at 30 June (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Assets					
Financial assets					
Cash and deposits	1 312	1 206	1 102	1 198	1 223
Advances paid	1 698	670	23	21	19
Receivables and contract assets	1 520	1 572	1 532	1 489	1 504
Investments, loans and placements	224	49	51	133	208
Total financial assets	4 754	3 496	2 708	2 840	2 954
Non-financial assets					
Inventories	1 301	1 436	1 294	1 155	1 075
Non-financial assets held for sale	17	13	19	18	13
Land, buildings, infrastructure, plant and equipment	109 753	116 241	120 347	124 397	126 581
Other non-financial assets	3 207	3 497	3 771	4 038	4 279
Total non-financial assets	114 278	121 187	125 431	129 608	131 948
Total assets	119 032	124 683	128 138	132 447	134 902
Liabilities					
Deposits held and advances received	2 133	1 395	1 667	1 913	1 965
Payables	9 583	9 426	9 307	9 157	9 054
Contract liabilities	175	175	176	176	177
Borrowings	18 865	22 052	23 867	25 551	26 958
Employee benefits	494	493	501	505	508
Superannuation	65	64	64	64	63
Other provisions	9 612	9 512	9 497	9 424	9 373
Total liabilities	40 927	43 117	45 079	46 789	48 100
Net assets	78 105	81 566	83 060	85 658	86 802
Accumulated surplus/(deficit)	(19 889)	(26 514)	(33 148)	(37 167)	(41 650)
Reserves	97 994	108 080	116 207	122 825	128 452
Net worth	78 105	81 566	83 060	85 658	86 802
FISCAL AGGREGATES					
Net financial worth	(36 173)	(39 621)	(42 371)	(43 950)	(45 146)
Net financial liabilities	36 173	39 621	42 371	43 950	45 146
Net debt	17 765	21 522	24 358	26 113	27 473

Source: Department of Treasury and Finance

Table 2.3: Public non-financial corporations sector cash flow statement for the financial year ended 30 June (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Cash flows from operating activities					
Receipts					
Grants ^(a)	5 344	3 462	1 679	1 513	1 409
Sales of goods and services ^(b)	6 585	6 891	7 824	7 836	7 914
Interest received	67	30	13	8	9
Dividend receipts	18	24	25	25	25
Other receipts	355	229	251	303	305
Total receipts	12 369	10 636	9 792	9 685	9 661
Payments					
Payments for employees	(1 504)	(1 504)	(1 516)	(1 558)	(1 590)
Superannuation	(144)	(140)	(144)	(150)	(156)
Interest paid	(889)	(870)	(865)	(886)	(895)
Grants and subsidies	(548)	(1 631)	(140)	(118)	(39)
Goods and services ^(b)	(5 128)	(4 734)	(4 855)	(4 736)	(4 687)
Other payments ^(a)	(2 845)	(460)	(466)	(517)	(478)
Total payments	(11 058)	(9 339)	(7 985)	(7 965)	(7 843)
Net cash flows from operating activities	1 311	1 297	1 807	1 720	1 818
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(4 025)	(3 831)	(4 012)	(4 473)	(4 394)
Sales of non-financial assets	157	227	184	643	137
Net cash flows from investments in non-financial assets	(3 867)	(3 604)	(3 828)	(3 830)	(4 257)
Net cash flows from investments in financial assets for policy purposes	526	1 009	636	4	3
Subtotal	(3 341)	(2 595)	(3 192)	(3 826)	(4 254)
Net cash flows from investment in financial assets for liquidity management purposes	425	173	12	(81)	(75)
Net cash flows from investing activities	(2 916)	(2 422)	(3 181)	(3 908)	(4 329)
Cash flows from financing activities					
Advances received (net)	(527)	(739)	264	247	54
Net borrowings	1 398	1 535	992	1 136	849
Deposits received (net)	(8)	1	8	(1)	(2)
Other financing (net)	493	57	(42)	837	1 600
Net cash flows from financing activities	1 355	854	1 223	2 219	2 501
Net increase/(decrease) in cash and cash equivalents	(250)	(272)	(151)	31	(10)
Cash and cash equivalents at beginning of reporting period	1 532	1 282	1 010	859	890
Cash and cash equivalents at end of reporting period ^(c)	1 282	1 010	859	890	880

Table 2.3: Public non-financial corporations sector cash flow statement for the financial year ended 30 June (continued) (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
FISCAL AGGREGATES					
Net cash flows from operating activities	1 311	1 297	1 807	1 720	1 818
Dividends paid	(169)	(72)	(111)	(143)	(142)
Net cash flows from investments in non-financial assets	(3 867)	(3 604)	(3 828)	(3 830)	(4 257)
Cash surplus/(deficit)	(2 726)	(2 379)	(2 132)	(2 254)	(2 582)

Source: Department of Treasury and Finance

Notes:

- (a) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of CAC reduces the grant revenue and other operating expenses by the same amount.
- (b) Inclusive of goods and services tax.
- (c) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement balances.

Table 2.4: Public non-financial corporations sector statement of changes in equity for the financial year ended 30 June (\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owners</i>
2020-21 revised		
Balance at 1 July 2020 ^(a)	(15 963)	67 225
Net result for the year	(3 749)	..
Other comprehensive income for the year	(9)	..
Dividends paid	(169)	..
Transactions with owners in their capacity as owners	..	6 201
Total equity as at 30 June 2021	(19 889)	73 426
2021-22 budget		
Balance at 1 July 2021	(19 889)	73 426
Net result for the year	(6 482)	..
Other comprehensive income for the year	(71)	..
Dividends paid	(72)	..
Transactions with owners in their capacity as owners	..	10 025
Total equity as at 30 June 2022	(26 514)	83 451
2022-23 estimate		
Balance at 1 July 2022	(26 514)	83 451
Net result for the year	(6 490)	..
Other comprehensive income for the year	(32)	..
Dividends paid	(111)	..
Transactions with owners in their capacity as owners	..	8 084
Total equity as at 30 June 2023	(33 148)	91 535
2023-24 estimate		
Balance at 1 July 2023	(33 148)	91 535
Net result for the year	(3 841)	..
Other comprehensive income for the year	(36)	..
Dividends paid	(143)	..
Transactions with owners in their capacity as owners	..	6 480
Total equity as at 30 June 2024	(37 167)	98 015
2024-25 estimate		
Balance at 1 July 2024	(37 167)	98 015
Net result for the year	(4 303)	..
Other comprehensive income for the year	(37)	..
Dividends paid	(142)	..
Transactions with owners in their capacity as owners	..	5 578
Total equity as at 30 June 2025	(41 650)	103 594

Source: Department of Treasury and Finance

Note:

(a) The 1 July 2020 opening balance has been restated to reflect more current information.

<i>Non-financial assets revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
23 046	575	74 884
..	..	(3 749)
937	10	938
..	..	(169)
..	..	6 201
23 983	585	78 105
23 983	585	78 105
..	..	(6 482)
9	51	(10)
..	..	(72)
..	..	10 025
23 993	636	81 566
23 993	636	81 566
..	..	(6 490)
8	35	11
..	..	(111)
..	..	8 084
24 001	671	83 060
24 001	671	83 060
..	..	(3 841)
99	39	102
..	..	(143)
..	..	6 480
24 100	710	85 658
24 100	710	85 658
..	..	(4 303)
9	39	11
..	..	(142)
..	..	5 578
24 109	749	86 802

Table 2.5: Net acquisition of non-financial assets – public non-financial corporations sector

(\$ million)

	<i>2020-21 revised</i>	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
Purchases of non-financial assets (including change in inventories)	4 033	3 833	4 014	4 473	4 395
Less: Sales of non-financial assets	(157)	(227)	(184)	(643)	(137)
Less: Depreciation and amortisation	(1 725)	(1 789)	(1 841)	(1 878)	(1 922)
Plus: Other movements in non-financial assets ^{(a)(b)}	5 918	11 690	9 102	6 299	4 679
Total net acquisition of non-financial assets from transactions	8 069	13 506	11 091	8 251	7 014

Source: Department of Treasury and Finance

Notes:

(a) The other movements in non-financial assets primarily include fixed asset transfers from the general government sector to the public non-financial corporations sector and recognising service concession arrangements arising from public private partnerships.

(b) The public private partnership across the budget and forward estimates relates to the North East Link.

Table 2.6: Non-financial public sector comprehensive operating statement
for the financial year ended 30 June (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Revenue and income from transactions					
Taxation	23 033	26 127	28 602	30 583	32 130
Interest income	178	197	198	199	201
Dividends, income tax equivalent and rate equivalent income	191	283	206	206	214
Sales of goods and services	11 462	12 531	13 434	13 577	13 755
Grants	35 744	36 767	39 689	40 523	41 516
Other revenue and income	3 550	4 194	4 005	3 882	4 014
Total revenue and income from transactions ^(a)	74 157	80 100	86 134	88 969	91 831
Expenses from transactions					
Employee expenses	30 615	33 155	34 039	35 027	35 770
Net superannuation interest expense	309	569	550	530	507
Other superannuation	3 453	3 818	3 879	3 981	4 082
Depreciation	6 865	7 174	7 557	7 983	8 643
Interest expense	3 229	3 456	3 918	4 494	5 207
Grant expense	16 883	15 441	13 570	13 360	13 604
Other operating expenses	31 286	29 115	27 400	26 891	27 316
Total expenses from transactions	92 639	92 728	90 912	92 264	95 128
Net result from transactions – net operating balance	(18 481)	(12 628)	(4 778)	(3 295)	(3 297)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	13	80	94	574	64
Net gain/(loss) on financial assets or liabilities at fair value	(163)	20	21	22	20
Other gains/(losses) from other economic flows	(690)	(600)	(582)	(557)	(513)
Total other economic flows included in net result	(840)	(501)	(467)	39	(429)
Net result	(19 321)	(13 129)	(5 246)	(3 256)	(3 727)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	1 977	573	7 098	6 128	10 107
Remeasurement of superannuation defined benefit plans	2 392	1 241	1 256	1 273	1 293
Other movements in equity	5	1	24	30	35

Table 2.6: Non-financial public sector comprehensive operating statement
for the financial year ended 30 June (continued) (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	7	3	3	3	3
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	16	216	208	207	208
Total other economic flows – other comprehensive income	4 397	2 034	8 589	7 641	11 647
Comprehensive result – total change in net worth	(14 924)	(11 095)	3 343	4 385	7 920
KEY FISCAL AGGREGATES					
Net operating balance	(18 481)	(12 628)	(4 778)	(3 295)	(3 297)
Less: Net acquisition of non-financial assets from transactions	13 108	19 964	16 554	16 835	15 908
Net lending/(borrowing)	(31 589)	(32 592)	(21 333)	(20 130)	(19 206)

Source: Department of Treasury and Finance

Note:

(a) Revenue recognised in 2020-21 was materially suppressed due to the impact of the pandemic and support initiatives provided by the Government.

Table 2.7: Non-financial public sector balance sheet as at 30 June (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Assets					
Financial assets					
Cash and deposits	14 862	15 046	15 238	15 661	15 953
Advances paid	676	768	792	860	958
Receivables and contract assets	9 249	7 512	7 593	7 850	8 161
Investments, loans and placements	1 694	1 484	1 695	2 046	2 401
Investments accounted for using equity method	10	10	10	10	10
Investments in other sector entities	178	394	602	810	1 018
Total financial assets	26 669	25 212	25 929	27 237	28 502
Non-financial assets					
Inventories	2 278	2 093	1 559	1 424	1 348
Non-financial assets held for sale	220	229	233	203	162
Land, buildings, infrastructure, plant and equipment	323 075	343 879	368 244	392 349	418 339
Other non-financial assets	4 322	4 028	3 636	3 421	3 209
Total non-financial assets	329 895	350 228	373 673	397 397	423 057
Total assets	356 564	375 441	399 602	424 633	451 559
Liabilities					
Deposits held and advances received	1 659	1 554	1 569	1 574	1 578
Payables	24 767	27 738	27 374	27 148	26 199
Contract liabilities	388	362	363	362	364
Borrowings	110 854	138 267	159 633	180 833	201 055
Employee benefits	9 836	10 148	10 470	10 794	11 124
Superannuation	28 839	28 059	27 286	26 460	25 668
Other provisions	1 513	1 698	1 950	2 121	2 311
Total liabilities	177 856	207 828	228 646	249 293	268 299
Net assets	178 708	167 613	170 956	175 340	183 260
Accumulated surplus/(deficit)	73 432	61 494	57 493	55 501	53 063
Reserves	105 276	106 119	113 463	119 840	130 198
Net worth	178 708	167 613	170 956	175 340	183 260
FISCAL AGGREGATES					
Net financial worth	(151 187)	(182 616)	(202 717)	(222 056)	(239 797)
Net financial liabilities	151 365	183 010	203 319	222 866	240 814
Net debt	95 282	122 525	143 477	163 841	183 321

Source: Department of Treasury and Finance

Table 2.8: Non-financial public sector cash flow statement for the financial year ended 30 June (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Cash flows from operating activities					
Receipts					
Taxes received	21 153	28 126	28 878	30 264	31 815
Grants	34 462	36 848	39 760	40 519	41 515
Sales of goods and services and other receipts ^(a)	14 872	19 166	17 031	17 226	17 585
Interest received	172	181	181	183	186
Dividends, income tax equivalent and rate equivalent receipts	191	281	205	205	214
Total receipts	70 850	84 602	86 056	88 397	91 315
Payments					
Payments for employees	(30 332)	(32 849)	(33 723)	(34 716)	(35 453)
Superannuation	(3 825)	(3 926)	(3 945)	(4 064)	(4 087)
Interest paid	(2 853)	(3 118)	(3 575)	(4 205)	(4 978)
Grants and subsidies	(16 680)	(15 462)	(13 591)	(13 380)	(13 624)
Goods and services ^(a)	(32 182)	(28 844)	(27 154)	(27 278)	(27 623)
Other payments	(1 273)	(1 279)	(1 354)	(868)	(911)
Total payments	(87 143)	(85 478)	(83 343)	(84 512)	(86 677)
Net cash flows from operating activities	(16 294)	(876)	2 713	3 885	4 638
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(15 756)	(23 609)	(21 978)	(23 387)	(23 756)
Sales of non-financial assets	303	797	722	1 006	512
Net cash flows from investments in non-financial assets	(15 453)	(22 812)	(21 256)	(22 381)	(23 244)
Net cash flows from investments in financial assets for policy purposes	(187)	(90)	(14)	(39)	(64)
Subtotal	(15 639)	(22 902)	(21 271)	(22 420)	(23 307)
Net cash flows from investment in financial assets for liquidity management purposes	1 198	234	(160)	(312)	(318)
Net cash flows from investing activities	(14 441)	(22 667)	(21 431)	(22 732)	(23 626)
Cash flows from financing activities					
Advances received (net)	6	(112)	..	..	..
Net borrowings	30 998	23 666	18 849	19 200	19 242
Deposits received (net)	(7)	7	14	5	4
Net cash flows from financing activities	30 997	23 562	18 863	19 205	19 246
Net increase/(decrease) in cash and cash equivalents	262	18	145	358	258
Cash and cash equivalents at beginning of reporting period	14 569	14 831	14 850	14 995	15 353
Cash and cash equivalents at end of reporting period ^(b)	14 831	14 850	14 995	15 353	15 611

Table 2.8: Non-financial public sector cash flow statement for the financial year ended 30 June (continued)

(\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
FISCAL AGGREGATES					
Net cash flows from operating activities	(16 294)	(876)	2 713	3 885	4 638
Net cash flows from investments in non-financial assets	(15 453)	(22 812)	(21 256)	(22 381)	(23 244)
Cash surplus/(deficit)	(31 747)	(23 688)	(18 544)	(18 496)	(18 606)

Source: Department of Treasury and Finance

Notes:

(a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.

(b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement balances.

**Table 2.9: Non-financial public sector statement of changes in equity
for the financial year ended 30 June**

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-financial assets revaluation surplus</i>
2020-21 revised		
Balance at 1 July 2020 ^(a)	90 346	101 302
Net result for the year	(19 321)	..
Other comprehensive income for the year	2 407	1 977
Total equity as at 30 June 2021	73 432	103 279
2021-22 budget		
Balance at 1 July 2021	73 432	103 279
Net result for the year	(13 129)	..
Other comprehensive income for the year	1 190	573
Total equity as at 30 June 2022	61 494	103 852
2022-23 estimate		
Balance at 1 July 2022	61 494	103 852
Net result for the year	(5 246)	..
Other comprehensive income for the year	1 245	7 098
Total equity as at 30 June 2023	57 493	110 950
2023-24 estimate		
Balance at 1 July 2023	57 493	110 950
Net result for the year	(3 256)	..
Other comprehensive income for the year	1 264	6 128
Total equity as at 30 June 2024	55 501	117 078
2024-25 estimate		
Balance at 1 July 2024	55 501	117 078
Net result for the year	(3 727)	..
Other comprehensive income for the year	1 289	10 107
Total equity as at 30 June 2025	53 063	127 185

Source: Department of Treasury and Finance

Note:

(a) The 1 July 2020 opening balance has been restated to reflect more current information.

<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
501	1 483	193 632
..	..	(19 321)
16	(3)	4 397
517	1 480	178 708
517	1 480	178 708
..	..	(13 129)
216	55	2 034
733	1 534	167 613
733	1 534	167 613
..	..	(5 246)
208	38	8 589
941	1 572	170 956
941	1 572	170 956
..	..	(3 256)
207	42	7 641
1 148	1 614	175 340
1 148	1 614	175 340
..	..	(3 727)
208	42	11 647
1 356	1 656	183 260

Table 2.10: Net acquisition of non-financial assets – non-financial public sector (\$ million)

	<i>2020-21 revised</i>	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
Purchases of non-financial assets (including change in inventories)	16 075	23 291	21 589	23 391	23 760
Less: Sales of non-financial assets	(303)	(797)	(722)	(1 006)	(512)
Less: Depreciation and amortisation	(6 865)	(7 174)	(7 557)	(7 983)	(8 643)
Plus: Other movements in non-financial assets ^{(a)(b)}	4 200	4 644	3 244	2 433	1 303
Total net acquisition of non-financial assets from transactions	13 108	19 964	16 554	16 835	15 908

Source: Department of Treasury and Finance

Notes:

- (a) The other movements in non-financial assets includes recognising right of use assets under lease arrangements, and recognising service concession arrangements arising from public private partnerships.
- (b) The public private partnerships across the budget and forward estimates relate to the High Capacity Metro Trains Project, the Metro Tunnel, the new Footscray Hospital, the Frankston Hospital Redevelopment, the North East Link, the Western Roads Upgrade, and the West Gate Tunnel Project.

Table 2.11: Public financial corporations sector comprehensive operating statement for the financial year ended 30 June (\$ million)

	2020-21 revised	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Revenue and income from transactions					
Interest income	1 928	2 175	2 636	3 373	4 117
Dividend income	1 770	1 433	1 405	1 831	1 905
Sales of goods and services	5 490	5 555	5 747	5 957	6 196
Grants	560	200	200	200	200
Other revenue and income	25	25	26	26	27
Total revenue and income from transactions	9 773	9 388	10 014	11 388	12 444
Expenses from transactions					
Employee expenses	441	435	451	461	467
Other superannuation	37	37	39	40	42
Depreciation	83	103	110	115	116
Interest expense	1 761	2 088	2 558	3 191	3 928
Grant expense	246	754	673	935	856
Other operating expenses	9 548	10 589	11 136	11 651	12 182
Other property expenses	236	6	7	7	7
Total expenses from transactions	12 352	14 014	14 974	16 400	17 599
Net result from transactions – net operating balance ^(a)	(2 579)	(4 625)	(4 960)	(5 012)	(5 155)
Other economic flows included in net result					
Net gain/(loss) on financial assets or liabilities at fair value	1 345	457	460	800	833
Other gains/(losses) from other economic flows	542	1 966	2 112	1 967	2 042
Total other economic flows included in net result	1 887	2 423	2 572	2 767	2 875
Net result	(692)	(2 203)	(2 388)	(2 245)	(2 280)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Other movements in equity	..	(1)	..	..	..
Total other economic flows – other comprehensive income	..	(1)	..	..	..
Comprehensive result – total change in net worth	(692)	(2 204)	(2 388)	(2 245)	(2 280)
KEY FISCAL AGGREGATES					
Net operating balance	(2 579)	(4 625)	(4 960)	(5 012)	(5 155)
Less: Net acquisition of non-financial assets from transactions	40	74	(22)	(73)	(84)
Net lending/(borrowing)	(2 619)	(4 699)	(4 939)	(4 939)	(5 071)

Source: Department of Treasury and Finance

Note:

(a) Capital gains on the investment portfolios of the State's insurance agencies (WorkSafe Victoria, Transport Accident Commission and Victorian Managed Insurance Authority) are classified as other economic flows. As these capital gains are available to fund claims expenses, the net result more meaningfully reflects the underlying operations and performance of the public financial corporations sector than the net result from transactions.

Table 2.12: Public financial corporations sector balance sheet as at 30 June (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Assets					
Financial assets					
Cash and deposits	5 047	5 072	5 096	5 220	5 338
Advances paid	7	6	5	4	3
Receivables	1 690	1 732	1 787	1 852	1 922
Investments, loans and placements	41 201	41 566	42 005	42 892	43 869
Loans receivable from non-financial public sector ^(a)	83 588	109 259	129 736	151 693	172 486
Total financial assets	131 533	157 636	178 630	201 660	223 617
Non-financial assets					
Land, buildings, infrastructure, plant and equipment	384	359	320	276	231
Other non-financial assets	4 822	5 724	6 690	7 416	8 154
Total non-financial assets	5 206	6 083	7 010	7 691	8 385
Total assets	136 739	163 719	185 640	209 351	232 002
Liabilities					
Deposits held and advances received	181	136	125	137	150
Payables	1 730	1 762	1 756	1 747	1 746
Borrowings ^(b)	97 076	122 832	143 282	165 207	185 971
Employee benefits	106	109	110	113	115
Other provisions	48 519	52 089	56 009	60 071	64 260
Total liabilities	147 612	176 928	201 281	227 275	252 243
Net assets ^(c)	(10 874)	(13 209)	(15 642)	(17 924)	(20 241)
Accumulated surplus/(deficit)	(10 946)	(13 282)	(15 715)	(17 998)	(20 315)
Reserves	73	73	73	74	75
Net worth ^(c)	(10 874)	(13 209)	(15 642)	(17 924)	(20 241)
FISCAL AGGREGATES					
Net financial worth	(16 079)	(19 292)	(22 652)	(25 615)	(28 626)
Net financial liabilities	16 079	19 292	22 652	25 615	28 626
Net debt	(32 586)	(32 936)	(33 436)	(34 464)	(35 574)

Source: Department of Treasury and Finance

Notes:

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

(b) Borrowings with the private sector are at market value.

(c) Treasury Corporation of Victoria's external loan liabilities are at mark-to-market value, while the corresponding assets, that is lending to the non-financial public sector, are at historical value.

Table 2.13: Public financial corporations sector cash flow statement
for the financial year ended 30 June (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Cash flows from operating activities					
Receipts					
Grants	560	200	200	200	200
Sales of goods and services ^(a)	6 188	5 991	6 210	6 442	6 709
Interest received	1 941	2 188	2 649	3 386	4 130
Dividend receipts	1 770	1 433	1 405	1 831	1 905
Other receipts	53	69	36	29	26
Total receipts	10 512	9 881	10 501	11 888	12 970
Payments					
Payments for employees	(452)	(432)	(450)	(458)	(464)
Superannuation	(37)	(37)	(39)	(40)	(42)
Interest paid	(1 778)	(2 089)	(2 559)	(3 193)	(3 930)
Grants and subsidies	(278)	(754)	(672)	(934)	(856)
Goods and services ^(a)	(7 059)	(6 368)	(6 608)	(6 956)	(7 331)
Other payments	(3)	(6)	(6)	(6)	(7)
Total payments	(9 605)	(9 686)	(10 335)	(11 588)	(12 630)
Net cash flows from operating activities	907	195	166	300	340
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(123)	(177)	(88)	(42)	(32)
Sales of non-financial assets	..	..	..	(1)	(1)
Net cash flows from investments in non-financial assets	(123)	(177)	(89)	(43)	(33)
Net cash flows from investments in financial assets for policy purposes	4	..	1	1	1
Subtotal	(119)	(177)	(88)	(42)	(31)
Net cash flows from investment in financial assets for liquidity management purposes	(37 272)	(25 593)	(20 469)	(22 054)	(20 949)
Net cash flows from investing activities	(37 391)	(25 770)	(20 557)	(22 096)	(20 981)
Cash flows from financing activities					
Advances received (net)	(8)	(1)	(1)	(1)	(2)
Net borrowings	33 598	25 776	20 470	21 945	20 783
Deposits received (net)	(69)	(43)	(10)	14	15
Other financing (net)	(59)	(131)	(45)	(37)	(37)
Net cash flows from financing activities	33 461	25 600	20 415	21 920	20 759
Net increase/(decrease) in cash and cash equivalents	(3 023)	25	24	124	118
Cash and cash equivalents at beginning of reporting period	8 069	5 047	5 072	5 096	5 220
Cash and cash equivalents at end of reporting period	5 047	5 072	5 096	5 220	5 338
FISCAL AGGREGATES					
Net cash flows from operating activities	907	195	166	300	340
Dividends paid	(59)	(131)	(45)	(37)	(37)
Net cash flows from investments in non-financial assets	(123)	(177)	(89)	(43)	(33)
Cash surplus/(deficit)	725	(113)	33	220	270

Source: Department of Treasury and Finance

Note:

(a) Inclusive of goods and services tax.

Table 2.14: Public financial corporations sector statement of changes in equity
for the financial year ended 30 June (\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owners</i>
2020-21 revised		
Balance at 1 July 2020 ^(a)	(10 196)	29
Net result for the year	(692)	..
Other comprehensive income for the year	1	..
Dividends paid	(59)	..
Total equity as at 30 June 2021	(10 946)	29
2021-22 budget		
Balance at 1 July 2021	(10 946)	29
Net result for the year	(2 203)	..
Other comprehensive income for the year	(1)	..
Dividends paid	(131)	..
Total equity as at 30 June 2022	(13 282)	29
2022-23 estimate		
Balance at 1 July 2022	(13 282)	29
Net result for the year	(2 388)	..
Other comprehensive income for the year	..	..
Dividends paid	(45)	..
Total equity as at 30 June 2023	(15 715)	29
2023-24 estimate		
Balance at 1 July 2023	(15 715)	29
Net result for the year	(2 245)	..
Other comprehensive income for the year	(1)	..
Dividends paid	(37)	..
Total equity as at 30 June 2024	(17 998)	29
2024-25 estimate		
Balance at 1 July 2024	(17 998)	29
Net result for the year	(2 280)	..
Other comprehensive income for the year	(1)	..
Dividends paid	(37)	..
Total equity as at 30 June 2025	(20 315)	29

Source: Department of Treasury and Finance

Note:

(a) The 1 July 2020 opening balance has been restated to reflect more current information.

<i>Non-financial assets revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
4	41	(10 122)
..	..	(692)
..	(1)	..
..	..	(59)
4	41	(10 874)
4	41	(10 874)
..	..	(2 203)
..	..	(1)
..	..	(131)
4	41	(13 209)
4	41	(13 209)
..	..	(2 388)
..
..	..	(45)
4	41	(15 642)
4	41	(15 642)
..	..	(2 245)
..	1	..
..	..	(37)
4	42	(17 924)
4	42	(17 924)
..	..	(2 280)
..	1	..
..	..	(37)
4	42	(20 241)

**Table 2.15: Net acquisition of non-financial assets –
public financial corporations sector**

(\$ million)

	<i>2020-21 revised</i>	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
Purchases of non-financial assets less sales of non-financial assets (including change in inventories)	123	177	89	43	33
Less: Depreciation and amortisation	(83)	(103)	(110)	(115)	(116)
Total net acquisition of non-financial assets from transactions	40	74	(22)	(73)	(84)

Source: Department of Treasury and Finance

Table 2.16: State of Victoria operating statement for the financial year ended 30 June (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Revenue and income from transactions					
Taxation	23 014	26 110	28 585	30 565	32 112
Interest income	225	251	250	353	358
Dividend income	1 898	1 578	1 559	1 993	2 074
Sales of goods and services	15 843	16 936	17 988	18 294	18 665
Grants	35 435	36 008	39 005	39 576	40 648
Other revenue and income	3 575	4 220	4 031	3 908	4 041
Total revenue and income from transactions ^(a)	79 991	85 102	91 418	94 690	97 899
Expenses from transactions					
Employee expenses	30 611	33 122	34 016	35 010	35 754
Net superannuation interest expense	309	569	550	530	507
Other superannuation	3 490	3 855	3 918	4 021	4 124
Depreciation	6 947	7 277	7 667	8 098	8 759
Interest expense	3 117	3 430	3 899	4 474	5 182
Grant expense	16 344	15 260	13 378	13 166	13 411
Other operating expenses	40 067	38 981	37 780	37 742	38 659
Total expenses from transactions	100 884	102 494	101 208	103 041	106 395
Net result from transactions – net operating balance	(20 893)	(17 392)	(9 790)	(8 351)	(8 496)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	13	80	94	574	64
Net gain/(loss) on financial assets or liabilities at fair value	1 183	477	481	823	852
Other gains/(losses) from other economic flows	(958)	498	565	639	738
Total other economic flows included in net result	238	1 055	1 140	2 035	1 654
Net result	(20 655)	(16 337)	(8 650)	(6 316)	(6 842)
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	1 977	573	7 098	6 128	10 107
Remeasurement of superannuation defined benefit plans	2 392	1 241	1 256	1 273	1 293
Other movements in equity	5	1	24	30	35
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	7	3	3	3	3
Total other economic flows – other comprehensive income	4 381	1 817	8 381	7 433	11 439
Comprehensive result – total change in net worth	(16 274)	(14 520)	(269)	1 117	4 597

Table 2.16: State of Victoria operating statement for the financial year ended 30 June *(continued)* (\$ million)

	<i>2020-21 revised</i>	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
KEY FISCAL AGGREGATES					
Net operating balance	(20 893)	(17 392)	(9 790)	(8 351)	(8 496)
Less: Net acquisition of non-financial assets from transactions	13 148	20 038	16 533	16 762	15 825
Net lending/(borrowing)	(34 041)	(37 429)	(26 323)	(25 114)	(24 321)

Source: Department of Treasury and Finance

Note:

(a) Revenue recognised in 2020-21 was materially suppressed due to the impact of the pandemic and support initiatives provided by the Government.

Table 2.17: State of Victoria balance sheet as at 30 June (\$ million)

	2021 <i>revised</i>	2022 <i>budget</i>	2023 <i>estimate</i>	2024 <i>estimate</i>	2025 <i>estimate</i>
Assets					
Financial assets					
Cash and deposits	19 786	20 028	20 265	20 813	21 228
Advances paid	676	768	792	860	958
Receivables and contract assets	10 692	8 984	9 114	9 430	9 805
Investments, loans and placements	42 599	42 764	43 404	44 626	45 940
Investments accounted for using equity method	10	10	10	10	10
Total financial assets	73 764	72 554	73 584	75 739	77 941
Non-financial assets					
Inventories	2 278	2 093	1 559	1 424	1 348
Non-financial assets held for sale	220	229	233	203	162
Land, buildings, infrastructure, plant and equipment	323 457	344 237	368 564	392 623	418 569
Other non-financial assets	4 651	4 393	4 002	3 744	3 478
Total non-financial assets	330 607	350 952	374 359	397 994	423 557
Total assets	404 371	423 506	447 943	473 733	501 498
Liabilities					
Deposits held and advances received	1 688	1 583	1 597	1 602	1 606
Payables	26 259	29 249	28 873	28 631	27 675
Contract liabilities	388	362	363	362	364
Borrowings	124 042	151 546	172 892	194 069	214 269
Employee benefits	9 942	10 257	10 581	10 907	11 239
Superannuation	28 839	28 059	27 286	26 460	25 668
Other provisions	50 031	53 787	57 958	62 191	66 570
Total liabilities	241 189	274 844	299 550	324 222	347 391
Net assets	163 182	148 662	148 393	149 510	154 107
Accumulated surplus/(deficit)	58 379	43 231	35 826	30 774	25 220
Reserves	104 803	105 431	112 567	118 737	128 887
Net worth	163 182	148 662	148 393	149 510	154 107
FISCAL AGGREGATES					
Net financial worth	(167 425)	(202 290)	(225 966)	(248 483)	(269 450)
Net financial liabilities	167 425	202 290	225 966	248 483	269 450
Net debt	62 668	89 569	110 029	129 372	147 749

Source: Department of Treasury and Finance

Table 2.18: State of Victoria cash flow statement for the financial year ended 30 June

(\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Cash flows from operating activities					
Receipts					
Taxes received	21 135	28 109	28 861	30 246	31 797
Grants	34 122	36 090	39 077	39 573	40 648
Sales of goods and services and other receipts ^(a)	20 012	24 086	22 089	22 462	23 040
Interest received	232	248	247	351	356
Dividend receipts	1 898	1 577	1 559	1 993	2 074
Total receipts	77 400	90 109	91 832	94 624	97 915
Payments					
Payments for employees	(30 338)	(32 813)	(33 699)	(34 697)	(35 434)
Superannuation	(3 861)	(3 963)	(3 984)	(4 104)	(4 129)
Interest paid	(2 758)	(3 093)	(3 558)	(4 189)	(4 956)
Grants and subsidies	(16 141)	(15 280)	(13 399)	(13 187)	(13 432)
Goods and services ^(a)	(38 481)	(34 501)	(33 011)	(33 439)	(34 119)
Other payments	(1 273)	(1 279)	(1 354)	(868)	(911)
Total payments	(92 853)	(90 929)	(89 006)	(90 484)	(92 981)
Net cash flows from operating activities	(15 453)	(819)	2 827	4 141	4 934
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(15 879)	(23 786)	(22 066)	(23 428)	(23 788)
Sales of non-financial assets	303	797	721	1 005	511
Net cash flows from investments in non-financial assets	(15 576)	(22 989)	(21 345)	(22 423)	(23 277)
Net cash flows from investments in financial assets for policy purposes	(187)	(91)	(14)	(39)	(64)
Subtotal	(15 762)	(23 080)	(21 359)	(22 462)	(23 340)
Net cash flows from investment in financial assets for liquidity management purposes	(1 395)	303	(141)	(395)	(456)
Net cash flows from investing activities	(17 157)	(22 777)	(21 500)	(22 858)	(23 796)
Cash flows from financing activities					
Advances received (net)	2	(112)	..	..	..
Net borrowings	33 187	23 777	18 849	19 195	19 239
Deposits received (net)	(7)	7	14	5	4
Net cash flows from financing activities	33 182	23 673	18 863	19 200	19 243
Net increase/(decrease) in cash and cash equivalents	571	76	190	483	381
Cash and cash equivalents at beginning of reporting period	19 185	19 756	19 832	20 022	20 505
Cash and cash equivalents at end of reporting period ^(b)	19 756	19 832	20 022	20 505	20 886

Table 2.18: State of Victoria cash flow statement for the financial year ended 30 June *(continued)* (\$ million)

	<i>2020-21 revised</i>	<i>2021-22 budget</i>	<i>2022-23 estimate</i>	<i>2023-24 estimate</i>	<i>2024-25 estimate</i>
FISCAL AGGREGATES					
Net cash flows from operating activities	(15 453)	(819)	2 827	4 141	4 934
Net cash flows from investments in non-financial assets	(15 576)	(22 989)	(21 345)	(22 423)	(23 277)
Cash surplus/(deficit)	(31 029)	(23 808)	(18 518)	(18 283)	(18 343)

Source: Department of Treasury and Finance

Notes:

(a) Sales of goods and services and payments for goods and services are inclusive of goods and services tax.

(b) Cash and cash equivalents at the end of the reporting period does not equal cash and deposits on the balance sheet. This is due to overdrafts being included in the cash flow statement balances.

Table 2.19: State of Victoria statement of changes in equity for the financial year ended 30 June (\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Non-financial assets revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
2020-21 revised				
Balance at 1 July 2020 ^(a)	76 626	101 305	1 524	179 456
Net result for the year	(20 655)	..	..	(20 655)
Other comprehensive income for the year	2 408	1 977	(4)	4 381
Total equity as at 30 June 2021	58 379	103 283	1 520	163 182
2021-22 budget				
Balance at 1 July 2021	58 379	103 283	1 520	163 182
Net result for the year	(16 337)	..	..	(16 337)
Other comprehensive income for the year	1 189	573	55	1 817
Total equity as at 30 June 2022	43 231	103 855	1 575	148 662
2022-23 estimate				
Balance at 1 July 2022	43 231	103 855	1 575	148 662
Net result for the year	(8 650)	..	..	(8 650)
Other comprehensive income for the year	1 245	7 098	38	8 381
Total equity as at 30 June 2023	35 826	110 954	1 613	148 393
2023-24 estimate				
Balance at 1 July 2023	35 826	110 954	1 613	148 393
Net result for the year	(6 316)	..	..	(6 316)
Other comprehensive income for the year	1 263	6 128	43	7 433
Total equity as at 30 June 2024	30 774	117 081	1 656	149 510
2024-25 estimate				
Balance at 1 July 2024	30 774	117 081	1 656	149 510
Net result for the year	(6 842)	..	..	(6 842)
Other comprehensive income for the year	1 288	10 107	43	11 439
Total equity as at 30 June 2025	25 220	127 189	1 698	154 107

Source: Department of Treasury and Finance

Note:

(a) The 1 July 2020 opening balance has been restated to reflect more current information.

Table 2.20: Net acquisition of non-financial assets – State of Victoria (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Purchases of non-financial assets (including change in inventories)	16 198	23 468	21 677	23 432	23 792
Less: Sales of non-financial assets	(303)	(797)	(721)	(1 005)	(511)
Less: Depreciation and amortisation	(6 947)	(7 277)	(7 667)	(8 098)	(8 759)
Plus: Other movements in non-financial assets ^{(a)(b)}	4 200	4 644	3 244	2 433	1 303
Total net acquisition of non-financial assets from transactions	13 148	20 038	16 533	16 762	15 825

Source: Department of Treasury and Finance

Notes:

- (a) The other movements in non-financial assets includes recognising right of use assets under lease arrangements, and recognising service concession arrangements arising from public private partnerships.
- (b) The public private partnerships across the budget and forward estimates relate to the High Capacity Metro Trains Project, the Metro Tunnel, the new Footscray Hospital, the Frankston Hospital Redevelopment, the North East Link, the Western Roads Upgrade, and the West Gate Tunnel Project.

CHAPTER 3 – DEPARTMENTAL FINANCIAL STATEMENTS

This chapter should be read in conjunction with Budget Paper No. 3 *Service Delivery*, which outlines the goods and services funded by the Government that are to be delivered by departments in the coming financial year.

The following tables outline each department's actual and forecast financial performance and position:

- the comprehensive operating statement details the department's revenue and expenses reflecting the cost of providing its outputs;
- the balance sheet shows all controlled assets and liabilities of the department. The difference between these is the net assets position, being the State's equity interest in the department;
- the cash flow statement shows cash receipts and payments, including the cash impact of operating, financing and investing activities on departmental resources;
- the statement of changes in equity shows the impact of the net result and other comprehensive income items, such as the revaluation of non-financial assets, and owner contributions, on the total equity of the department;
- the administered items statement provides details of the department's administered revenue and expenses, and its administered assets and liabilities. Most administered expenses are paid in cash in the year in which the item is recognised. Therefore, an administered departmental cash flow statement is not provided; and
- payments on behalf of the State (where applicable) detail payments made by the department on behalf of the State Government, not directly reflecting the operations of the department.

It should be noted that machinery of government changes have been reflected in the relevant Departmental Financial Statements effective from 1 February 2021. In all tables, figures for 2019-20 actuals and the 2020-21 budget reflect the operations of departments as they existed prior to the machinery of government changes effective from 1 February 2021.

As highlighted in Budget Paper No. 3, Chapter 2 *Department Performance Statements*, the Capital Assets Charge (CAC) policy is discontinued from the *2021-22 Budget* and the financial impacts recognised for the first time in these Departmental Financial Statements for 2021-22 onwards.

DEPARTMENT OF EDUCATION AND TRAINING

Operating performance

The Department of Education and Training is expected to report an operating surplus of \$534 million in 2021-22, compared with an operating surplus in 2020-21 of \$402 million for the revised budget.

The surplus is primarily due to government school operations and grant revenue from the growth areas infrastructure contribution fund for schools in Melbourne's growth suburbs.

The operating statement shows a decrease in operating income of \$947 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to the Capital Assets Charge policy being discontinued from the 2021-22 budget, offset by additional service delivery and funding for initiatives announced in the *2021-22 Budget* including:

- School enrolment-based funding;
- More training places for the TAFE and training system;
- Child Link;
- Ready for school: Kinder for every three-year-old; and
- Victorian Academy of Teaching and Leadership.

Operating expenses are expected to decrease by \$1.1 billion in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$1.9 billion in 2021-22, compared with the 2020-21 revised budget, primarily reflecting an increase in total assets of \$2.0 billion.

The increase in total assets reflects the Government's continued investment in school building upgrades and the construction of new schools and relocatable buildings.

Investing and finance

The Department is anticipating an increase of \$23 million in its net cash position in 2021-22, compared with the 2020-21 revised budget, mainly due to increases in school cash balances which include locally raised funds and fee for service revenue. This increase is partially offset by a reduction in TAFE cash balances due to a reduction in third party revenue during the coronavirus (COVID-19) pandemic.

Cash flows from investing activities primarily reflect the significant investment in purchases of property, plant, and equipment for the continued asset commitment in schools, and new asset projects funded in the *2021-22 Budget* including:

- New schools construction;
- Relocatable Buildings Program;
- Land acquisition; and
- TAFE Equipment and Facilities Fund for apprentices and trainees.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2021-22 including recurrent Commonwealth funding provided to the non-government school sector and the collection of international student fees for schools.

Total administered income of the Department is expected to increase by \$301 million in 2021-22, compared with the 2020-21 revised budget. This is primarily driven by an increase in recurrent Commonwealth funding provided to the non-government school sector under the School Funding Reform framework as part of the *Australian Education Act 2013*.

Total administered expenses of the Department are expected to increase by \$316 million, in line with the estimated increase in administered income.

Table 3.1.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	14 888	16 274	16 261	15 120
Special appropriations	8	6	6	6
Interest	20	18	18	15
Sale of goods and services	762	694	694	872
Grants	140	45	60	33
Other income	434	365	365	410
Total income from transactions	16 250	17 401	17 404	16 457
Expenses from transactions				
Employee benefits	8 336	8 674	8 754	9 382
Depreciation	539	575	575	605
Interest expense	34	29	29	29
Grants and other transfers	1 379	1 795	1 734	1 906
Capital Assets Charge ^(a)	1 964	1 996	1 996	..
Other operating expenses	3 442	3 923	3 914	4 001
Total expenses from transactions	15 693	16 993	17 002	15 923
Net result from transactions (net operating balance)	558	408	402	534
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	4	(8)	(8)	(1)
Share of net profits/(losses) of associates and joint venture entities, excluding dividends	3	(2)	(2)	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(2)	(3)	(3)	..
Other gains/(losses) from economic flows	(38)	(1)	(1)	..
Total other economic flows included in net result	(33)	(13)	(13)	(1)
Net result	524	395	389	533
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	..	(22)	(22)	(9)
Other	(8)	12	12	..
Total other economic flows – other comprehensive income	(8)	(9)	(9)	(9)
Comprehensive result	516	385	379	524

Sources: Departments of Education and Training, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.1.2: Balance sheet

(\$ million)

	2020 <i>actual</i>	2021 <i>budget</i>	2021 <i>revised</i>	2022 <i>budget</i>
Assets				
Financial assets				
Cash and deposits	2 044	1 910	1 894	1 918
Receivables from government	2 168	2 477	2 452	2 687
Other receivables	190	172	172	170
Other financial assets	39	32	32	31
Total financial assets	4 441	4 592	4 551	4 807
Non-financial assets				
Inventories	1	1	1	1
Non-financial assets classified as held for sale including disposal group assets	6	7	7	8
Property, plant and equipment	27 901	29 414	29 066	30 792
Investment properties	117	117	117	117
Intangible assets	64	70	63	51
Other	58	69	69	70
Total non-financial assets	28 148	29 679	29 324	31 038
Total assets	32 589	34 270	33 875	35 845
Liabilities				
Payables	1 054	1 041	1 025	993
Borrowings	666	617	617	573
Provisions	1 989	2 096	2 098	2 203
Total liabilities	3 709	3 755	3 740	3 770
Net assets	28 880	30 516	30 135	32 075
Equity				
Accumulated surplus/(deficit)	4 397	4 804	4 798	5 331
Reserves	13 661	13 639	13 639	13 630
Contributed capital	10 822	12 072	11 698	13 114
Total equity	28 880	30 516	30 135	32 075

Sources: Departments of Education and Training, and Treasury and Finance

Table 3.1.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	14 861	15 989	16 002	14 908
Receipts from other entities	862	702	706	860
Interest received	20	18	18	15
Other receipts	533	367	367	401
Total receipts	16 276	17 076	17 093	16 183
Payments				
Payments of grants and other transfers	(1 386)	(1 794)	(1 732)	(1 904)
Payments to suppliers and employees	(11 581)	(12 487)	(12 556)	(13 268)
Capital Assets Charge ^(a)	(1 964)	(1 996)	(1 996)	..
Interest and other costs of finance paid	(34)	(29)	(29)	(29)
Total payments	(14 964)	(16 306)	(16 313)	(15 201)
Net cash flows from/(used in) operating activities	1 312	770	779	982
Cash flows from investing activities				
Net investment	9	6	6	1
Payments for non-financial assets	(1 504)	(2 178)	(1 853)	(2 324)
Proceeds from sale of non-financial assets	8	4	4	1
Net loans to other parties	3	3	3	3
Net (purchase)/disposal of investments – policy purposes	(2)	..	..	..
Net cash flow from/(used in) investing activities	(1 486)	(2 165)	(1 840)	(2 319)
Cash flows from financing activities				
Owner contributions by State Government	502	1 310	965	1 410
Repayment of leases and service concession liabilities	(43)	(47)	(47)	(44)
Net borrowings	5	(2)	(7)	(6)
Net cash flows from/(used in) financing activities	464	1 260	911	1 360
Net increase/(decrease) in cash and cash equivalents	290	(134)	(150)	23
Cash and cash equivalents at the beginning of the financial year	1 755	2 044	2 044	1 894
Cash and cash equivalents at the end of the financial year	2 044	1 910	1 894	1 918

Sources: Departments of Education and Training, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.1.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	3 878	10 328	13 692	3	27 900
Comprehensive result	518	..	..	(1)	516
Transactions with owners in their capacity as owners	1	494	(32)	..	464
Closing balance 30 June 2020 (actual)	4 397	10 822	13 659	1	28 880
Comprehensive result	407	..	(22)	..	385
Transactions with owners in their capacity as owners	..	1 250	..	..	1 250
Closing balance 30 June 2021 (budget)	4 804	12 072	13 638	1	30 516
Comprehensive result	401	..	(22)	..	379
Transactions with owners in their capacity as owners	..	876	..	..	876
Closing balance 30 June 2021 (revised)	4 798	11 698	13 638	1	30 135
Comprehensive result	533	..	(9)	..	524
Transactions with owners in their capacity as owners	..	1 416	..	..	1 416
Closing balance 30 June 2022 (budget)	5 331	13 114	13 629	1	32 075

Sources: Departments of Education and Training, and Treasury and Finance

Table 3.1.5: Administered items statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Administered income				
Sale of goods and services	91	88	88	99
Grants	3 805	3 841	3 908	4 197
Other income	3	2	2	2
Total administered income	3 900	3 931	3 997	4 298
Administered expenses				
Expenses on behalf of the State	1	..	..	..
Grants and other transfers	3 797	3 834	3 881	4 197
Payments into the Consolidated Fund	34	74	101	100
Total administered expenses	3 832	3 908	3 982	4 298
Income less expenses	68	23	15	..
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(49)	(23)	(44)	..
Total other economic flows included in net result	(49)	(23)	(44)	..
Net result	19	..	(29)	..
Comprehensive result	19	..	(29)	..
Administered assets				
Cash and deposits	3	3	3	3
Receivables	34	34	4	4
Total administered assets	37	37	8	8
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	37	37	8	8

Sources: Departments of Education and Training, and Treasury and Finance

DEPARTMENT OF ENVIRONMENT, LAND, WATER AND PLANNING

Operating performance

The Department of Environment, Land, Water and Planning is expected to report an operating deficit of \$3 million in 2021-22, compared with an operating deficit in 2020-21 of \$391 million for the revised budget.

The improvement in the operating outcome in 2021-22 is primarily due to the expenditure profile for initiatives funded from the Sustainability Fund and Growth Areas Infrastructure Contribution Fund.

The operating statement shows a decrease in operating income of \$309 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily driven by the Capital Assets Charge policy being discontinued from the 2021-22 budget and the funding profiles of a number of energy and sustainability initiatives, including the Energy efficiency upgrades for homes and Solar Homes initiatives in 2020-21. This is offset by funding for new initiatives in the *2021-22 Budget*.

The major new output initiatives in the *2021-22 Budget* include:

- Reducing bushfire risk in a rapidly-changing climate;
- Enhanced communications during emergencies;
- Delivering Victoria's Regional Forest Agreement commitments;
- Zero and low emission vehicles: accelerating adoption; and
- Zoos Victoria Kids Free policy.

Operating expenses are expected to decrease by \$697 million in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$224 million in 2021-22, compared with the 2020-21 revised budget, reflecting an increase in total assets of \$214 million and decrease in total liabilities of \$10 million.

The increase in total assets primarily reflects the Government's continued asset investment in the environment, land, water and planning sectors.

Investing and finance

The Department is anticipating an increase of \$53 million in its net cash position in 2021-22, compared with the 2020-21 revised budget.

Cash flows from investing activities in 2021-22 primarily reflect payments for non-financial assets of \$201 million, reflecting the Government's continued asset investment in the environment, land, water and planning sectors.

New asset projects funded in the *2021-22 Budget* include:

- Reducing bushfire risk in a rapidly-changing climate; and
- Mt Baw Baw Alpine Resort wastewater plant.

Administered items statement

The Department is responsible for administering revenue on behalf of the State relating to Victoria's share of the Murray Darling Basin Authority's operating costs.

The Department's administered income primarily comprises contributions to the Victorian Desalination project, the Environmental Contribution Levy and Consolidated Fund revenue collected by Land Use Victoria and Solar Victoria.

Total administered income of the Department is expected to increase by \$57 million in 2021-22, compared with the 2020-21 revised budget. This is primarily due to an increase in Solar Home loan repayments that are returned to the Consolidated Fund.

Total administered expenses of the Department are expected to increase by \$64 million, primarily due to the factors outlined above.

Table 3.2.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	2 017	2 280	2 498	2 081
Special appropriations	152	140	140	182
Interest	11	21	18	22
Sale of goods and services	118	81	90	81
Grants	26	34	82	6
Other income	471	417	368	515
Total income from transactions	2 794	2 971	3 196	2 887
Expenses from transactions				
Employee benefits	588	534	537	608
Depreciation	79	64	64	65
Interest expense	12	..	..	..
Grants and other transfers	1 145	1 615	1 849	1 366
Capital Assets Charge ^(a)	95	96	96	..
Other operating expenses	879	1 011	1 041	851
Total expenses from transactions	2 798	3 320	3 587	2 890
Net result from transactions (net operating balance)	(4)	(349)	(391)	(3)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	7	(3)	(3)	(7)
Net gain/(loss) on financial instruments and statutory receivables/payables	(106)	(31)	(175)	..
Other gains/(losses) from economic flows	4	..	..	..
Total other economic flows included in net result	(95)	(34)	(178)	(7)
Net result	(99)	(383)	(569)	(11)
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	1	..	..	..
Other	(26)	..	..	..
Total other economic flows – other comprehensive income	(25)	..	..	..
Comprehensive result	(124)	(383)	(569)	(11)

Sources: Departments of Environment, Land, Water and Planning, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.2.2: Balance sheet

(\$ million)

	2020 <i>actual</i>	2021 <i>budget</i>	2021 <i>revised</i>	2022 <i>budget</i>
Assets				
Financial assets				
Cash and deposits	1 254	888	880	933
Receivables from government	314	310	543	548
Other receivables	221	336	336	372
Other financial assets	189	184	..	..
Total financial assets	1 978	1 718	1 759	1 852
Non-financial assets				
Inventories	22	26	26	30
Non-financial assets classified as held for sale including disposal group assets	18	18	18	17
Property, plant and equipment	6 433	6 557	6 549	6 666
Intangible assets	47	46	46	45
Other	6	..	6	6
Total non-financial assets	6 525	6 646	6 644	6 764
Total assets	8 503	8 364	8 403	8 617
Liabilities				
Payables	200	218	425	419
Borrowings	55	63	63	57
Provisions	181	181	181	183
Total liabilities	436	461	669	659
Net assets	8 067	7 903	7 734	7 958
Equity				
Accumulated surplus/(deficit)	3 135	2 753	2 566	2 555
Reserves	4 863	4 863	4 863	4 863
Contributed capital	69	288	305	540
Total equity	8 067	7 903	7 734	7 958

Sources: Departments of Environment, Land, Water and Planning, and Treasury and Finance

Table 3.2.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	2 142	2 427	2 413	2 265
Receipts from other entities	604	496	552	662
Interest received	9	9	7	6
Other receipts	23	83	35	25
Total receipts	2 777	3 015	3 007	2 958
Payments				
Payments of grants and other transfers	(1 156)	(1 619)	(1 875)	(1 445)
Payments to suppliers and employees	(1 388)	(1 543)	(1 353)	(1 463)
Capital Assets Charge ^(a)	(95)	(96)	(96)	..
Interest and other costs of finance paid	(12)	..	..	..
Total payments	(2 651)	(3 259)	(3 324)	(2 909)
Net cash flows from/(used in) operating activities	127	(243)	(317)	50
Cash flows from investing activities				
Net investment	(104)	(31)	(175)	..
Payments for non-financial assets	(79)	(192)	(184)	(201)
Proceeds from sale of non-financial assets	28	23	23	19
Net loans to other parties	(49)	(116)	(116)	(37)
Net cash flow from/(used in) investing activities	(204)	(316)	(452)	(219)
Cash flows from financing activities				
Owner contributions by State Government	54	219	237	235
Repayment of leases and service concession liabilities	(29)	(12)	(12)	(12)
Net borrowings	94	(13)	171	..
Net cash flows from/(used in) financing activities	119	194	395	223
Net increase/(decrease) in cash and cash equivalents	42	(366)	(374)	53
Cash and cash equivalents at the beginning of the financial year	1 212	1 254	1 254	880
Cash and cash equivalents at the end of the financial year	1 254	888	880	933

Sources: Departments of Environment, Land, Water and Planning, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.2.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	3 260	34	5 356	..	8 650
Comprehensive result	(125)	..	1	..	(124)
Transactions with owners in their capacity as owners	..	35	(494)	..	(459)
Closing balance 30 June 2020 (actual)	3 135	69	4 863	..	8 067
Impacts of prior period adjustments	..	(5)	..	..	(5)
Restated Opening Balance 1 July 2020	3 135	64	4 863	..	8 062
Comprehensive result	(383)	..	..	..	(383)
Transactions with owners in their capacity as owners	..	224	..	..	224
Closing balance 30 June 2021 (budget)	2 753	288	4 863	..	7 903
Comprehensive result	(569)	..	..	..	(569)
Transactions with owners in their capacity as owners	..	241	..	..	241
Closing balance 30 June 2021 (revised)	2 566	305	4 863	..	7 734
Comprehensive result	(11)	..	..	..	(11)
Transactions with owners in their capacity as owners	..	235	..	..	235
Closing balance 30 June 2022 (budget)	2 555	540	4 863	..	7 958

Sources: Departments of Environment, Land, Water and Planning, and Treasury and Finance

Table 3.2.5: Administered items statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Administered income				
Appropriations – payments made on behalf of the State	706	685	683	684
Sale of goods and services	619	598	599	627
Grants	623	..	..	..
Interest	414	409	409	407
Other income	258	313	312	342
Total administered income	2 620	2 005	2 003	2 060
Administered expenses				
Expenses on behalf of the State	197	185	178	198
Grants and other transfers	681	58	46	59
Payments into the Consolidated Fund	1 272	1 290	1 268	1 301
Interest and Depreciation expense	392	420	420	418
Total administered expenses	2 542	1 953	1 912	1 976
Income less expenses	78	52	92	85
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	221	(27)	(27)	(28)
Total other economic flows included in net result	221	(27)	(27)	(28)
Net result	299	25	65	57
Other economic flows – other comprehensive income				
Asset revaluation reserve	12	..	..	..
Other	(24)	..	..	..
Total other economic flows – other comprehensive income	(11)	..	..	..
Comprehensive result	288	25	65	57
Administered assets				
Cash and deposits	50	45	50	51
Receivables	3 723	3 688	3 688	3 663
Other financial assets	..	..	..	..
Property, plant and equipment	718	708	708	698
Intangible assets	782	764	764	746
Total administered assets	5 273	5 206	5 211	5 158
Administered liabilities				
Payables	2 829	2 757	2 757	2 686
Borrowings	3 341	3 275	3 275	3 226
Provisions	..	11	11	22
Total administered liabilities	6 170	6 043	6 043	5 933
Net assets	(896)	(837)	(832)	(775)

Sources: Departments of Environment, Land, Water and Planning, and Treasury and Finance

Table 3.2.6: Payments made on behalf of the State

(\$ million)

	<i>2020-21 budget</i>	<i>2020-21 revised</i>	<i>2021-22 budget</i>
Murray-Darling Basin contribution	22	22	22
Victorian Desalination Project	663	661	662
Total	685	683	684

Sources: Departments of Environment, Land, Water and Planning, and Treasury and Finance

DEPARTMENT OF FAMILIES, FAIRNESS AND HOUSING

Operating performance

The Department of Families, Fairness and Housing is expected to report an operating deficit of \$30 million in 2021-22, primarily due to forecast operating expenditure funded from trust balances. It should be noted that the 2020-21 revised budget represents part-year results as the Department was established on 1 February 2021.

The operating statement shows an increase in operating income of \$4.1 billion between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to the full year operation of the department in 2021-22 and the continuing implementation of existing initiatives, and new output initiatives in the *2021-22 Budget*, including:

- Maintaining the foundations of the children and families system;
- Reforming care services;
- Homelessness services;
- Information sharing and family violence risk assessment and management reform; and
- Early intervention and diversion.

Operating expenses are expected to increase by \$4.0 billion in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$18 million in 2021-22, compared with the 2020-21 revised budget, reflecting an increase in total assets of \$38 million and an increase in total liabilities of \$20 million.

There are no significant movements in assets and liabilities in the *2021-22 Budget* compared with the 2020-21 revised budget.

Investing and finance

Cash flows from investing activities primarily reflect the Government's continued asset investment in the community services sector.

Administered items statement

Total income administered by the Department on behalf of the State and third parties is mostly impacted by the National Disability Insurance Scheme (NDIS) Trust Fund.

Total income administered by the Department is expected to increase due to higher contributions to the NDIS Trust Fund from the Department and other departments, including the Department of Treasury and Finance, as the scheme reaches full client transition.

Total expenses administered by the Department are also expected to increase due to higher estimated cash contributions to the National Disability Insurance Agency.

Table 3.3.1: Comprehensive operating statement

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
Net result from continuing operations				
Income from transactions				
Output appropriations ^(c)	2 454	6 478
Special appropriations	27	64
Grants	73	85
Total income from transactions	2 554	6 627
Expenses from transactions				
Employee benefits	291	705
Depreciation	22	46
Interest expense	2	3
Grants and other transfers	1 114	3 121
Capital Assets Charge ^(c)	25	..
Other operating expenses	1 163	2 781
Total expenses from transactions	2 617	6 657
Net result from transactions (net operating balance)	(63)	(30)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(3)	(4)
Total other economic flows included in net result	(3)	(4)
Net result	(67)	(34)
Other economic flows – other comprehensive income				
Other
Total other economic flows – other comprehensive income
Comprehensive result	(67)	(34)

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Notes:

(a) The Department of Families, Fairness and Housing began operations from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

(c) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.3.2: Balance sheet

(\$ million)

	2020 actual ^(a)	2021 budget ^(a)	2021 revised ^(b)	2022 budget ^(b)
Assets				
Financial assets				
Cash and deposits	32	8
Receivables from government	741	764
Other receivables	29	22
Total financial assets	802	794
Non-financial assets				
Non-financial assets classified as held for sale including disposal group assets	1	1
Property, plant and equipment	1 267	1 329
Intangible assets	59	42
Other	38	38
Total non-financial assets	1 365	1 411
Total assets	2 167	2 205
Liabilities				
Payables	249	249
Borrowings	25	26
Provisions	400	418
Total liabilities	673	693
Net assets	1 494	1 512
Equity				
Accumulated surplus/(deficit)	(67)	(100)
Contributed capital	1 560	1 612
Total equity	1 494	1 512

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Notes:

(a) The Department of Families, Fairness and Housing began operations from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

Table 3.3.3: Statement of cash flows

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
Receipts				
Receipts from Government ^(c)	2 451	6 519
Receipts from other entities	73	85
Interest received
Other receipts	6	6
Total receipts	2 530	6 609
Payments				
Payments of grants and other transfers	(1 114)	(3 121)
Payments to suppliers and employees	(1 435)	(3 467)
Capital Assets Charge ^(c)	(25)	..
Interest and other costs of finance paid	(2)	(3)
Total payments	(2 576)	(6 591)
Net cash flows from/(used in) operating activities	(46)	18
Cash flows from investing activities				
Net investment
Payments for non-financial assets	(64)	(94)
Proceeds from sale of non-financial assets
Net loans to other parties	2	2
Net cash flow from/(used in) investing activities	(63)	(92)
Cash flows from financing activities				
Owner contributions by State Government	105	51
Repayment of leases and service concession liabilities
Net borrowings	35	(2)
Net cash flows from/(used in) financing activities	140	49
Net increase/(decrease) in cash and cash equivalents	32	(24)
Cash and cash equivalents at the beginning of the financial year	32
Cash and cash equivalents at the end of the financial year	32	8

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Notes:

(a) The Department of Families, Fairness and Housing began operations from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

(c) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.3.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	..	..	..	..	..
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2020 (actual) ^(a)	..	..	..	..	..
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	..	..	..	..
Closing balance 30 June 2021 (budget) ^(a)	..	..	..	..	..
Comprehensive result	(67)	..	..	..	(67)
Transactions with owners in their capacity as owners	..	1 560	..	..	1 560
Closing balance 30 June 2021 (revised) ^(b)	(67)	1 560	..	..	1 494
Comprehensive result	(34)	..	..	..	(34)
Transactions with owners in their capacity as owners	..	51	..	..	51
Closing balance 30 June 2022 (budget) ^(b)	(100)	1 612	..	..	1 512

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Notes:

^(a) The Department of Families, Fairness and Housing began operations from 1 February 2021.^(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

Table 3.3.5: Administered items statement

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
Administered income				
Appropriations – Payments made on behalf of the State	17	69
Sale of goods and services	11	60
Grants	505	2 450
Other income	1
Total administered income	533	2 580
Administered expenses				
Expenses on behalf of the State	1
Grants and other transfers	353	2 616
Payments into the Consolidated Fund	20	68
Total administered expenses	373	2 684
Income less expenses	161	(104)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	6	6
Total other economic flows included in net result	6	6
Net result	167	(98)
Total other economic flows – other comprehensive income
Comprehensive result	167	(98)
Administered assets				
Cash and deposits
Receivables	174	75
Other financial assets	3	3
Total administered assets	177	79
Administered liabilities				
Provisions	7	7
Total administered liabilities	7	7
Net assets	170	72

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Notes:

(a) The Department of Families, Fairness and Housing began operations from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

Table 3.3.6: Payments on behalf of the State

(\$ million)

	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
National Disability Insurance Agency	..	17	69
Total	..	17	69

Sources: Departments of Families, Fairness and Housing, and Treasury and Finance

Notes:

(a) The Department of Families, Fairness and Housing began operations from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

DEPARTMENT OF HEALTH

Operating performance

The Department of Health is expected to report an operating deficit of \$149 million in 2021-22, compared with an operating deficit in 2020-21 of \$19 million for the revised budget.

The deficit in 2021-22 is primarily due to the consumption of the inventory on hand relating to the State Supply Arrangement for personal protective equipment (PPE) and other equipment for public hospitals which is expected to be partly consumed in 2021-22.

The operating statement shows a decrease in operating income of \$6.2 billion between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to the Capital Assets Charge policy being discontinued from the 2021-22 budget and the machinery of government changes following the establishment of the Department of Families, Fairness and Housing effective from 1 February 2021.

Total operating income for 2021-22 includes funding for the following initiatives announced in the *2021-22 Budget*:

- Meeting demand for hospital services;
- Reformed area services to better support the mental health and wellbeing of adults and older adults;
- Public health and local place-based delivery;
- New safe and compassionate models of care for bed-based services;
- Supporting the mental health and wellbeing of young people; and
- Ambulance demand.

Operating expenses are expected to decrease by \$6.0 billion in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$58 million in 2021-22, compared with the 2020-21 revised budget, reflecting an increase in total assets of \$430 million and an increase in total liabilities of \$372 million.

The increase in total assets reflects the Government's continued asset investment in the health sector.

Investing and finance

Cash flows from investing activities reflect the Government's continued asset investment in health services, and new asset projects funded in the *2021-22 Budget* including:

- Ten new community hospitals to give patients the best care;
- Expanding and improving bed-based forensic mental health services: Thomas Embling Hospital;
- Expanding mental health treatment facilities for Victoria's youth;
- Delivering more hospital beds for Melbourne's East (Angliss Hospital Expansion Stage-2);
- Building a world-class hospital in Maryborough; and
- Enabling a high-quality, efficient public pathology system.

Administered items statement

Total administered income of the Department is expected to decrease by \$2.0 billion in 2021-22, compared with the 2020-21 revised budget. This is primarily due to the machinery of government changes following the establishment of the Department of Families, Fairness and Housing effective from 1 February 2021. The decrease is partially offset by an increase in Commonwealth funding for the National Health Reform Agreement.

Table 3.4.1: Comprehensive operating statement

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
Net result from continuing operations				
Income from transactions				
Output appropriations ^(c)	17 600	20 207	18 409	12 095
Special appropriations	1 372	1 100	1 117	1 990
Interest	33	46	19	47
Sale of goods and services	1 778	1 877	1 814	1 924
Grants	8 735	8 409	9 056	8 181
Fair value of assets and services received free of charge or for nominal consideration	1	..	37	..
Other income	688	756	737	775
Total income from transactions	30 207	32 395	31 189	25 012
Expenses from transactions				
Employee benefits	13 557	14 987	14 718	15 347
Depreciation	1 247	1 279	1 306	1 365
Interest expense	185	200	194	213
Grants and other transfers	4 325	4 549	3 582	1 043
Capital Assets Charge ^(c)	1 320	1 428	1 403	..
Other operating expenses	8 786	10 442	10 004	7 193
Total expenses from transactions	29 419	32 884	31 208	25 162
Net result from transactions (net operating balance)	788	(490)	(19)	(149)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	7	(3)	..	1
Net gain/(loss) on financial instruments and statutory receivables/payables	(59)	(26)	(26)	(26)
Other gains/(losses) from economic flows	(123)	(8)	(8)	(8)
Total other economic flows included in net result	(175)	(37)	(33)	(33)
Net result	613	(526)	(52)	(182)
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	22	9	9	33
Financial assets available-for-sale reserve	(28)	..	..	..
Other	(26)	..	..	..
Total other economic flows – other comprehensive income	(33)	9	9	33
Comprehensive result	580	(517)	(43)	(149)

Sources: Departments of Health, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the former Department of Health and Human Services included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.
- (c) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.4.2: Balance sheet

(\$ million)

	2020 actual ^(a)	2021 budget ^(a)	2021 revised ^(b)	2022 budget ^(b)
Assets				
Financial assets				
Cash and deposits	2 412	1 983	1 773	1 873
Receivables from government	3 694	3 361	3 287	3 111
Other receivables	681	646	617	623
Other financial assets	440	440	440	440
Investments accounted for using equity method	1	1	1	1
Total financial assets	7 229	6 431	6 118	6 049
Non-financial assets				
Inventories	530	118	837	513
Non-financial assets classified as held for sale including disposal group assets	3	3	1	1
Property, plant and equipment	21 026	21 985	19 976	20 879
Investment properties	135	135	135	135
Intangible assets	452	406	305	227
Other	381	177	139	138
Total non-financial assets	22 527	22 823	21 394	21 893
Total assets	29 756	29 254	27 512	27 942
Liabilities				
Payables	3 167	2 779	2 534	2 530
Borrowings	3 363	3 410	3 398	3 666
Provisions	4 050	4 176	3 782	3 891
Total liabilities	10 579	10 365	9 714	10 086
Net assets	19 176	18 889	17 798	17 856
Equity				
Accumulated surplus/(deficit)	2 544	2 018	2 492	2 310
Reserves	10 405	10 414	10 414	10 447
Contributed capital	6 227	6 458	4 893	5 099
Total equity	19 176	18 889	17 798	17 856

Sources: Departments of Health, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the former Department of Health and Human Services included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

Table 3.4.3: Statement of cash flows

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
Receipts				
Receipts from Government ^(c)	19 629	22 945	20 535	15 599
Receipts from other entities	9 226	8 883	9 437	8 668
Interest received	33	45	19	47
Other receipts	852	821	792	836
Total receipts	29 741	32 695	30 783	25 150
Payments				
Payments of grants and other transfers	(4 302)	(4 549)	(3 582)	(1 043)
Payments to suppliers and employees	(22 703)	(24 806)	(24 733)	(22 107)
Capital Assets Charge ^(c)	(1 320)	(1 428)	(1 403)	..
Interest and other costs of finance paid	(186)	(200)	(194)	(213)
Total payments	(28 511)	(30 983)	(29 912)	(23 364)
Net cash flows from/(used in) operating activities	1 230	1 712	871	1 786
Cash flows from investing activities				
Net investment	(35)	6	6	6
Payments for non-financial assets	(912)	(1 952)	(1 221)	(1 688)
Proceeds from sale of non-financial assets	21	3	3	3
Net loans to other parties	(30)	35	33	..
Net cash flow from/(used in) investing activities	(957)	(1 908)	(1 179)	(1 679)
Cash flows from financing activities				
Owner contributions by State Government	211	230	119	207
Repayment of leases and service concession liabilities	(438)	(191)	(178)	(216)
Net borrowings	397	(273)	(271)	2
Net cash flows from/(used in) financing activities	170	(234)	(331)	(7)
Net increase/(decrease) in cash and cash equivalents	443	(430)	(639)	100
Cash and cash equivalents at the beginning of the financial year	1 969	2 412	2 412	1 773
Cash and cash equivalents at the end of the financial year	2 412	1 983	1 773	1 873

Sources: Departments of Health, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the former Department of Health and Human Services included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.
- (c) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.4.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	1 933	6 052	9 962	475	18 421
Comprehensive result	612	..	22	(54)	580
Transactions with owners in their capacity as owners	..	176	..	..	176
Closing balance 30 June 2020 (actual) ^(a)	2 544	6 227	9 984	421	19 176
Impacts of prior period adjustments	..	(3)	..	..	(3)
Restated Opening Balance 1 July 2020	2 544	6 225	9 984	421	19 174
Comprehensive result	(526)	..	9	..	(517)
Transactions with owners in their capacity as owners	..	233	..	..	233
Closing balance 30 June 2021 (budget) ^(a)	2 018	6 458	9 993	421	18 889
Comprehensive result	(52)	..	9	..	(43)
Transactions with owners in their capacity as owners	..	(1 332)	..	..	(1 332)
Closing balance 30 June 2021 (revised) ^(b)	2 492	4 893	9 993	421	17 798
Comprehensive result	(182)	..	33	..	(149)
Transactions with owners in their capacity as owners	..	207	..	..	207
Closing balance 30 June 2022 (budget) ^(b)	2 310	5 099	10 026	421	17 856

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the former Department of Health and Human Services included in the 2019-20 Financial Report for the State of Victoria or the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

Table 3.4.5: Administered items statement

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
Administered income				
Appropriations – Payments made on behalf of the State	65	67	50	..
Sale of goods and services	269	339	295	295
Grants	14 712	14 678	14 681	12 730
Interest	1	3	3	3
Other income	105	34	33	33
Total administered income	15 151	15 120	15 062	13 060
Administered expenses				
Expenses on behalf of the State	973	958	855	798
Grants and other transfers	13 434	13 959	14 120	11 851
Payments into the Consolidated Fund	405	476	424	413
Total administered expenses	14 812	15 393	15 399	13 062
Income less expenses	339	(272)	(337)	(2)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	4	8	2	2
Total other economic flows included in net result	4	8	2	2
Net result	343	(264)	(335)	..
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	343	(264)	(335)	..
Administered assets				
Cash and deposits	55	3	3	3
Receivables	910	524	447	447
Other financial assets	3	3	..	..
Total administered assets	968	531	450	450
Administered liabilities				
Payables	607	434	434	434
Provisions	7	7	..	..
Total administered liabilities	614	441	434	434
Net assets	354	90	16	16

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the former Department of Health and Human Services included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

Table 3.4.6: Payments made on behalf of the State

(\$ million)

	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^(b)
National Disability Insurance Agency	67	50	..
Total	67	50	..

Sources: Departments of Health, and Treasury and Finance

Notes:

(a) Figures for the 2020-21 budget reflect the operations of the former Department of Health and Human Services included in the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.

(b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.

DEPARTMENT OF JOBS, PRECINCTS AND REGIONS

Operating performance

The Department of Jobs, Precincts and Regions is expected to report an operating deficit of \$46 million in 2021-22, compared with an operating deficit in 2020-21 of \$155 million for the revised budget.

The deficit is primarily due to forecast trust fund expenditure for various output initiatives, including the Regional Jobs and Infrastructure Fund and CarbonNet.

The operating statement shows a decrease in operating income of \$4.2 billion between the 2020-21 revised budget and the 2021-22 Budget. This is primarily due to the Capital Assets Charge policy being discontinued from the 2021-22 budget and the completion of one-off services and initiatives in response to the coronavirus (COVID-19) pandemic in 2020-21. This has been partly offset by funding for the following initiatives in the *2021-22 Budget*:

- Creative State: Cultural and creative organisations support and recovery;
- Investing in local sports infrastructure;
- Growing Suburbs Fund;
- Sporting Trusts Support; and
- Visitor Economy: destination marketing.

Operating expenses are expected to decrease by \$4.3 billion in 2021-22, primarily driven by the factors outlined above.

Balance sheet

There are no significant movements in assets and liabilities in the *2021-22 Budget* compared with the 2020-21 revised budget.

Investing and finance

The Department is anticipating a decrease of \$52 million in its net cash position in 2021-22, compared with the 2020-21 revised budget, mainly due to increased cash drawdowns from trust balances for output initiatives.

Cash flows from investing activities primarily reflect payments for non-financial assets, and new asset projects funded in the *2021-22 Budget* including:

- Fishermans Bend Innovation Precinct at the former General Motors Holden site; and
- Creative State: Revitalising our cultural institutions.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2021-22 including Commonwealth contributions for Financial Assistance Grants to local government, royalty collections, and the quarterly service payments associated with the Melbourne Exhibition and Convention Centre.

Total administered income of the Department is expected to increase by \$330 million in 2021-22, compared with the 2020-21 revised budget. This is primarily driven by Commonwealth funding received for local government grants in 2021-22.

Total administered expenses of the Department are expected to increase by \$329 million in line with the estimated increase in administered income.

Table 3.5.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	3 052	6 367	6 555	2 534
Special appropriations	2	..	..	..
Interest	12	9	10	11
Sale of goods and services	128	114	113	126
Grants	189	34	160	13
Fair value of assets and services received free of charge or for nominal consideration	1	1	1	1
Other income	32	29	29	28
Total income from transactions	3 415	6 554	6 868	2 712
Expenses from transactions				
Employee benefits	549	590	575	537
Depreciation	129	131	131	131
Interest expense	35	35	32	27
Grants and other transfers	1 884	5 015	5 356	1 542
Capital Assets Charge ^(a)	167	170	170	..
Other operating expenses	699	766	758	521
Total expenses from transactions	3 462	6 708	7 022	2 758
Net result from transactions (net operating balance)	(47)	(153)	(155)	(46)
Other economic flows included in net result				
Net gain/(loss) on financial instruments and statutory receivables/payables	1	..	..	..
Other gains/(losses) from economic flows	(1)	..	..	..
Total other economic flows included in net result	..	..	..	..
Net result	(47)	(153)	(155)	(46)
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	31	(1)	(1)	(1)
Other	(9)	3	3	3
Total other economic flows – other comprehensive income	21	2	2	2
Comprehensive result	(26)	(151)	(153)	(44)

Sources: Departments of Jobs, Precincts and Regions, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.5.2: Balance sheet

(\$ million)

	2020 <i>actual</i>	2021 <i>budget</i>	2021 <i>revised</i>	2022 <i>budget</i>
Assets				
Financial assets				
Cash and deposits	567	428	422	370
Receivables from government	397	452	452	537
Other receivables	395	400	439	443
Other financial assets	98	101	101	104
Total financial assets	1 458	1 382	1 415	1 455
Non-financial assets				
Inventories	3	3	3	3
Property, plant and equipment	8 450	8 402	8 417	8 379
Biological assets	2	2	2	2
Intangible assets	36	38	38	40
Other	29	30	30	30
Total non-financial assets	8 521	8 475	8 490	8 454
Total assets	9 978	9 857	9 905	9 909
Liabilities				
Payables	595	590	589	586
Borrowings	468	458	458	447
Provisions	158	162	162	163
Total liabilities	1 220	1 210	1 209	1 197
Net assets	8 758	8 647	8 696	8 712
Equity				
Accumulated surplus/(deficit)	(405)	(563)	(565)	(611)
Reserves	6 191	6 193	6 193	6 195
Contributed capital	2 972	3 017	3 068	3 128
Total equity	8 758	8 647	8 696	8 712

Sources: Departments of Jobs, Precincts and Regions, and Treasury and Finance

Table 3.5.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	3 057	6 318	6 507	2 451
Receipts from other entities	277	137	262	130
Interest received	12	9	10	11
Other receipts	94	29	29	28
Total receipts	3 440	6 494	6 807	2 620
Payments				
Payments of grants and other transfers	(1 844)	(5 015)	(5 356)	(1 542)
Payments to suppliers and employees	(1 417)	(1 359)	(1 336)	(1 055)
Capital Assets Charge ^(a)	(167)	(170)	(170)	..
Interest and other costs of finance paid	(36)	(35)	(32)	(27)
Total payments	(3 464)	(6 579)	(6 893)	(2 624)
Net cash flows from/(used in) operating activities	(24)	(85)	(86)	(4)
Cash flows from investing activities				
Net investment	10	..	..	..
Payments for non-financial assets	(113)	(120)	(135)	(96)
Proceeds from sale of non-financial assets	3	..	..	..
Net loans to other parties	19	2	(37)	3
Net cash flow from/(used in) investing activities	(82)	(119)	(173)	(93)
Cash flows from financing activities				
Owner contributions by State Government	(22)	75	126	59
Repayment of leases and service concession liabilities	(14)	(10)	(10)	(10)
Net borrowings	42	(1)	(2)	(4)
Net cash flows from/(used in) financing activities	5	64	114	45
Net increase/(decrease) in cash and cash equivalents	(100)	(140)	(145)	(52)
Cash and cash equivalents at the beginning of the financial year	667	567	567	422
Cash and cash equivalents at the end of the financial year	567	428	422	370

Sources: Departments of Jobs, Precincts and Regions, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.5.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	(337)	2 995	5 633	516	8 807
Comprehensive result	(68)	..	31	11	(26)
Transactions with owners in their capacity as owners	..	(23)	..	..	(23)
Closing balance 30 June 2020 (actual)	(405)	2 972	5 664	527	8 758
Impact of prior period adjustments	(5)	(22)	..	..	(27)
Restated Opening Balance 1 July 2020	(410)	2 950	5 664	527	8 731
Comprehensive result	(153)	..	(1)	3	(151)
Transactions with owners in their capacity as owners	..	67	..	..	67
Closing balance 30 June 2021 (budget)	(563)	3 017	5 663	530	8 647
Comprehensive result	(155)	..	(1)	3	(153)
Transactions with owners in their capacity as owners	..	118	..	..	118
Closing balance 30 June 2021 (revised)	(565)	3 068	5 663	530	8 696
Comprehensive result	(46)	..	(1)	3	(44)
Transactions with owners in their capacity as owners	..	59	..	..	59
Closing balance 30 June 2022 (budget)	(611)	3 128	5 663	532	8 712

Sources: Departments of Jobs, Precincts and Regions, and Treasury and Finance

Table 3.5.5: Administered items statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Administered income				
Appropriations – Payments made on behalf of the State	71	74	74	77
Sale of goods and services	105	104	109	108
Grants	..	303	309	636
Interest	11	10	10	10
Other income	143	143	143	144
Total administered income	329	634	645	975
Administered expenses				
Expenses on behalf of the State	16	19	19	20
Grants and other transfers	6	309	309	643
Payments into the Consolidated Fund	268	260	270	265
Interest expense	39	38	38	37
Total administered expenses	329	626	636	965
Income less expenses	..	9	9	11
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	17	..	..	..
Total other economic flows included in net result	17	..	..	..
Net result	17	8	8	11
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	17	8	8	11
Administered assets				
Cash and deposits	6	7	7	7
Receivables	483	478	478	473
Other financial assets	..	..	..	..
Investments accounted for using the equity method	11	11	11	11
Property, plant and equipment	..	..	..	..
Total administered assets	500	495	495	490
Administered liabilities				
Payables	78	76	76	74
Borrowings	428	417	417	403
Total administered liabilities	506	493	493	477
Net assets	(6)	2	2	13

Sources: Departments of Jobs, Precincts and Regions, and Treasury and Finance

Table 3.5.6: Payments made on behalf of the State

(\$ million)

	<i>2020-21 budget</i>	<i>2020-21 revised</i>	<i>2021-22 budget</i>
Grants and other transfers	6	6	6
Lease payments	50	50	51
Others	19	19	20
Total	74	74	77

Sources: Departments of Jobs, Precincts and Regions, and Treasury and Finance

DEPARTMENT OF JUSTICE AND COMMUNITY SAFETY

Operating performance

The Department of Justice and Community Safety is expected to report an operating deficit of \$63 million in 2021-22, compared with an operating surplus in 2020-21 of \$26 million for the revised budget.

The deficit is primarily due to the drawdown on cash balances for the Victorian Property and the Emergency Management Operational Communications Program trust funds and the expenditure relating to the Information Technology Strategy program which was funded from accumulated prior years' surpluses.

The operating statement shows a decrease in operating income of \$686 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to the Capital Assets Charge policy being discontinued from the 2021-22 budget, as well as one-off funding in 2020-21 for the COVID-19 Quarantine Victoria initiative and increased costs mainly across the prison system in response to the coronavirus (COVID-19) pandemic. The decrease is partially offset by new funding for initiatives announced in the *2021-22 Budget*:

- Initiatives to fast-track Victoria's recovery from the 2019-2020 Victorian bushfires;
- Community based diversionary services and opening Cherry Creek; and
- Emergency Management Sector Reform: Implementation of reviews and inquiries.

Operating expenses are expected to decrease by \$596 million in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$1.2 billion in 2021-22, compared with the 2020-21 revised budget, primarily reflecting an increase in total assets.

The increase in total assets mainly reflects the Government's continued investments in additional beds across the corrections system.

Investing and finance

Cash flows from investing activities primarily reflect the Government's continued asset investments across the prison systems and youth justice custodial services, and new asset projects funded in the *2021-22 Budget* including:

- Delivering new police station infrastructure;
- Supporting the State's forensic capability; and
- Preventing Aboriginal deaths in custody.

Administered items statement

The Department is responsible for administering revenue on behalf of the State including a range of fines and regulatory fees, lottery and gaming license taxation, as well as managing funds to assist the State's recovery from natural disasters in accordance with the Commonwealth-State Natural Disaster Arrangements.

Total administered income of the Department is expected to increase by \$859 million in 2021-22, compared with the 2020-21 revised budget. This is primarily driven by a forecast increase in gambling taxation revenue, following the reopening of gaming venues.

Total administered expenses of the Department are expected to increase by \$815 million, broadly in line with the anticipated increase in administered income.

Table 3.6.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	8 330	8 768	9 069	8 380
Special appropriations	4	8	10	5
Interest	37	25	25	27
Sale of goods and services	28	21	19	19
Grants	95	79	77	92
Fair value of assets and services received free of charge or for nominal consideration	6	..	..	..
Other income	51	44	47	39
Total income from transactions	8 551	8 946	9 247	8 561
Expenses from transactions				
Employee benefits	4 080	4 004	4 153	4 120
Depreciation	391	448	446	463
Interest expense	82	151	148	146
Grants and other transfers	1 741	1 764	1 779	1 684
Capital Assets Charge ^(a)	321	425	425	..
Other operating expenses	1 925	2 161	2 269	2 211
Total expenses from transactions	8 541	8 954	9 220	8 624
Net result from transactions (net operating balance)	10	(8)	26	(63)
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	15	13	13	13
Net gain/(loss) on financial instruments and statutory receivables/payables	(14)	..	..	..
Other gains/(losses) from economic flows	(16)	..	..	..
Total other economic flows included in net result	(15)	13	13	13
Net result	(6)	5	40	(49)
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	307	..	..	..
Other	7	..	..	..
Total other economic flows – other comprehensive income	314	..	..	..
Comprehensive result	308	5	40	(49)

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.6.2: Balance sheet

(\$ million)

	2020 <i>actual</i>	2021 <i>budget</i>	2021 <i>revised</i>	2022 <i>budget</i>
Assets				
Financial assets				
Cash and deposits	312	314	348	303
Receivables from government	1 335	1 601	1 602	1 929
Other receivables	111	167	167	168
Other financial assets	229	229	229	229
Total financial assets	1 987	2 311	2 347	2 630
Non-financial assets				
Inventories	23	23	23	23
Non-financial assets classified as held for sale including disposal group assets	3	3	3	3
Property, plant and equipment	6 915	8 959	8 647	9 558
Intangible assets	195	194	192	223
Other	72	72	72	72
Total non-financial assets	7 207	9 251	8 937	9 879
Total assets	9 194	11 562	11 285	12 509
Liabilities				
Payables	686	734	734	740
Borrowings	1 525	2 555	2 593	2 533
Provisions	1 106	1 140	1 140	1 183
Total liabilities	3 316	4 429	4 467	4 455
Net assets	5 878	7 132	6 818	8 054
Equity				
Accumulated surplus/(deficit)	1 215	1 208	1 242	1 193
Reserves	1 808	1 808	1 808	1 808
Contributed capital	2 855	4 117	3 768	5 053
Total equity	5 878	7 132	6 818	8 054

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Table 3.6.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	8 065	8 494	8 794	8 061
Receipts from other entities	140	96	93	107
Interest received	49	25	25	26
Other receipts	52	37	37	38
Total receipts	8 306	8 651	8 948	8 233
Payments				
Payments of grants and other transfers	(1 742)	(1 757)	(1 769)	(1 683)
Payments to suppliers and employees	(5 790)	(6 129)	(6 386)	(6 283)
Capital Assets Charge ^(a)	(321)	(425)	(425)	..
Interest and other costs of finance paid	(82)	(151)	(148)	(146)
Total payments	(7 935)	(8 463)	(8 729)	(8 112)
Net cash flows from/(used in) operating activities	370	189	220	121
Cash flows from investing activities				
Net investment	(16)	..	..	..
Payments for non-financial assets	(512)	(1 402)	(1 053)	(1 408)
Proceeds from sale of non-financial assets	32	41	41	41
Net cash flow from/(used in) investing activities	(496)	(1 361)	(1 012)	(1 367)
Cash flows from financing activities				
Owner contributions by State Government	213	1 270	921	1 285
Repayment of leases and service concession liabilities	(95)	(95)	(91)	(85)
Net borrowings	8	..	..	..
Net cash flows from/(used in) financing activities	125	1 174	829	1 201
Net increase/(decrease) in cash and cash equivalents	(1)	2	36	(45)
Cash and cash equivalents at the beginning of the financial year	313	312	312	348
Cash and cash equivalents at the end of the financial year	312	314	348	303

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.6.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	1 207	2 649	1 507	..	5 364
Comprehensive result	8	..	308	(8)	308
Transactions with owners in their capacity as owners	..	206	..	..	206
Closing balance 30 June 2020 (actual)	1 215	2 855	1 815	(8)	5 878
Impact of prior period adjustments	(13)	(14)	..	..	(27)
Restated Opening Balance 1 July 2020	1 202	2 841	1 815	(8)	5 851
Comprehensive result	5	..	..	..	5
Transactions with owners in their capacity as owners	..	1 276	..	..	1 276
Closing balance 30 June 2021 (budget)	1 208	4 117	1 815	(8)	7 132
Comprehensive result	40	..	..	..	40
Transactions with owners in their capacity as owners	..	927	..	..	927
Closing balance 30 June 2021 (revised)	1 242	3 768	1 815	(8)	6 818
Comprehensive result	(49)	..	..	..	(49)
Transactions with owners in their capacity as owners	..	1 285	..	..	1 285
Closing balance 30 June 2022 (budget)	1 193	5 053	1 815	(8)	8 054

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Table 3.6.5: Administered items statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Administered income				
Appropriations – payments made on behalf of the State	267	158	209	53
Special appropriations	37	106	116	107
Sale of goods and services	450	516	428	561
Grants	4	4	4	4
Interest	7	13	13	13
Other income	2 225	2 042	2 033	2 925
Total administered income	2 990	2 840	2 804	3 663
Administered expenses				
Expenses on behalf of the State	63	11	7	11
Grants and other transfers	238	202	253	110
Employee benefits	4	4	4	4
Payments into the Consolidated Fund	2 247	2 133	1 968	2 922
Total administered expenses	2 552	2 349	2 231	3 046
Income less expenses	438	491	572	616
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	..	1	1	1
Net gain/(loss) on financial instruments and statutory receivables/payables	(501)	(275)	(454)	(453)
Total other economic flows included in net result	(501)	(274)	(453)	(452)
Net result	(63)	216	119	164
Other economic flows – other comprehensive income				
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	(63)	216	119	164
Administered assets				
Cash and deposits	311	309	309	306
Receivables	317	373	276	280
Other financial assets	..	2	2	4
Total administered assets	628	684	587	591
Administered liabilities				
Payables	897	737	737	577
Provisions	127	127	127	127
Total administered liabilities	1 024	864	864	704
Net assets	(396)	(180)	(277)	(114)

Sources: Departments of Justice and Community Safety, and Treasury and Finance

Table 3.6.6: Payments made on behalf of the State

(\$ million)

	<i>2020-21 budget</i>	<i>2020-21 revised</i>	<i>2021-22 budget</i>
Tattersalls duty payments to other jurisdictions	45	45	45
Natural disaster relief	113	164	8
Total	158	209	53

Sources: Departments of Justice and Community Safety, and Treasury and Finance

DEPARTMENT OF PREMIER AND CABINET

Operating performance

The Department of Premier and Cabinet is expected to report a balanced operating result in 2021-22, compared with an operating surplus in 2020-21 of \$4 million for the revised budget.

The operating statement shows a decrease in operating income of \$253 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to the completion of one-off services and initiatives in response to the coronavirus (COVID-19) pandemic and the Victorian Electoral Commission conducting the 2020 local council elections.

From 2021-22, the operations of the Portable Long Service Authority and the Labour Hire Authority are separately reported as regulatory bodies and other part funded agencies. This change has resulted in a further reduction in 2021-22 budgeted revenue reported in the Department's operating statement.

The year-on-year decrease is partly offset by funding for the following initiatives in the *2021-22 Budget*.

- Enhancing customer experience with more digital services for Victorians;
- Cyber Safe Victoria 2021+; and
- Single Digital Presence.

Operating expenses are expected to decrease by \$250 million in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to decrease by \$11 million in 2021-22, compared with the 2020-21 revised budget, reflecting a decrease in total assets of \$174 million and a decrease in total liabilities of \$163 million.

The decrease in total assets and liabilities mainly reflects the Portable Long Service Authority and Labour Hire Authority being separately reported as regulatory bodies and other part funded agencies from 2021-22.

Investing and finance

The Department is estimating a decrease of \$27 million in its net cash position in 2021-22, compared with the 2020-21 revised budget, mainly due to the Portable Long Service Authority and Labour Hire Authority being separately reported as regulatory bodies and other part funded agencies from 2021-22.

Cash flows from investing activities primarily reflect payments for non-financial assets by CenITex and new asset projects funded in the *2021-22 Budget* including:

- Enhancing customer experience with more digital services for Victorians; and
- Public Record Office Victoria: Asset Maintenance and Renewal Program.

Administered items statement

The Department is responsible for administering revenue on behalf of the State including cost recovery activities by the Victorian Electoral Commission.

Total administered income and expenses of the Department are expected to decrease by \$39 million in 2021-22, compared with the 2020-21 revised budget. These are primarily driven by cost recovery activities of the Victorian Electoral Commission after the 2020 local council elections.

Table 3.7.1: Comprehensive operating statement

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^{(b)(c)}
Net result from continuing operations				
Income from transactions				
Output appropriations ^(d)	688	663	561	470
Special appropriations	38	83	77	43
Sale of goods and services	71	145	180	187
Grants	82	4	18	3
Other income	4	2	123	3
Total income from transactions	884	897	959	706
Expenses from transactions				
Employee benefits	339	329	368	340
Depreciation	33	41	46	44
Grants and other transfers	231	188	110	83
Capital Assets Charge ^(d)	11	11	11	..
Other operating expenses	265	327	421	239
Total expenses from transactions	880	897	956	706
Net result from transactions (net operating balance)	5	..	4	..
Other economic flows included in net result				
Other gains/(losses) from economic flows	(1)	..	1	..
Total other economic flows included in net result	(1)	..	1	..
Net result	3	..	5	..
Other economic flows – other comprehensive income				
Other	(13)	..	40	..
Total other economic flows – other comprehensive income	(13)	..	40	..
Comprehensive result	(10)	..	45	..

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the Department of Premier and Cabinet included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.
- (c) The 2021-22 budget reflects the impact of the transfer of Portable Long Service Authority and Labour Hire Authority from the Department of Premier and Cabinet's departmental financial statements because both authorities will be self-funded from 1 July 2021.
- (d) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.7.2: Balance sheet

(\$ million)

	2020 actual ^(a)	2021 budget ^(a)	2021 revised ^(b)	2022 budget ^{(b)(c)}
Assets				
Financial assets				
Cash and deposits	85	118	139	111
Receivables from government	79	94	82	101
Other receivables	147	68	229	77
Total financial assets	312	279	450	289
Non-financial assets				
Inventories	4	4	4	4
Property, plant and equipment	656	720	775	761
Intangible assets	54	64	62	62
Other	15	37	12	12
Total non-financial assets	729	825	853	839
Total assets	1 040	1 104	1 303	1 129
Liabilities				
Payables	134	44	117	106
Borrowings	6	40	48	39
Provisions	111	132	214	72
Total liabilities	251	216	379	216
Net assets	790	888	923	912
Equity				
Accumulated surplus/(deficit)	126	70	74	45
Reserves	362	362	402	402
Contributed capital	302	456	447	465
Total equity	790	888	923	912

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the Department of Premier and Cabinet included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.
- (c) The 2021-22 budget reflects the impact of the transfer of Portable Long Service Authority and Labour Hire Authority from the Department of Premier and Cabinet's departmental financial statements because both authorities will be self-funded from 1 July 2021.

Table 3.7.3: Statement of cash flows

(\$ million)

	2019-20 actual ^(a)	2020-21 budget ^(a)	2020-21 revised ^(b)	2021-22 budget ^{(b)(c)}
Cash flows from operating activities				
Receipts				
Receipts from Government ^(d)	736	728	621	495
Receipts from other entities	82	55	112	4
Other receipts	7	145	217	188
Total receipts	825	928	951	687
Payments				
Payments of grants and other transfers	(231)	(188)	(110)	(83)
Payments to suppliers and employees	(554)	(659)	(680)	(581)
Capital Assets Charge ^(d)	(11)	(11)	(11)	..
Total payments	(796)	(859)	(801)	(664)
Net cash flows from/(used in) operating activities	28	69	150	23
Cash flows from investing activities				
Net investment	(26)	..	(95)	..
Payments for non-financial assets	(32)	(33)	(51)	(32)
Proceeds from sale of non-financial assets	1	..	..	..
	(57)	(33)	(145)	(32)
Cash flows from financing activities				
Owner contributions by State Government	(20)	64	51	(10)
Repayment of leases and service concession liabilities	(6)	(10)	(2)	(9)
Net borrowings	59	(58)	..	..
Net cash flows from/(used in) financing activities	33	(4)	49	(19)
Net increase/(decrease) in cash and cash equivalents	4	33	54	(27)
Cash and cash equivalents at the beginning of the financial year	81	85	85	139
Cash and cash equivalents at the end of the financial year	85	118	139	111

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the Department of Premier and Cabinet included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.
- (c) The 2021-22 budget reflects the impact of the transfer of Portable Long Service Authority and Labour Hire Authority from the Department of Premier and Cabinet's departmental financial statements because both authorities will be self-funded from 1 July 2021.
- (d) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.7.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	136	310	362	..	808
Comprehensive result	(10)	..	..	..	(10)
Transactions with owners in their capacity as owners	..	(9)	..	..	(9)
Closing balance 30 June 2020 (actual) ^(a)	126	302	362	..	790
Impact of prior transactions	..	(1)	..	..	(1)
Restated Opening Balance 1 July 2020	126	301	362	..	789
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	(56)	155	..	..	99
Closing balance 30 June 2021 (budget) ^(a)	70	456	362	..	888
Comprehensive result	5	..	40	..	45
Transactions with owners in their capacity as owners	(56)	146	..	..	90
Closing balance 30 June 2021 (revised) ^(b)	74	447	402	..	923
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	(29)	18	..	..	(11)
Closing balance 30 June 2022 (budget) ^{(b)(c)}	45	465	402	..	912

Sources: Departments of Premier and Cabinet, and Treasury and Finance

Notes:

- (a) Figures for 2019-20 actuals and the 2020-21 budget reflect the operations of the Department of Premier and Cabinet included in the 2019-20 Financial Report for the State of Victoria and the 2020-21 Budget, which do not include the impact of the machinery of government changes effective from 1 February 2021.
- (b) The 2020-21 revised budget and 2021-22 budget reflect the impact of the machinery of government changes effective from 1 February 2021.
- (c) The 2021-22 budget reflects the impact of the transfer of Portable Long Service Authority and Labour Hire Authority from the Department of Premier and Cabinet's departmental financial statements because both authorities will be self-funded from 1 July 2021.

Table 3.7.5: Administered items statement

(\$ million)

	2019-20 <i>actual</i>	2020-21 <i>budget</i>	2020-21 <i>revised</i>	2021-22 <i>budget</i>
Administered income				
Special Appropriations	12	13	18	13
Sale of goods and services	2	34	34	1
Grants	12	..	..	..
Other income	2	..	..	..
Total administered income	28	47	53	14
Administered expenses				
Expenses on behalf of the State	6	..	6	..
Grants and other transfers	..	6	6	6
Payments into the Consolidated Fund	16	34	34	1
Total administered expenses	23	40	46	7
Net result	6	6	6	6
Comprehensive result	5	6	6	6
Administered assets				
Receivables	19	26	26	32
Total administered assets	19	26	26	32
Administered liabilities				
Payables	1	1	1	1
Total administered liabilities	1	1	1	1
Net assets	18	24	24	31

Sources: Departments of Premier and Cabinet, and Treasury and Finance

DEPARTMENT OF TRANSPORT

Operating performance

The Department of Transport is expected to report an operating surplus of \$537 million in 2021-22, compared with an operating deficit in 2020-21 of \$147 million for the revised budget.

The surplus is primarily due to the assets received from the Cross Yarra Partnership Consortium relating to the Metro Tunnel for the additional costs borne by the operator as part of the Metro Tunnel settlement.

The operating statement shows a decrease in operating income of \$2.9 billion between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to the Capital Assets Charge policy being discontinued from the 2021-22 budget and the additional funding received in 2020-21 reflecting the impact of the coronavirus (COVID-19) pandemic on public transport. This is partly offset by the funding for the following initiatives in the *2021-22 Budget*:

- Emergency Management Sector Reform;
- Regional rail sustainability; and
- Improving Transport Connections to Fishermans Bend.

Operating expenses are expected to decrease by \$3.6 billion in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$5.1 billion in 2021-22, compared with the 2020-21 revised budget, reflecting an increase in total assets of \$5.4 billion and an increase in total liabilities of \$267 million.

The increase in total assets reflects the Government's investment in the transport capital program mainly related to the Big Build which includes:

- Metro Tunnel;
- West Gate Tunnel; and
- Suburban Roads Upgrade – Northern Roads Upgrade and South Eastern Roads Upgrade.

Investing and finance

The Department is anticipating an increase of \$159 million in its net cash position in 2021-22, compared with the 2020-21 revised budget, mainly due to increased fine revenues available for investment in the roads capital program.

Cash flows from investing activities primarily reflect significant investment as part of the Government's infrastructure program, including the following asset projects funded in the 2021-22 *Budget* including:

- New metropolitan trains;
- Regional rail sustainability; and
- Rolling stock maintenance and disposal programs.

Administered items statement

The Department is responsible for administering revenue on behalf of the State in 2021-22 including collecting road and public transport regulatory fees and fines revenues.

Total administered income of the Department is expected to increase by \$191 million in 2021-22, compared with the 2020-21 revised budget, primarily driven by an increase relating to motor vehicle taxation.

Total administered expenses of the Department are expected to increase by \$191 million, in line with the estimated increase in administered income received and paid into the Consolidated Fund.

Table 3.8.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	7 541	8 378	8 616	4 999
Special appropriations	439	532	540	621
Interest	3	3	3	3
Sale of goods and services	319	227	111	388
Grants	467	511	452	462
Fair value of assets and services received free of charge or for nominal consideration	11	..	424	708
Other income	321	283	185	248
Total income from transactions	9 100	9 934	10 331	7 431
Expenses from transactions				
Employee benefits	619	596	588	581
Depreciation	1 019	1 066	1 069	1 079
Interest expense	358	465	468	451
Grants and other transfers	3 460	3 591	3 605	914
Capital Assets Charge ^(a)	78	78	78	..
Other operating expenses	3 943	4 427	4 671	3 868
Total expenses from transactions	9 478	10 223	10 478	6 894
Net result from transactions (net operating balance)	(377)	(288)	(147)	537
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(594)	..	(30)	23
Net gain/(loss) on financial instruments and statutory receivables/payables	(4)	..	..	..
Other gains/(losses) from economic flows	(43)	..	..	..
Total other economic flows included in net result	(641)	..	(30)	23
Net result	(1 018)	(288)	(177)	560
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	12 085	518	398	428
Other	(25)	1	1	1
Total other economic flows – other comprehensive income	12 060	519	398	428
Comprehensive result	11 041	231	221	988

Sources: Departments of Transport, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.8.2: Balance sheet

(\$ million)

	2020 actual	2021 budget	2021 revised	2022 budget
Assets				
Financial assets				
Cash and deposits	664	569	612	771
Receivables from government	1 252	1 501	1 504	1 749
Other receivables	488	553	536	517
Total financial assets	2 404	2 624	2 652	3 037
Non-financial assets				
Inventories	8	8	8	8
Non-financial assets classified as held for sale including disposal group assets	145	145	145	145
Property, plant and equipment	87 897	92 838	92 567	97 836
Intangible assets	89	87	87	62
Other	350	350	775	555
Total non-financial assets	88 489	93 429	93 582	98 606
Total assets	90 893	96 052	96 235	101 642
Liabilities				
Payables	8 905	9 115	9 191	9 064
Borrowings	5 580	6 133	6 137	6 502
Provisions	956	986	986	1 016
Total liabilities	15 440	16 233	16 315	16 582
Net assets	75 453	79 819	79 920	85 061
Equity				
Accumulated surplus/(deficit)	(2 204)	(2 492)	(2 381)	(1 820)
Reserves	12 604	13 122	13 002	13 429
Contributed capital	65 053	69 188	69 299	73 452
Total equity	75 453	79 819	79 920	85 061

Sources: Departments of Transport, and Treasury and Finance

Table 3.8.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	7 812	8 641	9 358	5 393
Receipts from other entities	820	739	567	854
Interest received	3	3	3	3
Other receipts	52	63	57	59
Total receipts	8 686	9 447	9 985	6 310
Payments				
Payments of grants and other transfers	(3 540)	(3 591)	(3 642)	(914)
Payments to suppliers and employees	(4 534)	(5 026)	(5 650)	(4 234)
Capital Assets Charge ^(a)	(78)	(78)	(78)	..
Interest and other costs of finance paid	(135)	(167)	(160)	(189)
Total payments	(8 287)	(8 862)	(9 530)	(5 337)
Net cash flows from/(used in) operating activities	400	584	455	973
Cash flows from investing activities				
Payments for non-financial assets	(5 930)	(7 252)	(8 323)	(7 968)
Proceeds from sale of non-financial assets	3	..	..	..
Net loans to other parties	(25)	(69)	(51)	16
Net cash flow from/(used in) investing activities	(5 952)	(7 321)	(8 374)	(7 952)
Cash flows from financing activities				
Owner contributions by State Government	6 311	7 798	9 146	8 432
Repayment of leases and service concession liabilities	(639)	(1 206)	(854)	(1 015)
Net borrowings	351	50	(425)	(279)
Net cash flows from/(used in) financing activities	6 023	6 642	7 867	7 138
Net increase/(decrease) in cash and cash equivalents	471	(95)	(52)	159
Cash and cash equivalents at the beginning of the financial year	193	664	664	612
Cash and cash equivalents at the end of the financial year	664	569	612	771

Sources: Departments of Transport, and Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.8.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	18 287	19 527	24 195	..	62 009
Comprehensive result	(1 043)	..	12 085	..	11 041
Transactions with owners in their capacity as owners	(19 448)	45 525	(23 675)	..	2 403
Closing balance 30 June 2020 (actual)	(2 204)	65 053	12 604	..	75 453
Comprehensive result	(288)	..	518	..	231
Transactions with owners in their capacity as owners	..	4 136	..	..	4 136
Closing balance 30 June 2021 (budget)	(2 492)	69 188	13 122	..	79 819
Comprehensive result	(177)	..	398	..	221
Transactions with owners in their capacity as owners	..	4 246	..	..	4 246
Closing balance 30 June 2021 (revised)	(2 381)	69 299	13 002	..	79 920
Comprehensive result	560	..	428	..	988
Transactions with owners in their capacity as owners	..	4 153	..	..	4 153
Closing balance 30 June 2022 (budget)	(1 820)	73 452	13 429	..	85 061

Sources: Departments of Transport, and Treasury and Finance

Table 3.8.5: Administered items statement

(\$ million)

	2019-20 <i>actual</i>	2020-21 <i>budget</i>	2020-21 <i>revised</i>	2021-22 <i>budget</i>
Administered income				
Sale of goods and services	276	385	390	410
Grants	33	1	36	6
Interest	..	1	1	1
Other income	2 800	2 614	2 564	2 765
Total administered income	3 109	3 000	2 991	3 182
Administered expenses				
Expenses on behalf of the State	1	..	..	..
Payments into the Consolidated Fund	3 098	2 976	2 966	3 157
Total administered expenses	3 099	2 976	2 966	3 157
Income less expenses	10	24	24	24
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	(1)	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(5)	(16)	(16)	(16)
Total other economic flows included in net result	(6)	(16)	(16)	(16)
Net result	4	8	8	8
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	4	8	8	8
Administered assets				
Cash and deposits	16	16	16	16
Receivables	22	30	30	38
Property, plant and equipment	..	..	4	9
Total administered assets	38	46	50	63
Administered liabilities				
Payables	16	16	16	16
Total administered liabilities	16	16	16	16
Net assets	22	30	34	47

Sources: Departments of Transport, and Treasury and Finance

DEPARTMENT OF TREASURY AND FINANCE

Operating performance

The Department of Treasury and Finance is expected to report an operating surplus of \$5 million in 2021-22, compared with an operating surplus in 2020-21 of \$10 million for the revised budget.

The operating statement shows an increase in operating income of \$33 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to previous budget initiatives being rephased to 2021-22 during the coronavirus (COVID-19) pandemic. The year-on-year increase also includes funding of the following key initiatives in the *2021-22 Budget*:

- State Revenue Office Advanced Revenue Management Program;
- Partnerships Addressing Disadvantage;
- Monitoring and assurance of the state capital program;
- Improving expenditure advice, oversight and accountability; and
- Embedding early intervention in government service delivery.

Operating expenses are expected to increase by \$37 million in 2021-22, primarily driven by the factors outlined above.

Balance sheet

The Department's net assets position is estimated to increase by \$142 million in 2021-22, compared with the 2020-21 revised budget, primarily reflecting an increase in total assets of \$145 million.

The increase in total assets primarily reflects the acquisition of the Bendigo GovHub.

Investing and finance

The Department is anticipating an increase of \$10 million in its net cash position in 2021-22, compared with the 2020-21 revised budget, mainly related to an advance funding contribution for the delivery of Invest Victoria programs.

Cash flows from investing activities primarily reflect existing and new asset projects, including the acquisition of the Bendigo GovHub.

Administered items statement

The Department manages a large number of transactions on behalf of the State, including State taxation income and administering the State's superannuation expenses.

Total administered income of the Department is expected to increase by \$8.8 billion in 2021-22. This is primarily driven by the Advance to the Treasurer's appropriation, reflecting existing government policy decisions for which funding has yet to be allocated to departments; provisions not yet allocated to meet additional price and demand growth for health, disability, justice and education; and a provision for estimated depreciation expense associated with the general government sector's unallocated asset contingency.

Additionally, it includes unallocated provisions available to contribute to future government policy decisions and commitments. Total administered expenses of the Department are expected to increase by \$6.9 billion in line with the estimated increase in administered income and an increase in payments in the Consolidated Fund in 2021-22.

Table 3.9.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	441	633	539	588
Interest	1	..	..	..
Sale of goods and services	204	32	32	15
Grants	9	17	18	18
Other income	28	37	37	37
Total income from transactions	683	719	625	658
Expenses from transactions				
Employee benefits	272	228	242	245
Depreciation	36	28	28	32
Grants and other transfers	63	142	69	139
Capital Assets Charge ^(a)	63	71	71	..
Other operating expenses	254	208	205	238
Total expenses from transactions	688	678	616	653
Net result from transactions (net operating balance)	(5)	41	10	5
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	..	(7)	(7)	(7)
Other gains/(losses) from economic flows	(1)	..	..	..
Total other economic flows included in net result	(1)	(7)	(7)	(7)
Net result	(7)	33	2	(2)
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	95	..	..	..
Other	..	47	56	..
Total other economic flows – other comprehensive income	95	47	56	..
Comprehensive result	88	80	59	(2)

Source: Department of Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.9.2: Balance sheet

(\$ million)

	2020 actual	2021 budget	2021 revised	2022 budget
Assets				
Financial assets				
Cash and deposits	90	55	58	68
Other financial assets	17	..	..	..
Receivables from government	295	307	304	320
Other receivables	58	2	32	32
Total financial assets	460	365	395	420
Non-financial assets				
Inventories	49	49	49	49
Property, plant and equipment	925	940	940	1 052
Intangible assets	15	17	16	23
Other	37	4	4	4
Total non-financial assets	1 026	1 011	1 009	1 128
Total assets	1 486	1 375	1 404	1 549
Liabilities				
Payables	148	33	92	92
Borrowings	53	6	6	4
Provisions	110	78	78	83
Total liabilities	310	118	177	179
Net assets	1 176	1 258	1 227	1 369
Equity				
Accumulated surplus/(deficit)	162	252	221	219
Reserves	652	652	652	652
Contributed capital	361	354	354	499
Total equity	1 176	1 258	1 227	1 369

Source: Department of Treasury and Finance

Table 3.9.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	462	621	530	572
Interest received	1	..	..	..
Other receipts	244	99	93	77
Total receipts	707	720	623	649
Payments				
Payments of grants and other transfers	(52)	(149)	(76)	(146)
Payments to suppliers and employees	(538)	(433)	(445)	(477)
Capital Assets Charge ^(a)	(63)	(71)	(71)	..
Interest and other costs of finance paid	(1)	(2)	..	(1)
Total payments	(653)	(656)	(594)	(624)
Net cash flows from/(used in) operating activities	54	64	30	25
Cash flows from investing activities				
Payments for non-financial assets	(36)	(138)	(137)	(161)
Proceeds from sale of non-financial assets	2	..	..	..
Net cash flow from/(used in) investing activities	(35)	(140)	(128)	(161)
Cash flows from financing activities				
Owner contributions by State Government	(5)	82	89	147
Repayment of leases and service concession liabilities	..	(2)	(2)	(2)
Net borrowings	6	(40)	(21)	..
Net cash flows from/(used in) financing activities	1	40	66	145
Net increase/(decrease) in cash and cash equivalents	20	(35)	(32)	10
Cash and cash equivalents at the beginning of the financial year	71	90	90	58
Cash and cash equivalents at the end of the financial year	90	55	58	68

Source: Department of Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.9.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	169	365	557	..	1 092
Comprehensive result	(7)	..	95	..	88
Transactions with owners in their capacity as owners	..	(4)	..	..	(4)
Closing balance 30 June 2020 (actual)	162	361	652	..	1 176
Comprehensive result	80	..	..	..	80
Transactions with owners in their capacity as owners	10	(8)	..	..	2
Closing balance 30 June 2021 (budget)	252	354	652	..	1 258
Comprehensive result	59	..	..	..	59
Transactions with owners in their capacity as owners	..	(8)	..	..	(8)
Closing balance 30 June 2021 (revised)	221	354	652	..	1 227
Comprehensive result	(2)	..	..	..	(2)
Transactions with owners in their capacity as owners	..	145	..	..	145
Closing balance 30 June 2022 (budget)	219	499	652	..	1 369

Source: Department of Treasury and Finance

Table 3.9.5: Administered items statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Administered income				
Appropriations – payments made on behalf of the State	4 731	16 925	7 180	20 026
Special appropriations	2 554	2 742	2 640	2 728
Sale of goods and services	292	365	366	408
Grants	23 565	23 654	25 735	26 461
Interest	34	79	90	73
Other income	26 453	24 979	27 428	22 507
Total administered income	57 630	68 743	63 439	72 202
Administered expenses				
Expenses on behalf of the State	596	3 121	1 747	2 722
Employee benefits	1 039	3 055	1 810	3 385
Grants and other transfers	4 868	6 879	6 149	8 628
Payments into the Consolidated Fund	63 342	43 712	48 083	49 801
Interest expense	1 245	1 483	1 541	1 733
Total administered expenses	71 090	58 250	59 330	66 269
Income less expenses	(13 460)	10 493	4 110	5 933
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	2	23	23	23
Net gain/(loss) on financial instruments and statutory receivables/payables	(32)	..	..	..
Total other economic flows included in net result	(29)	23	23	23
Net result	(13 489)	10 516	4 133	5 957
Other economic flows – other comprehensive income				
Remeasurement of superannuation defined benefit plans	(2 721)	(676)	2 400	1 241
Financial assets available-for-sale reserve	(53)	..	..	..
Other	(29)	..	..	..
Total other economic flows – other comprehensive income	(2 803)	(676)	2 400	1 241
Comprehensive result	(16 293)	9 841	6 533	7 197
Administered assets				
Cash and deposits	237	572	817	103
Receivables	8 910	47 918	40 140	61 137
Other financial assets	1 104	1 163	1 163	1 180
Property, plant and equipment	1 866	4 654	1 806	5 181
Total administered assets	12 117	54 306	43 925	67 600
Administered liabilities				
Payables	4 141	166	2 234	1 184
Borrowings	47 204	86 889	77 976	102 158
Provisions	3	3	3	3
Other	31 225	31 840	28 772	27 993
Total administered liabilities	82 573	118 897	108 985	131 338
Net assets	(70 455)	(64 591)	(65 059)	(63 738)

Source: Department of Treasury and Finance

Table 3.9.6: Payments made on behalf of the State

(\$ million)

	<i>2020-21 budget</i>	<i>2020-21 revised</i>	<i>2021-22 budget</i>
Advance to Treasurer Appropriation	11 679	3 414	16 021
Superannuation and pension payments	16	16	16
Interest	1 406	1 476	1 657
Current and capital grants	880	1 034	1 040
Operating supplies and consumables	161	161	155
Other	2 782	1 078	1 137
Total	16 925	7 180	20 026

Source: Department of Treasury and Finance

PARLIAMENT

Operating performance

Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission consolidated are expected to report an operating deficit of \$1 million in 2021-22, compared with an operating deficit in 2020-21 of \$6 million for the revised budget.

The operating statement shows an increase in operating income of \$24 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to carryover of Parliament's appropriation funding from 2020-21 to 2021-22, and a year-on-year increase attributable to funding for the following initiatives announced in the *2021-22 Budget* including:

- Cybersecurity Upgrades;
- IBAC: Enhancing support provided to the Victorian public sector to prevent corruption and police misconduct;
- IBAC: Information Technology Strategy;
- VO: Sustainable base funding for the Victorian Ombudsman; and
- Implementation of Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act.

Operating expenses are expected to increase similarly by \$19 million in 2021-22, which is primarily driven by the factors outlined above.

A Treasurer's Advance of \$7 million in 2021-22 (which is not included the following tables) will also be approved for urgent additional investigative, prevention, review and communications activities. IBAC has agreed to undertake a base review of its operations over the next 12 months, which the Government will use to inform any need for further resourcing in the future.

Balance sheet

Parliament's net assets position is estimated to increase by \$15 million in 2021-22, compared to the 2020-21 revised budget, reflecting an increase in total assets of \$13 million and a decrease in total liabilities of \$2 million.

The increase in total assets reflects the continued investment in the restoration of Parliament House and relocation/refurbishment of electorate offices, and the new Cybersecurity Upgrades initiative announced in the *2021-22 Budget*.

Investing and finance

Cash flows from investing activities reflect continued asset investment in the restoration of Parliament House building, information and communications technology upgrades, relocation and refurbishment of electorate offices, and the new Cybersecurity Upgrades project funded in the *2021-22 Budget*.

Table 3.10.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	190	276	268	283
Special appropriations	44	56	47	56
Sale of goods and services	1	..	..	..
Total income from transactions	235	332	315	339
Expenses from transactions				
Employee benefits	139	204	202	221
Depreciation	29	36	36	37
Capital Assets Charge ^(a)	7	8	8	..
Other operating expenses	53	84	76	82
Total expenses from transactions	227	332	321	340
Net result from transactions (net operating balance)	8	..	(6)	(1)
Other economic flows included in net result				
Other gains/(losses) from economic flows	..	..	..	..
Total other economic flows included in net result	..	..	..	..
Net result	8	..	(6)	(1)
Other economic flows – other comprehensive income				
Changes in non-financial assets revaluation surplus	1	..	..	..
Other	(1)	..	..	..
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	8	..	(6)	(1)

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.10.2: Balance sheet

(\$ million)

	2020 actual	2021 budget	2021 revised	2022 budget
Assets				
Financial assets				
Cash and deposits	..	10	3	2
Receivables from government	61	87	87	109
Other receivables	1	3	3	3
Total financial assets	63	101	94	115
Non-financial assets				
Property, plant and equipment	770	803	801	793
Other	1	5	5	5
Total non-financial assets	771	808	805	798
Total assets	834	908	899	912
Liabilities				
Payables	12	21	21	21
Borrowings	34	52	52	50
Provisions	24	33	33	33
Total liabilities	70	106	106	104
Net assets	765	802	793	808
Equity				
Accumulated surplus/(deficit)	69	82	76	75
Reserves	507	507	507	507
Contributed capital	189	213	211	227
Total equity	765	802	793	808

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Table 3.10.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	226	330	313	317
Receipts from other entities	1	..	..	..
Other receipts	..	..	..	..
Total receipts	228	330	313	317
Payments				
Payments to suppliers and employees	(190)	(289)	(278)	(303)
Capital Assets Charge ^(a)	(7)	(8)	(8)	..
Total payments	(196)	(297)	(286)	(303)
Net cash flows from/(used in) operating activities	31	34	27	14
Cash flows from investing activities				
Payments for non-financial assets	(22)	(30)	(27)	(17)
Proceeds from sale of non-financial assets	1	..	..	..
Net cash flow from/(used in) investing activities	(21)	(30)	(27)	(17)
Cash flows from financing activities				
Owner contributions by State Government	2	19	16	16
Repayment of leases and service concession liabilities	(12)	(13)	(13)	(14)
Net borrowings	..	..	..	..
Net cash flows from/(used in) financing activities	(10)	6	3	2
Net increase/(decrease) in cash and cash equivalents	..	10	3	(1)
Cash and cash equivalents at the beginning of the financial year	..	..	..	3
Cash and cash equivalents at the end of the financial year	..	10	3	2

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.10.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	62	187	507	..	755
Comprehensive result	8	..	..	..	8
Transactions with owners in their capacity as owners	..	2	..	..	2
Closing balance 30 June 2020 (actual)	69	189	507	..	765
Impact of prior period adjustments	13	15	..	..	28
Restated Opening Balance 1 July 2020	82	204	507	..	793
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	9	..	..	9
Closing balance 30 June 2021 (budget)	82	213	507	..	802
Comprehensive result	(6)	..	..	..	(6)
Transactions with owners in their capacity as owners	..	7	..	..	7
Closing balance 30 June 2021 (revised)	76	211	507	..	793
Comprehensive result	(1)	..	..	..	(1)
Transactions with owners in their capacity as owners	..	16	..	..	16
Closing balance 30 June 2022 (budget)	75	227	507	..	808

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

Table 3.10.5: Administered items statement

(\$ million)

	2019-20 <i>actual</i>	2020-21 <i>budget</i>	2020-21 <i>revised</i>	2021-22 <i>budget</i>
Administered income				
Sale of goods and services	28	27	27	28
Total administered income	28	27	27	28
Administered expenses				
Payments into the Consolidated Fund	28	27	27	28
Total administered expenses	28	27	27	28
Income less expenses	(1)	..	..	..
Net result	(1)	..	..	..
Other economic flows – other comprehensive income				
Total other economic flows – other comprehensive income	..	..	..	..
Comprehensive result	(1)	..	..	..
Administered assets				
Receivables	7	8	8	8
Total administered assets	7	8	8	8
Administered liabilities				
Total administered liabilities	..	..	..	..
Net assets	7	8	8	8

Sources: Parliament, Victorian Auditor-General's Office (VAGO), Victorian Inspectorate, Victorian Ombudsman, Parliamentary Budget Office and Independent Broad-based Anti-corruption Commission, and Department of Treasury and Finance

COURT SERVICES VICTORIA

Operating performance

Court Services Victoria (CSV) is expected to report a balanced net result from transactions in 2021-22.

The operating statement shows an increase in operating income of \$19 million between the 2020-21 revised budget and the 2021-22 budget. This is primarily due to growth funding from previous budget initiatives offset by the Capital Assets Charge policy being discontinued from the 2021-22 budget. The year-on-year increase also includes funding for the following initiatives in the *2021-22 Budget*:

- Victorian Civil and Administrative Tribunal digital service transformation;
- Online Magistrates' Court;
- Responding to increasing pressure on Victoria's justice system;
- Securing the proven benefits of innovation and service delivery reform; and
- Specialist family violence integrated court response.

Operating expenses are expected to increase by \$19 million in 2021-22, primarily driven by the factors outlined above.

Balance sheet

CSV's net asset position is estimated to increase by \$212 million in 2021-22, compared with the 2020-21 revised budget, reflecting an increase in total assets of \$190 million and a decrease in total liabilities of \$22 million.

The increase in total assets reflects the Government's continued investment in courts infrastructure.

Investing and finance

CSV is anticipating a balanced net cash position in 2021-22, effectively maintaining a balanced cash flow.

Cash flows from investing activities primarily reflect the Government's continued asset investment in existing courts infrastructure and new asset projects funded in the *2021-22 Budget*.

Administered items statement

CSV is responsible for administering revenue on behalf of the State to process civil case lodgements and hearings and to award compensation to victims who suffer earnings loss or are reasonably likely to suffer as a direct result of an act of violence and revenue from court fees for civil case lodgements and hearings. Total administered income and expenses of CSV are expected to increase by \$30 million in 2021-22, compared with the 2020-21 revised budget.

Table 3.11.1: Comprehensive operating statement

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Net result from continuing operations				
Income from transactions				
Output appropriations ^(a)	480	518	519	531
Special appropriations	168	187	194	201
Grants	26	17	23	24
Total income from transactions	674	723	736	755
Expenses from transactions				
Employee benefits	377	412	424	449
Depreciation	74	61	69	63
Interest expense	5	8	9	8
Grants and other transfers	8	3	3	3
Capital Assets Charge ^(a)	46	48	48	..
Other operating expenses	160	190	184	233
Total expenses from transactions	669	723	736	755
Net result from transactions (net operating balance)	5	..	..	..
Other economic flows included in net result				
Other gains/(losses) from economic flows	(1)	..	..	..
Total other economic flows included in net result	(1)	..	..	..
Net result	3	..	..	..
Changes in non-financial assets revaluation surplus	44	..	..	..
Other	..	..	..	..
Total other economic flows – other comprehensive income	44	..	..	..
Comprehensive result	47	..	..	..

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.11.2: Balance sheet

(\$ million)

	2020 actual	2021 budget	2021 revised	2022 budget
Assets				
Financial assets				
Cash and deposits	22	22	22	22
Receivables from government	121	140	128	160
Other receivables	12	12	12	12
Total financial assets	155	174	162	194
Non-financial assets				
Property, plant and equipment	1 136	1 205	1 200	1 321
Intangible assets	31	51	51	88
Other	7	7	7	7
Total non-financial assets	1 175	1 263	1 258	1 417
Total assets	1 330	1 437	1 420	1 610
Liabilities				
Payables	59	59	59	59
Borrowings	120	103	103	82
Provisions	106	106	106	106
Total liabilities	286	268	269	247
Net assets	1 044	1 169	1 151	1 363
Equity				
Accumulated surplus/(deficit)	(27)	(27)	(27)	(27)
Reserves	245	245	245	245
Contributed capital	827	951	934	1 145
Total equity	1 044	1 169	1 151	1 363

Sources: Court Services Victoria and Department of Treasury and Finance

Table 3.11.3: Statement of cash flows

(\$ million)

	2019-20 actual	2020-21 budget	2020-21 revised	2021-22 budget
Cash flows from operating activities				
Receipts				
Receipts from Government ^(a)	611	686	706	699
Receipts from other entities	30	17	23	24
Total receipts	640	703	730	724
Payments				
Payments of grants and other transfers	(8)	(3)	(3)	(3)
Payments to suppliers and employees	(526)	(602)	(607)	(682)
Capital Assets Charge ^(a)	(46)	(48)	(48)	..
Interest and other costs of finance paid	(5)	(8)	(9)	(8)
Total payments	(585)	(662)	(667)	(693)
Net cash flows from/(used in) operating activities	56	42	62	31
Cash flows from investing activities				
Payments for non-financial assets	(80)	(147)	(151)	(221)
Proceeds from sale of non-financial assets	2	..	..	..
Net cash flow from/(used in) investing activities	(77)	(147)	(151)	(221)
Cash flows from financing activities				
Owner contributions by State Government	56	125	107	211
Repayment of leases and service concession liabilities	(33)	(19)	(19)	(21)
Net cash flows from/(used in) financing activities	23	105	88	190
Net increase/(decrease) in cash and cash equivalents	2	..	..	..
Cash and cash equivalents at the beginning of the financial year	20	22	22	22
Cash and cash equivalents at the end of the financial year	22	22	22	22

Sources: Court Services Victoria and Department of Treasury and Finance

Note:

(a) The Capital Assets Charge (CAC) policy is discontinued from the 2021-22 budget. The removal of CAC reduces departmental output appropriations and CAC expenses by the same amount.

Table 3.11.4: Statement of changes in equity

(\$ million)

	<i>Accumulated surplus/(deficit)</i>	<i>Contributions by owner</i>	<i>Revaluation surplus</i>	<i>Other reserves</i>	<i>Total equity</i>
Opening balance 1 July 2019	(30)	761	201	..	932
Comprehensive result	3	..	44	..	47
Transactions with owners in their capacity as owners	(1)	65	..	..	64
Closing balance 30 June 2020 (actual)	(27)	827	245	..	1 044
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	125	..	..	125
Closing balance 30 June 2021 (budget)	(27)	951	245	..	1 169
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	107	..	..	107
Closing balance 30 June 2021 (revised)	(27)	934	245	..	1 151
Comprehensive result	..	..	..	..	..
Transactions with owners in their capacity as owners	..	211	..	..	211
Closing balance 30 June 2022 (budget)	(27)	1 145	245	..	1 363

Sources: Court Services Victoria and Department of Treasury and Finance

Table 3.11.5: Administered items statement

(\$ million)

	2019-20 <i>actual</i>	2020-21 <i>budget</i>	2020-21 <i>revised</i>	2021-22 <i>budget</i>
Administered income				
Special appropriations	45	44	50	71
Sale of goods and services	63	65	56	66
Other income	6	21	21	21
Total administered income	114	130	127	157
Administered expenses				
Expenses on behalf of the State	13	10	16	6
Grants and other transfers	32	34	34	65
Payments into the Consolidated Fund	67	86	77	87
Total administered expenses	112	130	127	157
Income less expenses	1	..	..	..
Net gain/(loss) on financial instruments and statutory receivables/payables	(1)	..	..	..
Total other economic flows included in net result	(1)	..	..	..
Net result	..	..	..	..
Comprehensive result	..	..	..	..
Administered assets				
Cash and deposits	9	9	9	9
Receivables	1	1	1	1
Total administered assets	10	10	10	10
Administered liabilities				
Payables	9	9	9	9
Provisions	2	2	2	2
Total administered liabilities	11	11	11	11
Net assets	(1)	(1)	(1)	(1)

Sources: Court Services Victoria and Department of Treasury and Finance

CHAPTER 4 – STATE REVENUE

This chapter outlines expected movements in the major categories of general government sector revenue between 2020-21 and 2024-25. The revenue forecasts take into account developments in key macroeconomic variables reflecting the outlook for global, national and Victorian economic conditions as outlined in Budget Paper No. 2, Chapter 2

Economic outlook.

The Victorian economy is recovering rapidly from the severe economic shock caused by the coronavirus (COVID-19) pandemic. The initial recovery has been stronger than was forecast at the time of the *2020-21 Budget*, with economic activity (as measured by state final demand) in the December quarter 2020 rebounding by 6.8 per cent. The Victorian economy remains on track to recover to pre-coronavirus (COVID-19) pandemic levels by late 2021.

The rapid economic recovery has contributed to a stronger outlook for State revenue compared with the *2020-21 Budget*, including Victoria's taxation revenue and grants. The largest upgrades have been to Victoria's property-related taxes, payroll tax revenue and goods and services tax (GST). The upgrades are primarily concentrated in 2020-21 and 2021-22, reflecting the earlier than anticipated recoveries in the Victorian and national economies. Additionally, revenue is supported by the introduction of a number of targeted revenue initiatives that will support budget repair and increased investment in the mental health system. Total revenue is forecast to increase by 4.4 per cent to \$74.6 billion in 2021-22. Total revenue is expected to grow by an average annual rate of 4.6 per cent over the forward estimates (Table 4.1).

Strong growth in property related revenue has been driven by record low interest rates, strong housing sentiment and multiple government incentives, which have contributed to strong demand for property. The strong increase in housing demand, combined with a below average level of available properties for sale have fuelled the strongest rebound in Victorian dwelling prices since the late 1980s. While this strength is forecast to continue over 2021, growth is expected to moderate as the cycle matures with weak wage and population growth putting downward pressure on property prices and volumes from 2023-24.

Table 4.1: General government sector revenue (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Taxation	23 468	26 577	29 058	31 097	32 429
Grants	35 743	36 778	39 695	40 527	41 520
Sales of goods and services	8 059	6 405	6 526	6 645	6 716
Dividends, income tax equivalent and rate equivalent income	595	575	542	574	584
Interest income	632	637	633	661	661
Other revenue and income	2 923	3 605	3 414	3 268	3 383
Total revenue and income from transactions ^(a)	71 419	74 576	79 868	82 773	85 295

Source: Department of Treasury and Finance

Note:

(a) Revenue recognised in 2019-20 and 2020-21 was materially suppressed due to the impact of the pandemic and support initiatives provided by the Government.

As with economic activity, labour market conditions have improved earlier than expected, leading to a stronger outlook for payroll tax revenue relative to the *2020-21 Budget*.

Employment and labour force participation have already returned to pre-coronavirus (COVID-19) levels, with 243 000 additional people employed between September 2020 and March 2021. The Victorian unemployment rate was 6.1 per cent in March 2021, well below its peak of 7.5 per cent in June 2020, but above the March 2020 level of 5.2 per cent. Wages and consumer prices are expected to increase moderately from the current very low rates over the forecast period as the economy recovers and remaining spare capacity in the labour market is gradually reduced.

More robust labour market conditions, higher dwelling prices and improved consumer confidence have also contributed to a sharper recovery in national household consumption and dwelling investment, leading to a stronger outlook for the national GST pool. However, Victoria's GST revenue is expected to grow by only 2.0 per cent in 2021-22, as the increase in the national GST pool has been partially offset by a weaker assessed Victorian relativity and a lower than expected share of the national population.

While the revenue outlook has recovered relative to the *2020-21 Budget*, uncertainty remains elevated reflecting the unpredictable nature of the pandemic. As outlined in Budget Paper No. 2, Chapter 2 *Economic outlook*, key forecast assumptions include the significant progress in rolling out vaccines domestically and internationally, and that any further onset of COVID-19 in Victoria and nationally is contained and only results in localised, short-term restrictions. Migrant flows are assumed to remain low until mid-2022 before gradually picking up, with international students slowly returning from early 2022 and tourist numbers picking up throughout 2022 as further Safe Travel Zones emerge and international borders re-open. Deviation from these assumptions would weigh on the revenue outlook across the budget and forward estimates.

A key downside risk to the revenue outlook is any delay or problems with the global roll-out of COVID-19 vaccines leading to Australia's national borders being closed for longer than currently anticipated. Further, although the number of Victorians supported by JobKeeper decreased prior to the policy ending, and levels of mortgage stress have declined in recent months, the withdrawal of policy supports continues to pose downside risks in the near term.

On the upside, a key risk to the revenue outlook is a stronger than expected recovery in household spending. Household wealth has improved with rapidly rising house prices and equity markets. Combined with improved labour market conditions, elevated consumer sentiment and accumulated savings could lead to consumer spending rising more strongly than expected over the coming year.

TAXATION

Taxation revenue is forecast to increase by 13.2 per cent in 2021-22 after recovering from reduced revenues in 2019-20 and 2020-21 as a result of the coronavirus pandemic and associated government decisions. Taxation revenue growth is supported by the recovery in most taxes, targeted new revenue initiatives, and the introduction of the Mental Health and Wellbeing Levy on 1 January 2022. Taxation revenue is expected to grow by an average annual rate of 6.9 per cent over the forward estimates as the economy continues to recover from the pandemic. The impact of the pandemic on different state taxes is discussed in Box 4.1.

Table 4.2: Taxation estimates (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Taxes on employers' payroll and labour force					
Payroll tax ^(a)	6 192	6 138	6 609	7 448	7 804
Mental Health and Wellbeing Levy ^(b)	..	387	805	841	882
Total taxes on employers' payroll and labour force	6 192	6 525	7 413	8 290	8 686
Taxes on immovable property					
Land tax	3 675	4 233	4 655	5 029	5 488
Fire Services Property Levy ^(c)	718	770	798	805	807
Congestion levy	81	106	105	104	103
Metropolitan improvement levy	199	206	215	223	223
Windfall gains tax	..	..	39	41	44
Total taxes on property	4 672	5 315	5 812	6 202	6 665
Gambling taxes					
Public lotteries ^(d)	573	584	599	615	631
Electronic gaming machines ^{(d)(e)}	588	1 158	1 204	1 239	1 264
Casino ^{(d)(e)}	109	232	246	252	258
Racing and other sports betting ^{(d)(f)}	225	272	276	282	288
Other ^(d)	8	11	15	16	17
Financial and capital transactions					
Land Transfer Duty	5 951	6 710	7 342	7 742	8 026
Metropolitan planning levy	20	21	21	22	23
Financial accommodation levy	156	165	168	174	178
Growth areas infrastructure contribution	240	288	331	364	383
Levies on statutory corporations ^(g)	173	173	173	173	..
Taxes on insurance	1 517	1 626	1 730	1 841	1 959
Total taxes on the provision of goods and services	9 560	11 238	12 106	12 719	13 026
Motor vehicle taxes					
Vehicle registration fees	1 838	1 931	2 026	2 124	2 229
Duty on vehicle registrations and transfers	883	979	1 025	1 072	1 121
Liquor licence fees ^(h)	5	23	24	26	27
Other	318	564	652	665	675
Total taxes on the use of goods and performance of activities	3 044	3 498	3 727	3 886	4 052
Total taxation	23 468	26 577	29 058	31 097	32 429

Source: Department of Treasury and Finance

Notes:

- (a) Payroll tax incorporates the impact of the New jobs tax credit and other payroll tax initiatives introduced in the 2020-21 Budget to support businesses and communities.*
- (b) The Mental Health and Wellbeing Levy will begin from 1 January 2022 and will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year.*
- (c) The 2021-22 revenue estimate includes the return of \$9 million of estimated overcollection in 2020-21 compared with the target revenue that was frozen at 2019-20 levels for one year.*
- (d) Public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling revenue include gambling licence revenue – forecast to be \$158 million in 2021-22, \$175 million in 2022-23, \$191 million in 2023-24 and \$191 million in 2024-25 – 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.*
- (e) Electronic gaming machines and casino gambling taxes in 2020-21 were affected by the temporary closure of the casino, hotels and clubs as a result of the public health restrictions during the pandemic.*
- (f) Racing and other sports betting revenue reflects the rate of wagering and betting tax increasing from 8 per cent to 10 per cent from 1 July 2021.*
- (g) The fifth tranche of the environmental contribution levy began on 1 July 2020 for a period of four years concluding on 30 June 2024.*
- (h) A full waiver was provided for liquor licence fees in 2021 for businesses adversely impacted by the pandemic.*

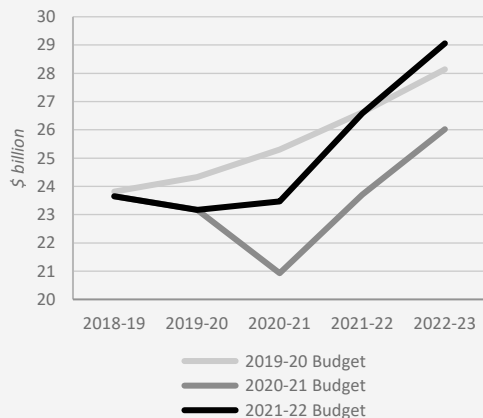
Box 4.1: The pandemic and its impact on total taxation revenue

The coronavirus (COVID-19) pandemic has had a significant impact on the Victorian economy. Economic activity and employment fell sharply as governments imposed restrictions on economic and social activities to limit the spread of COVID-19 and save lives. Both the economic slowdown and measures to support Victorian businesses, households, and workers during the pandemic materially reduced Victoria's taxation revenue relative to what was expected prior to the pandemic.

The pandemic affected taxation revenues from the last quarter of 2019-20 (Chart 4.1). Revenue in 2019-20 was around \$1.2 billion lower than forecast in the *2019-20 Budget*, reflecting the immediate impact of the tax relief measures, public health restrictions, associated impacts on business and consumer confidence and, to a lesser extent, the economic impact of the 2019-2020 Victorian bushfires.

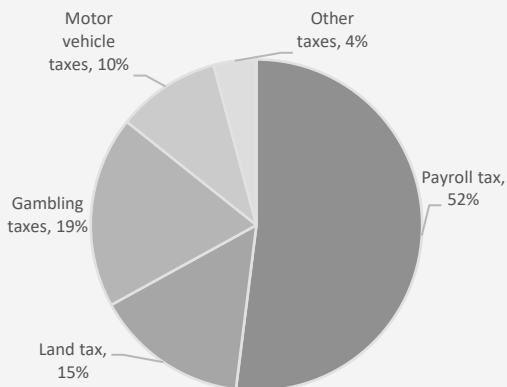
The weaker than expected taxation revenue in 2019-20 was primarily driven by payroll tax revenue – which included \$673 million in payroll tax relief for small and medium-sized businesses (Chart 4.2). Gambling tax, land tax and motor vehicle tax revenues were also weaker than expected in 2019-20. These reductions were partially offset by an increase in land transfer duty revenue in 2019-20 due to an improvement in Victorian dwelling prices before the onset of COVID-19. Due to the lag associated with property settlements, most of the impact of COVID-19 on land transfer duty collections occurred in 2020-21.

Chart 4.1: Total own-sourced taxation revenue



Source: Department of Treasury and Finance

Chart 4.2: The main drivers of reduced revenue in 2019-20



Source: Department of Treasury and Finance

The pandemic also reduced the outlook for taxation revenue from 2020-21. Compared with the *2019-20 Budget*, the *2020-21 Budget* incorporated a \$9.4 billion downgrade to total taxation revenue over three years from 2020-21 to 2022-23. However, the easing of public health restrictions, underpinned by the success in controlling the spread of coronavirus (COVID-19), and significant fiscal and monetary policy support resulted in a stronger than expected recovery in the labour market. Similarly, the Victorian property market has rebounded strongly since the easing of public health restrictions in late 2020. The recovery has been driven by improving economic conditions, record low mortgage rates, strong housing sentiment and government incentives.

With recent economic indicators showing Victoria's economy is rebounding and with strong growth in employment, the outlook for total taxation revenue has been upgraded in the *2021-22 Budget* compared with the *2020-21 Budget*. The main contributors to this stronger than expected recovery in total taxation revenue are property, payroll, and gambling taxes.

Land transfer duty

Land transfer duty is payable on most transactions that result in a change of ownership of land and associated real estate assets. Various exemptions and concessions are available, such as for certain concession card holders and eligible first home buyers. These include the first home buyer stamp duty exemption/concession scheme, implemented on 1 July 2017, as part of the *Homes for Victorians* program and the time-limited land transfer duty waiver for residential property transactions of up to \$1 million announced in the *2020-21 Budget*.

Land transfer duty is expected to decline by 3.1 per cent to \$6 billion in 2020-21 before recovering by 12.7 per cent in 2021-22 and an average annual rate of 6.2 per cent over the forward estimates.

The expected fall in land transfer duty revenue in 2020-21 reflects a deterioration in property market conditions following the onset of the pandemic, although the magnitude of the decline is expected to be lower than was forecast in the *2020-21 Budget*. Victorian dwelling prices fell by 4.9 per cent between their pre-pandemic peak in March 2020 and trough in October 2020, while the contraction in property transaction volumes was also more modest than forecast in the *2020-21 Budget*.

Since public health restrictions were progressively eased from October 2020, Victoria's property market has rebounded strongly, fuelled by record low mortgage rates, strong housing sentiment, and multiple government incentives. Favourable credit conditions have led to a surge in lending to owner-occupiers and first home buyers, and also to investors more recently. This increase in housing demand combined with a lower than average level of property listings has contributed to an 8.6 per cent increase in Victorian dwelling prices between October 2020 and April 2021 (Chart 4.3).

Over the past year, different segments of the property market have been affected in different ways by the rapidly changing economic conditions and the shift to working from home. Box 4.2 below discusses these trends in more detail.

The strength in dwelling prices is expected to continue over 2021, with an anticipated 13 per cent increase in the CoreLogic Home Value Index for Victorian dwellings over the 2021 calendar year. Dwelling price growth is expected to moderate as more supply comes onto the market, including completions of new dwelling construction currently underway (Chart 4.4).

After the spike in housing loan deferrals seen during the pandemic, mortgage stress has fallen significantly since August 2020. However, the withdrawal of the JobKeeper program on 28 March 2021 remains a downside risk to dwelling prices if it results in a larger than expected disruption to the labour market that would dampen income growth and reduce confidence in the recovery. In the medium term, a deterioration in the quality of lending could lead to increased regulation of lending standards, which would likely exert some downward pressure on dwelling prices.

Transaction volumes in the March 2021 quarter are estimated to be 0.9 per cent lower compared with the March 2020 quarter, reflecting the limited supply of properties on the market. Transaction volumes are expected to grow strongly over 2021-22 and 2022-23 before starting to moderate (Chart 4.5).

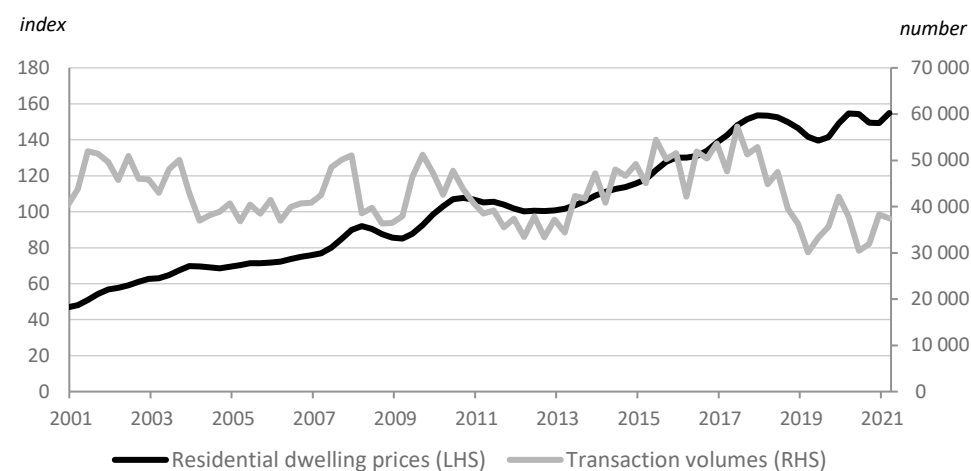
Additional revenue will flow from the introduction of a premium rate of land transfer duty for transactions of high-value properties in excess of \$2 million from 1 July 2021. This is partially offset by the Government’s land transfer duty relief initiatives to support market segments affected by the pandemic:

- the threshold for the off-the-plan concession for land transfer duty will increase to \$1 million for home buyers, for contracts entered into from 1 July 2021 to 30 June 2023;
- for contracts entered into from 21 May 2021 to 30 June 2022, a 100 per cent land transfer duty concession will be provided on the purchase of new residential property in the Melbourne local government area with a dutiable value of up to \$1 million when the property has been unsold for 12 months or more since completion; and
- for contracts entered into from 1 July 2021 to 30 June 2022, a 50 per cent land transfer duty concession will be provided on the purchase of new residential property in the Melbourne local government area with a dutiable value of up to \$1 million for those not eligible for the 100 per cent concession.

The medium to long term outlook for the Victorian property market remains uncertain. High levels of net overseas migration have been an important contributor to Victorian economic growth in recent years, also boosting the demand for residential property. Lower population growth resulting from foregone migration is expected to contribute to weaker price growth and fewer transactions over the forecast horizon, weighing on land transfer duty revenue growth over this period.

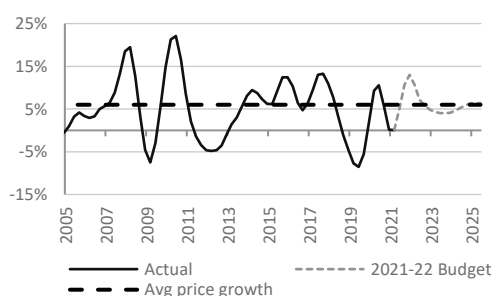
Non-residential duties, which include commercial, industrial and other types of transactions, declined over 2020. Public health restrictions including directives for businesses to close and employees to work remotely have affected retail and office sectors and these properties are facing significant uncertainty amidst increased vacancy rates and lower rental returns. On the other hand, warehousing, distribution and logistics have been less affected due to businesses adopting e-commerce.

Chart 4.3: Dwelling prices and property transaction volumes in Victoria



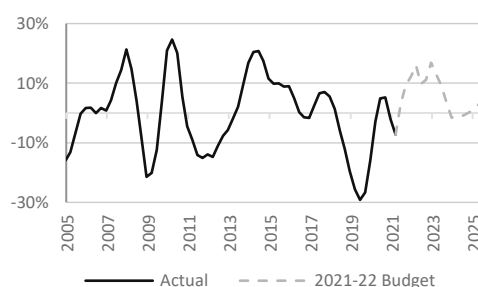
Source: CoreLogic, Valuer-General Victoria.

**Chart 4.4: Dwelling prices in Victoria
(through the year growth, quarterly)**



Sources: CoreLogic, Department of Treasury and Finance

**Chart 4.5: Transaction volumes
(at contract date) in Victoria
(through the year growth, quarterly)**



Sources: Valuer-General Victoria, Department of Treasury and Finance

Box 4.2: Trends in Victoria's property market

Victoria's property market continues to recover strongly following a weakening in conditions between March and October 2020 after the onset of the COVID-19 pandemic. The strong rebound reflects record-low mortgage rates, strong housing sentiment, and government incentives.

Dwelling prices across Victoria increased by 2.4 per cent in March 2021 – the largest single month increase in dwelling prices since November 1988 – followed by another strong rise of 1.4 per cent in April 2021, and are now 8.6 per cent higher than the trough in October 2020.

Over the downturn period and the early stages of the recovery, different segments of the property market have been affected in different ways by the rapidly changing economic conditions and the shift to working from home.

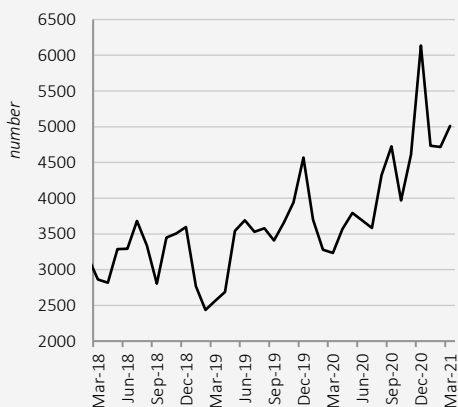
First home buyer activity grew significantly in late 2020 and early 2021 (Chart 4.6). In the four months to March 2021, new housing loans to first home buyers in Victoria totalled \$8.2 billion, an increase of 51.8 per cent from the same period a year before (Chart 4.7).

First home buyer activity has been focused in outer metropolitan and regional Victoria, representing 78 per cent of settled transactions since March 2020 in these areas. 77 per cent of all Victorian first home buyer transactions since March 2020 were for properties under \$600 000 and therefore no land transfer duty was payable.

Dwelling prices in regional Victoria were flat between March 2020 and September 2020, in contrast to the decline observed in metropolitan Melbourne. In the seven months to April 2021, prices increased by 12.9 per cent in regional Victoria (Chart 4.8).

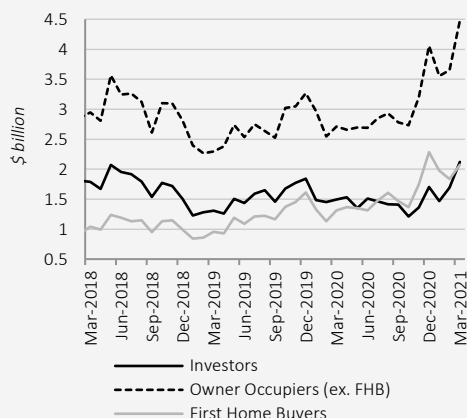
Additionally, the rental market in regional Victoria has tightened significantly. The vacancy rate fell from 1.8 per cent in March 2020 to 1.0 per cent in February 2021 – the lowest vacancy rate recorded since data were first collected in 2005 – and was 1.1 per cent in March 2021. Asking rents for houses in regional Victoria increased by 12.7 per cent between March 2020 and March 2021, compared with metropolitan Melbourne, where average rents declined by 6.0 per cent over the same period.

Chart 4.6: Number of first home buyer transactions, Victoria



Sources: State Revenue Office, Department of Treasury and Finance

Chart 4.7: New housing loan commitments by buyer type, Victoria

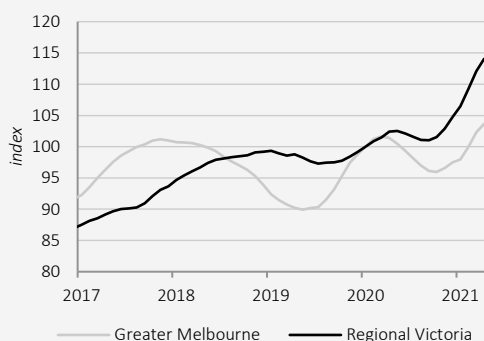


Source: Australian Bureau of Statistics

The relative strength in the regional property market may reflect a shift in preferences due to the greater prevalence of working from home allowing many workers with jobs based in Melbourne's central business district to live further from their physical workplace.

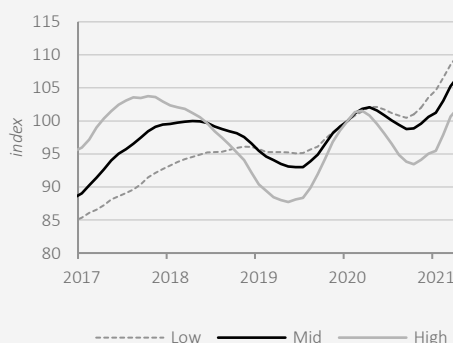
Regional Victoria has a larger concentration of low and mid-value properties compared with greater Melbourne, which have proven to be more resilient since March 2020 (Chart 4.9). Since March 2020, 47 per cent of settled transactions in greater Melbourne have been under \$600 000, compared with 81 per cent of transactions in regional Victoria.

Chart 4.8: Dwelling prices by region (January 2020 = 100)



Source: CoreLogic

Chart 4.9: Victorian dwelling prices by value (January 2020 = 100)



Source: CoreLogic

Dwelling prices in greater Melbourne have rebounded strongly after prices fell by 5.6 per cent between March 2020 and October 2020. In the six months to April 2021, dwelling prices in greater Melbourne increased 8.0 per cent.

The inner Melbourne rental market has been disproportionately affected by public health restrictions and national border closures introduced to slow the spread of COVID-19. These restrictions contributed to a fall in demand for rental properties close to the central business district, as fewer international students and office workers were seeking accommodation close to the inner-city.

Inner and metropolitan Melbourne experienced a sharp increase in vacancy rates and lower asking rents. Between March 2020 and October 2020, the vacancy rate for properties in inner Melbourne increased from 2.2 per cent to 7.8 per cent, while the vacancy rate in metropolitan Melbourne increased from 1.8 per cent to 3.7 per cent over the same period.

The weak conditions in inner Melbourne have persisted into early 2021 with average asking rents for units in March 2021 still 20.2 per cent lower than in March 2020. Rental conditions are expected to start to recover as workers return to the central business district and when national borders reopen.

Land tax

Land tax is an annual tax assessed on the unimproved value of land (site value). Categories of land, such as principal places of residence and primary production land, are exempt under the *Land Tax Act 2005*.

The value of unimproved land is based on an individual assessment of each site across Victoria. The Valuer-General Victoria considers a range of factors in determining the value of land, including recent land sales, development potential of the site, location and planning guidelines as they relate to new redevelopments or allowances for mixed use properties. Assessing each of these factors can be complex, especially valuations for mixed-use properties or where land sales data are insufficient.

Land tax revenue is expected to increase by 15.2 per cent in 2021-22 to \$4.2 billion after a rise of 6.6 per cent in 2020-21, and is expected to grow by an average annual rate of 9 per cent over the forward estimates. Contributing to strong growth in 2021-22 is the end of the land tax relief under the Support to Landlords and Tenants package and an increase in land tax rates for the two highest thresholds. These are partially offset by land tax initiatives including an increase in the tax-free threshold for general land tax rates and associated absentee owner surcharge (AOS) from \$250 000 to \$300 000. Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* provides further detail on the revenue impact of the land tax initiatives in this budget.

Land valuations in the 2021-22 land tax year reflect property market conditions between 1 January 2020 and 1 January 2021. Residential land valuations are expected to increase modestly, consistent with the beginning of housing market recovery in the last quarter of 2020. Industrial land values are expected to continue growing, supported by strong demand for warehousing and distribution sites over the 2020 calendar year. Commercial land values are forecast to decline as a result of negative impacts during the pandemic on retail and offices.

Due to the lag associated with the annual land revaluation process, the impact of the current strength of the housing market will flow through to land tax revenue from 2022-23. The continued strength in industrial land values is expected to be partially offset by subdued commercial land valuations with heightened uncertainty in the outlook for retail and offices in a post-coronavirus (COVID-19) economy.

Windfall gains tax

From 1 July 2022, a tax will apply to large windfall gains associated with planning decisions to rezone land that create an uplift in land valuations above \$100 000. The total value uplift will be taxed at 50 per cent for windfalls above \$500 000, with the tax phasing in from \$100 000.

Revenue from this initiative is expected to average \$41 million each year over the forward estimates period. This initiative will help ensure developers and landholders who benefit from planning decisions pay their fair share of large windfall gains to the State. Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* contains further details on this revenue initiative.

Growth areas infrastructure contribution

The growth areas infrastructure contribution (GAIC) applies to certain types of land in Melbourne's growth areas: Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham. Revenue from GAIC is tied to community infrastructure development in these areas.

GAIC revenue is forecast to recover by 20 per cent in 2021-22 to \$288 million and is expected to grow by an average annual rate of 9.9 per cent over the forward estimates but remain below levels expected in the *2020-21 Budget*. Consistent with the broader recovery of the Victorian property market, demand for new housing is strong in the outer suburbs of Melbourne with rapidly increasing dwelling prices and lending finance for first home buyers. However, growth in GAIC revenue is expected to slow over the forward estimates as the pace of development in areas subject to the GAIC becomes constrained by land availability.

The amount of GAIC revenue available to be invested in projects is determined by the actual cash received each year due to deferred payment mechanisms and work in kind arrangements.

Metropolitan planning levy

The metropolitan planning levy applies to planning permits for land to be developed in metropolitan Melbourne, where the estimated cost of development is over the threshold. In 2020-21, the threshold is \$1.1 million. Revenue from the levy helps fund the work of the Victorian Planning Authority and the Plan Melbourne initiative, a long-term strategy to accommodate Melbourne's growth.

Revenue from the metropolitan planning levy is forecast to grow modestly by 2.4 per cent to \$21 million in 2021-22. Metropolitan planning levy collections are expected to grow by an average annual rate of 3.2 per cent over the forward estimates, consistent with the expected rise in dwelling investment as a result of record-low interest rates, rising dwelling prices and strong housing sentiment.

Congestion levy

The congestion levy applies to off street parking spaces in inner Melbourne and aims to reduce traffic congestion and encourage greater use of public transport. For 2021, the levy rate is \$1 480 for parking spaces in the Category 1 geographic area, and \$1 050 for spaces in the Category 2 area.

The 2020-21 *Budget* provided a 25 per cent waiver of the 2020 congestion levy liabilities, reducing revenue in 2020-21. Revenue from the congestion levy is expected to increase by 31.8 per cent to \$106 million in 2021-22, reflecting the expiry of the temporary waiver. Congestion levy revenue is expected to decrease by an average annual rate of 1.0 per cent over the forward estimates, reflecting an expected continued reduction in the number of car parking spaces that are subject to the levy.

Fire Services Property Levy

The Fire Services Property Levy is an annually recurring charge on property owners. Revenue from the levy goes to supporting the State's fire services, including vital life-saving equipment, firefighters, staff and volunteers, training, infrastructure and community education.

The Fire Services Property Levy rates are set each year to specifically target an amount of revenue to raise. In 2021-22 the revenue target is \$770 million. The 2021-22 revenue estimate includes the return of \$9 million of estimated over-collection relative to the 2020-21 revenue target, which was frozen at the 2019-20 target for one year as part of the Government's response to the economic impacts of the pandemic.

Payroll tax

Payroll tax is a State own-source tax calculated based on wages and salaries paid to employees by an employer above a certain threshold. Previously announced increases in the payroll tax-free threshold and reductions in the regional employer rate of payroll tax will be brought forward in this budget. From 1 July 2021, the tax-free threshold will increase from \$650 000 to \$700 000, and the regional employer rate will reduce from 2.02 per cent to 1.2125 per cent – as outlined in Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives*.

Payroll tax revenue is expected to decline modestly by 0.9 per cent to \$6.1 billion in 2021-22 then recover by an average annual rate of 8.3 per cent over the forward estimates.

Labour market conditions improved notably following the easing of public health restrictions throughout the December 2020 quarter. Employment has continued to improve since its trough in September 2020 with the number of Victorians receiving JobKeeper payments declining steadily. While the withdrawal of JobKeeper on 28 March 2021 poses some risk, the current strength in the labour market suggests that these risks have moderated since the 2020-21 *Budget*.

While employment and some other labour market indicators have already returned to pre-coronavirus (COVID-19) levels, Victoria's payroll tax revenue is not expected to return to its pre-coronavirus (COVID-19) level until 2022-23. This delay reflects the Government's payroll tax relief initiatives that continue to support businesses and help communities through:

- the New jobs tax credit to encourage small and medium-sized businesses to re-employ staff, restore staff hours and hire additional staff – providing businesses with annual Australian group wages less than \$10 million a credit of 10 cents for every dollar of Victorian wages paid in 2020-21 and 2021-22 above the previous year's wages; and
- increasing the threshold for paying payroll tax on an annual basis from \$40 000 to \$100 000 from 1 July 2021 – providing targeted cash flow support and reducing administration costs for small businesses.

Mental Health and Wellbeing Levy

The Government will implement the recommendation of the Royal Commission into Victoria's Mental Health System to introduce a new revenue mechanism for the provision of operational funding for mental health services.

The Mental Health and Wellbeing Levy, which will begin from 1 January 2022, will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year. A rate of 0.5 per cent will apply for businesses with national payrolls above \$10 million, and businesses with national payrolls above \$100 million will pay an additional 0.5 per cent. The surcharge rates will be paid on the Victorian share of wages above the relevant threshold. Existing payroll tax exemptions for private schools, hospitals, charities, local councils, and wages paid for parental and volunteer leave will apply for the Levy.

Revenue from the Mental Health and Wellbeing Levy is estimated to be \$387 million in 2021-22, and an average of \$843 million each year over the forward estimates.

The Government will legislate that all revenue raised will be spent on mental health services, supporting a substantial increase in investment in Victoria's mental health system, supplementing the current level and future expected growth of the Government's existing funding commitments as recommended by the Royal Commission into Victoria's Mental Health System. Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* contains further information on this revenue initiative.

Box 4.3: A fair contribution from large businesses

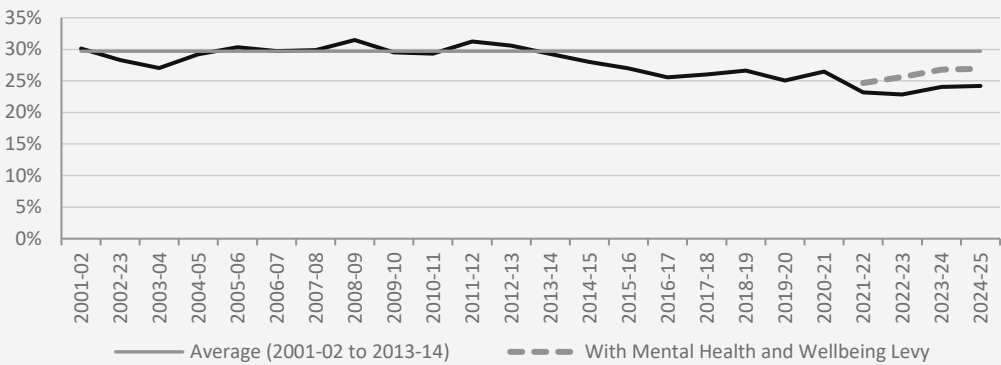
As Victoria moves towards a post-coronavirus (COVID-19) world, both economic and social factors will play a role in a successful recovery. The pandemic has been a reminder that an economy can only thrive when its people are supported to meet challenges and overcome barriers.

The Royal Commission into Victoria’s Mental Health System estimated that the economic cost of poor mental health in Victoria is \$14.2 billion a year. This included a cost of \$1.9 billion a year to employers – with \$1.6 billion in lost productivity and \$300 million due to workplace injuries. It found that a 15 per cent reduction in the level of need experienced by Victorians diagnosed with mental illness – via improved treatment, care and support that helps to reduce the intensity of symptoms and to improve engagement in day-to-day life – would deliver \$1.1 billion in additional economic activity in the Victorian economy every year.

The introduction of the Mental Health and Wellbeing Levy will support a substantial uplift in investment in Victoria’s mental health and wellbeing system and in doing so, will help to realise the economic benefits described by the Royal Commission into Victoria’s Mental Health System – many of these benefits will accrue to Victoria’s business community. Providing Victorians with the help they need will deliver economic benefits through higher workforce participation and greater productivity at work.

In recent years, businesses (through payroll tax) have been making a smaller contribution to funding public services than at any time since the introduction of the GST. Even after the introduction of the Mental Health and Wellbeing Levy, businesses are still expected to be contributing less than the historical average (Chart 4.10).

Chart 4.10: Payroll revenue as a share of total taxation revenue (%)



Source: Department of Treasury and Finance

The Government has taken steps to ensure that the design of the Mental Health and Wellbeing Levy minimises its impact on the State's continuing recovery from the severe economic shock caused by the coronavirus (COVID-19) pandemic. The Victorian economy is recovering rapidly from the economic shock caused by the pandemic and the recovery is expected to continue over the coming year. The introduction of the levy on 1 January 2022 provides liable businesses with time to consolidate these gains prior to its commencement. Moreover, the levy will only apply to businesses with more than \$10 million in annual national payrolls – less than 5 per cent of employers, or around 9 100 businesses – meaning that small businesses will be unaffected.

Gambling taxes

Gambling taxes are levied on public lotteries, electronic gaming machines, casino games, wagering and betting, and other forms of gambling. These taxes are typically in the form of a percentage of net expenditure (equal to the amount gambled less prizes or refunds to players), with the tax rate varying according to the category of gambling. Gambling taxes also include revenue associated with the relevant licence premiums.

Gambling tax revenue is forecast to recover by 50.2 per cent to \$2.3 billion in 2021-22, after falling by 14.8 per cent in 2019-20 and a further 12.1 per cent in 2020-21 as a result of the temporary closures of Victorian gaming venues during the 2020 calendar year as part of the public health response to the COVID-19 pandemic. Gambling revenue has been modestly upgraded over the forecast period to reflect earlier than expected reopening of venues and continued strong revenue from lotteries, and wagering and betting. Gambling revenue is expected to grow by an average annual rate of 2.9 per cent over the forward estimates.

Also contributing to this upgrade is an increase in the wagering and betting tax from 8 per cent to 10 per cent of net wagering revenue from 1 July 2021, bringing Victoria into line with the rate that applies in New South Wales. The new tax rate will enable the Government to lift the amount of net wagering revenue that is returned to the Victorian Racing Industry from 1.5 per cent to 3.5 per cent.

The Government will extend the point of consumption framework to keno tax from 15 April 2022 to ensure all companies supplying keno to Victorian customers pay their fair share. All licensed keno service providers will be liable to pay tax on expenditure of customers located in Victoria, regardless of where the service provider is located or licensed, at the prevailing rate.

In 2021-22, approximately 80 per cent of total gambling taxation revenue will be allocated to the Hospitals and Charities Fund, the Mental Health Fund and the Community Support Fund. These funds direct gambling revenues back into the community by providing funding for programs in hospitals and community organisations, mental health services, programs to tackle problem gambling, including funding for the Victorian Responsible Gambling Foundation, as well as drug education, treatment and rehabilitation.

Motor vehicle taxes

Motor vehicle taxes include vehicle registration fees and duty on transfer and registration of vehicles. Motor vehicle registration fees vary according to vehicle type and use, while duty is calculated on the market value or the purchase price of the vehicle (whichever is greater).

Motor vehicle taxes are expected to increase by 7 per cent to \$2.9 billion in 2021-22, then grow by an average annual rate of 4.8 per cent over the forward estimates. Stamp duty revenue from vehicle sales is expected to increase in 2020-21, supported by the recovery in economic conditions and strong consumer sentiment. In addition to an increase in sales of new vehicles, revenue is boosted by elevated vehicle prices amidst stock shortages due to pandemic-related production delays.

Additionally, following industry consultation on the proposed changes to heavy vehicle charges, the Infrastructure and Transport Ministers' Meeting in December 2020 agreed that Victoria's heavy vehicle charges will rise by 2.5 per cent from July 2021. This is expected to lead to an increase in revenue from heavy vehicles from 2021-22.

Insurance taxes

Duty is payable on general insurance premiums, excluding life insurance, at a rate of 10 per cent. Examples include insurance against damage to, or loss of, motor vehicles and household contents.

Insurance taxes are expected to increase by 7.2 per cent to be \$1.6 billion in 2021-22. Most insurance tax revenues are expected to increase, except the revenue from travel insurance which is estimated to be lower than before the COVID-19 pandemic as a result of international travel restrictions. Insurance taxes are expected to increase by an average annual rate of 6.4 per cent over the forward estimates.

GRANT REVENUE

Total grant revenue is expected to be \$36.8 billion in 2021-22, an increase of 2.9 per cent from 2020-21. Total grant revenue over the budget and forward estimates is largely driven by GST revenue.

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
General purpose grants – goods and services tax ^(a)	17 044	17 391	19 213	19 463	19 997
Specific purpose grants for on-passing	4 184	4 838	5 092	5 370	5 730
Other grants for specific purposes	14 164	13 772	14 695	14 738	14 916
Total	35 392	36 001	39 001	39 571	40 643
Other contributions and grants	351	777	695	956	877
Total grant revenue	35 743	36 778	39 695	40 527	41 520

Source: Department of Treasury and Finance

Note:

(a) The budget and forward estimates forecasts for GST grants are based on Victorian forecasts of national GST collections, GST relativities and Victoria's population share (Victoria's assessed relativity as published by the Commonwealth Grants Commission is used for 2021-22). Estimates are inclusive of forecasts for Commonwealth payments associated with transition to the new system of horizontal fiscal equalisation commencing from 2021-22.

GST

GST revenue is forecast to grow by 2 per cent to \$17.4 billion in 2021-22 after increasing by 10.9 per cent in 2020-21 from the 2019-20 result. Growth in Victoria's GST revenue in 2020-21 is primarily driven by strength in national GST collections. Over the forward estimates, GST revenue is expected to grow by an average annual rate of 4.8 per cent a year.

Victoria's GST revenue is broadly determined by three key factors:

- the amount of GST collected by the Commonwealth (the national GST pool);
- Victoria's GST relativity; and
- Victoria's share of the national population.

In addition to Victoria's GST entitlement, the Victorian GST revenue forecast incorporates additional Commonwealth payments reflecting the transition to the new system of horizontal fiscal equalisation (HFE), including the no-worse-off guarantee.

States' GST revenue is typically received monthly throughout the financial year based on the Commonwealth Government's estimates of each state's relative population share and a forecast of the national GST pool for that financial year. The Commonwealth subsequently updates each state's share of the national GST pool when the final aggregate GST pool is known and adjusts any over or under payment during the year through the remittance of funds in the subsequent year. The figures in Table 4.3 above reflect the entitlement to the annual GST pool that forms the basis for GST income recognition, rather than the funding distribution progressively received from the Commonwealth across the financial year.

National GST pool

The national GST pool has substantially strengthened, primarily driven by stronger than expected national GST collections in 2020-21 and the strong rebound in the national economy. Household disposable incomes increased over 2020-21 due, in part, to significant income support measures, which have supported household balance sheets and in-turn consumption activity. In 2021-22, national household consumption is expected to grow, primarily reflecting continued improvement in the labour market, higher asset prices and ongoing elevated consumer confidence. However, toward the end of the forward estimates, slower population growth poses a downside risk as it can weigh on the recovery of the national GST pool.

National dwelling investment, which is also subject to GST, is forecast to recover from 2021-22 onwards, following an increase in building approvals for detached housing in the second half of 2020. The low interest rate environment and policy support measures are expected to support demand for new dwellings over the forward estimates.

Population

Victoria's population is forecast to grow by 0.3 per cent in 2021-22, with this low rate mainly reflecting the ongoing impact of national border closures on net overseas migration. In recent years, Victoria's population growth has been driven largely by inflows of international and interstate migrants. Victoria's population growth rate is expected to gradually increase over the forward estimates as national borders reopen and confidence in the economic outlook improves, though growth is forecast to remain below pre-coronavirus (COVID-19) levels. Compared with pre-coronavirus (COVID-19) projections in the *2019-20 Budget Update*, Victoria's population is expected to be smaller by approximately 290 000 people in 2024-25.

GST relativities

Victoria's assessed GST relativity fell for a third consecutive year in 2021-22, from 0.96 in 2020-21 to 0.92. The reduction in Victoria's assessed relativity between 2020-21 and 2021-22 is largely driven by previous growth in Victoria's own-source revenue in 2019-20, below average assessed expense requirements, as well as the transition to a new GST system, legislated by the Commonwealth in 2018.

The transition to the new system of horizontal fiscal equalisation is expected to drive a decrease in Victoria's assessed GST relativity over the forward estimates. This is partly due to the new equalisation standard that now lifts states' fiscal capacities to deliver the same level of government services as the stronger of Victoria or New South Wales, rather than the fiscally strongest state overall, which is currently Western Australia. As such, Victoria's relativity is lower than it would have been under the previous system.

Additionally, a relativity floor of 0.70 will be implemented within the GST system from 2022-23 onwards, rising to 0.75 in 2024-25. Only Western Australia's relativity is expected to fall below the floor. As such, its relativity will be raised to the floor by decreasing every other states' GST receipts, including Victoria's.

The weaker outlook for Victoria's relativity is driven by a lower assessed requirement for expenses per capita, as well as slower population growth contributing to a lower assessed need for infrastructure investment. Additionally, the strong growth in Victorian own-source revenue compared with the *2020-21 Budget* forecasts, particularly for land transfer duty, land tax and payroll tax, is also expected to weigh on Victoria's assessed relativity outlook over the forward estimates. This is partially offset by the impact of higher royalty revenues for Western Australia. Strong iron ore prices pose an upside risk to Victoria's GST revenue outlook. Continued strength in iron ore prices will increase Western Australia's revenue raising capacity which lowers the state's GST requirement, allowing more GST revenue to be redistributed to the other states and territories.

Commonwealth no-worse-off guarantee for GST entitlement

In 2018, the Commonwealth changed the system of HFE, which introduced:

- a minimum GST revenue sharing relativity (relativity floor) of 0.70 starting in 2021-22 and rising to 0.75 from 2024-25;
- a small permanent boost to the GST revenue pool from 2021-22 with additional Commonwealth financial assistance; and
- the transition of the HFE system from full equalisation (so-called equalising to the strongest state) to 'reasonable' equalisation, based upon the fiscal capacity of the stronger of New South Wales or Victoria.

During a six-year transition period commencing in 2021-22, each state or territory is entitled to receive additional Commonwealth financial assistance to ensure it is no-worse-off compared to its GST entitlement had full equalisation been maintained. The no-worse-off guarantee is currently legislated until the end of the transition period in 2026-27. Box 4.4 outlines the fiscal challenge for Victoria if the no-worse-off guarantee expires after 2026-27.

Box 4.4: Impacts of the new GST distribution system

On 15 March 2021, the Commonwealth Grants Commission (CGC), an independent agency that makes recommendations on the GST distribution, released its GST relativities for 2021-22 in its 2021 Update report. The report recommended Victoria's GST relativity fall for the third year in a row to 0.92.

The 2021 Update is the first to use a new system for redistributing GST, legislated by the Commonwealth in the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Act 2018*. The legislation introduced a new standard of equalisation between states that provides an advantage to Western Australia.

To compensate states partially for the transition to the new system, the Commonwealth established additional payments into the GST pool on an ongoing basis, referred to as pool boosts. The pool boosts will be \$600 million, or around 0.8 per cent of the total GST pool, from 2021-22, indexed to grow in line with the pool. From 2024-25 onwards, a further \$250 million will be added per annum.

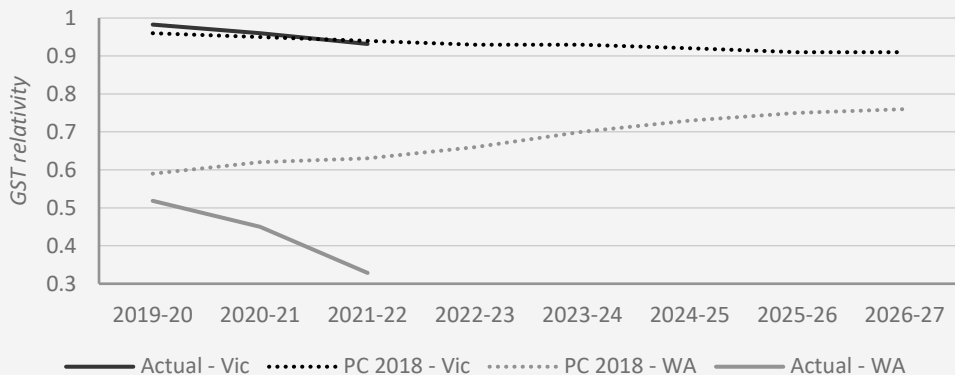
The new system also introduces a floor on states' GST relativities, which is expected to benefit only Western Australia in the medium term. The floor is set to a GST relativity of 0.70, rising to 0.75 in 2024-25. The Commonwealth will separately pay to implement the floor in 2021-22. However, after 2022-23, Western Australia's relativity will be lifted by redistributing GST away from other states.

Due to growth in iron ore royalty revenue, Western Australia's GST relativity is declining and will continue to fall well below the floor (Chart 4.11). This increases the cost of the new system, as Western Australia requires greater compensation to lift its GST relativity to the floor. According to the Commonwealth's 2021-22 Budget, it will pay Western Australia \$2.1 billion in 2021-22 alone. From 2022-23 onwards, this cost will be borne by other states and territories through a reduced share of the GST pool.

Responding to the potential impacts of these changes, in 2018 states secured agreement from the Commonwealth to include a no-worse-off guarantee in the legislation. The guarantee ensures no state would be disadvantaged from the move to the new system. Without the guarantee, the Commonwealth's 2021-22 Budget estimates Victoria could lose an extra \$2.3 billion in GST revenue over the next four years. However, the no-worse-off guarantee is currently legislated only until 2026-27, after which many states, including Victoria, face the risk of an ongoing loss of GST revenue.

The potential cost of the new system to other States is significantly greater than originally anticipated as Western Australia's relativity is far lower than the original forecasts by the Productivity Commission, used by the Commonwealth to justify the new system in 2018 (Chart 4.11). According to the Commonwealth's 2021-22 Budget, the total cost of the new system will be over \$10 billion from 2019-20 to 2023-24, significantly greater than the \$3.7 billion originally estimated by the Commonwealth in 2018.

Chart 4.11: Forecasts of Victoria and Western Australia's GST relativities



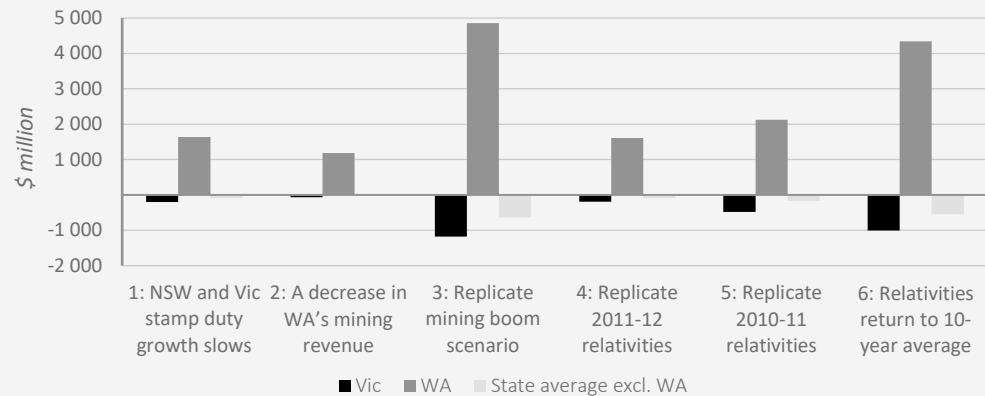
Source: CGC, Productivity Commission.

Victoria has modelled scenarios to test the potential financial impacts on states of the new system at the end of the transition period. Under every scenario tested, Western Australia is financially advantaged at the expense of other states and territories.

Victoria is expected to be worse off in 2027-28 under every scenario tested if the no-worse-off guarantee is not extended. Under the worst-case scenario, Victoria is estimated to lose \$1.2 billion in 2027-28. The average state, excluding Western Australia, is estimated to lose GST under all the scenarios modelled. This shows the new system is likely to disadvantage most states, not only Victoria (Chart 4.12).

The modelling demonstrates that not continuing the no-worse-off guarantee after 2026-27 will put many states – including Victoria – at risk of significant financial losses. This impedes not only states' ability to invest in vital services for their citizens now, such as education, health, and mental health – but also their ability to plan effectively into the future.

Chart 4.12: Potential impact on states' GST revenue in 2027-28 after the no-worse-off guarantee ends



Source: Department of Treasury and Finance

Grants for on-passing

Table 4.4 summarises estimates of grants from the Commonwealth that are passed on to other entities.

Table 4.4: Grants for on-passing^{(a)(b)} (\$ million)

	2020-21 revised	2021-22 budget	Change %
Commonwealth Government grants to local government ^(c)			
<i>Financial assistance grants to local government</i>			
An equal per capita basis is used for distributing total assistance to the states and territories pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .			
	224	471	110.4
<i>Identified local roads grants to local government</i>			
Funding to local councils is provided on a per capita and road length basis pursuant to the <i>Local Government (Financial Assistance) Act 1995</i> .			
	79	165	109.9
Quality Schools Funding			
Support for non-government schools.	3 881	4 202	8.3
Other	..	..	n.a.
Total grants for on-passing	4 184	4 838	15.6

Source: Department of Treasury and Finance

Note:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Lower grants in 2020-21 largely reflect the rephasing of \$319 million to the previous year, announced in the Commonwealth Budget 2020-21.

Grants for specific purposes

Table 4.5 lists Commonwealth grants for specific purposes, with detailed tables by expenditure category in Tables 4.6 to 4.12.

Table 4.5: Grants for specific purposes^{(a)(b)} (\$ million)

	2020-21 revised	2021-22 budget	Change %
Affordable housing	418	426	2.1
Community services	302	298	(1.2)
Education	2 691	2 883	7.1
Environment	110	45	(59.4)
Health	7 251	6 450	(11.0)
Infrastructure	706	777	10.1
Contingent/Other	2 687	2 893	7.7
Total grants for specific purposes	14 164	13 772	(2.8)

Source: Department of Treasury and Finance

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.

Table 4.6: Payments for affordable housing^(a) **(\$ million)**

	2020-21 revised	2021-22 budget	Change %
National Housing and Homelessness Agreement			
Funding will contribute to improving access to affordable, safe and sustainable housing, including to address homelessness, and to support social and economic participation.	418	426	2.1
Total affordable housing	418	426	2.1

Source: Department of Treasury and Finance

Note:

(a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.

Table 4.7: Payments for community services^{(a)(b)} **(\$ million)**

	2020-21 revised	2021-22 budget	Change %
National Partnerships			
<i>Assistance to States for DisabilityCare Australia</i>			
Funding to assist the transition to the National Disability Insurance Scheme.	253	261	3.5
Home and Community Care Assessment			
Funding for home and community care services.	35	35	0.2
Other	14	2	(88.8)
Total community services	302	298	(1.2)

Source: Department of Treasury and Finance

Note:

(a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.

(b) There may be a difference in categorisation between Commonwealth and Victorian figures.

Table 4.8: Payments for education services ^{(a)(b)} **(\$ million)**

	2020-21 revised	2021-22 budget	Change %
Quality Schools Funding			
Support for government schools.	2 102	2 280	8.5
National Agreement for Skills and Workforce Development			
Funding for the delivery of training services.	408	411	0.9
National Partnerships			
<i>Universal access to early childhood education</i>			
Funding to assist Victoria to meet the Council of Australian Governments' target of access to 15 hours of early childhood education a week for all children in the year before full-time school.	130	90	(30.9)
<i>School Chaplaincy Program</i>			
Funding to support the emotional wellbeing of students by providing pastoral care services.	13	13	..
<i>JobTrainer Fund ^(c)</i>			
Funding to provide training places that are free or low fee, in areas of identified skills needs for job seekers and young people, including school leavers.	37	89	138.4
Other	1	..	(99.7)
Total education services	2 691	2 883	7.1

Source: Department of Treasury and Finance

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) The total Commonwealth contribution for this initiative is estimated to be \$130.3 million. The phasing of funds may vary from Commonwealth budget publications due to the adoption of AASB 1058 Income of Not-for-Profit Entities.

Table 4.9: Payments for environment services ^{(a)(b)} **(\$ million)**

	2020-21 revised	2021-22 budget	Change %
National Partnerships			
<i>Sustainable Rural Water Use and Infrastructure Program</i>			
Funding provided under a number of arrangements, such as the National Partnership on Water for the Future and Water Management Partnership Agreements under the Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin.			
	32	5	(84.2)
<i>Hydrogen Energy Supply Chain Pilot Project</i>			
Funding to support a pilot project to demonstrate the feasibility of a hydrogen energy supply chain.			
	13	..	(100.0)
<i>Water Infrastructure Development Fund – Capital Component</i>			
Funding to accelerate the detailed planning and construction of water infrastructure projects that will deliver new and affordable water, enhance water security and underpin regional economic growth.			
	50	39	(22.1)
Other	16	1	(95.5)
Total environment services	110	45	(59.4)

Source: Department of Treasury and Finance

Notes:

(a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.

(b) There may be a difference in categorisation between Commonwealth and Victorian figures.

Table 4.10: Payments for health services^{(a)(b)} (\$ million)

	2020-21 revised	2021-22 budget	Change %
National Health Reform Agreement ^(c)			
The National Health Reform Agreement sets out the terms on which the Commonwealth contributes funding to the State's public hospital system. Hospitals are funded on the basis of an activity-based funding formula.			
	7 182	6 400	(10.9)
National Partnerships			
<i>Community Health and Hospitals Program</i>			
Funding for a range of Victorian health infrastructure projects to support the delivery of improved and expanded health services.			
	19	41	117.4
<i>Adult Public Dental Services</i>			
Funding to assist states to reduce wait times and provide public dental services to adults.			
	27	..	(100.0)
<i>Victorian Cytology Service</i>			
Funding to the Victorian Cytology Service.	11	..	(100.0)
Other	12	9	(23.6)
Total health services	7 251	6 450	(11.0)

Source: Department of Treasury and Finance

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Includes payments relating to the National Partnership on COVID-19 response which are to be considered payments under the National Health Reform Agreement.

Table 4.11: Payments for infrastructure services^{(a)(b)} (\$ million)

	2020-21 revised	2021-22 budget	Change %
National Partnerships			
<i>Infrastructure Investment Program</i>			
Funding for road and rail infrastructure. The program assists economic and social development regionally and nationally by providing funding to improve the performance of land transport infrastructure.			
	701	641	(8.5)
<i>Geelong City Deal</i>			
Funding to support projects under the Geelong City Deal, including the Shipwreck Coast Master Plan, Great Ocean Road projects and projects in the Geelong city centre.			
	5	135	n.a.
Other	..	..	n.a.
Total infrastructure services	706	777	10.1

Source: Department of Treasury and Finance

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.

Table 4.12: Payments for contingent and other services^{(a)(b)} (\$ million)

	2020-21 revised	2021-22 budget	Change %
National Partnerships			
<i>Legal Assistance Services</i>			
Funding for a share of the service delivery costs of Victoria Legal Aid on Commonwealth law matters.	83	77	(7.1)
Other^(c)	2 604	2 816	8.1
Total other services	2 687	2 893	7.7

Source: Department of Treasury and Finance

Notes:

- (a) Grants may not match Commonwealth budget publications for newly announced agreements or variations to existing agreements that are yet to be agreed by Victoria.
- (b) There may be a difference in categorisation between Commonwealth and Victorian figures.
- (c) Includes payments from the Commonwealth to hospitals including for the pharmaceutical benefits scheme and residential aged care subsidies and other Commonwealth Own Purpose Expenditure.

SALES OF GOODS AND SERVICES

Revenue from the sales of goods and services is expected to fall by 20.5 per cent in 2021-22 to \$6.4 billion, driven by the discontinuation of the Capital Assets Charge (CAC) policy levied on VicTrack from 2021-22. The removal of CAC reduces the revenue from the sales of goods and services and grant expenses by the same amount.

Excluding movements associated with the discontinuation of CAC, sales of goods and services is forecast to increase by 16.6 per cent in 2021-22. This largely reflects the expected recovery in various government service fees after the easing of public health restrictions. Growth is expected to average 1.6 per cent a year over the forward estimates.

Table 4.13: Sales of goods and services (\$ million)

	2020-21 revised	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Motor vehicle regulatory fees ^(a)	281	306	316	320	320
Other regulatory fees ^(a)	437	731	772	787	663
Sale of goods ^(b)	86	95	89	90	92
Provision of services ^(b)	4 585	5 168	5 240	5 339	5 530
Rental	79	91	94	96	98
Refunds and reimbursements ^(b)	24	14	14	14	14
Inter-sector Capital Assets Charge ^(c)	2 567	..	..	..	..
Total sales of goods and services	8 059	6 405	6 526	6 645	6 716

Source: Department of Treasury and Finance

Notes:

- (a) Motor vehicle and other regulatory fees are accounted for under AASB 1058.
- (b) Sale of goods, provision of services and refunds and reimbursements are account for under AASB 15.
- (c) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the Capital Assets Charge (CAC) policy is discontinued from the 2021-22 Budget.

DIVIDENDS, INCOME TAX EQUIVALENT AND RATE EQUIVALENT INCOME

Table 4.14 details the dividends, income tax and rate equivalent income received by the State from government business enterprises.

Dividend, income tax equivalent (TTE), and rate equivalent income is forecast to decline by 3.3 per cent to \$575 million in 2021-22, before increasing by an average annual rate of 0.5 per cent over the forward estimates. The decline in 2021-22 is largely due to lower profits of the metropolitan water corporations, reflecting the impact of the pandemic on business customers and provision of hardship relief for customers impacted during the pandemic.

Table 4.14: Dividends, income tax equivalent and rate equivalent income (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Dividends	339	323	285	316	324
Income tax equivalent income	249	245	251	251	254
Local government rate equivalent income	7	7	6	6	6
Total dividends, income tax equivalent and rate equivalent income	595	575	542	574	584

Source: Department of Treasury and Finance

INTEREST INCOME

Interest income is earned on holdings of cash and deposits. Total interest income is expected to be \$637 million in 2021-22 and is forecast to increase by an average annual rate of 1.3 per cent over the forward estimates.

OTHER REVENUE AND INCOME

Table 4.15 shows other revenue and income, which includes fines, donations and gifts, and royalties. Other revenue and income are projected to grow by 23.3 per cent to \$3.6 billion in 2021-22, and decline by an average annual rate of 2.1 per cent over the forward estimates. This revenue profile is largely driven by the receipt of infrastructure assets free-of-charge from the settlement of the Metro Tunnel project, which is also recognised as revenue and will peak in 2021-22.

Table 4.15: Other revenue and income (\$ million)

	2020-21 <i>revised</i>	2021-22 <i>budget</i>	2022-23 <i>estimate</i>	2023-24 <i>estimate</i>	2024-25 <i>estimate</i>
Revenue items accounted for under AASB 15					
Royalties	138	140	140	142	144
Other revenue – Health	219	242	248	254	261
Other miscellaneous revenue	536	558	578	574	704
Income accounted for under AASB 1058					
Fair value of assets received free of charge or for nominal consideration ^(a)	461	709	429	147	2
Road safety camera fines	418	560	582	591	608
Police on-the-spot fines	197	181	185	189	192
Toll road evasion fines	44	134	137	139	142
Non-traffic statutory and court fines	74	96	97	97	98
Total fines	734	972	1 000	1 016	1 040
Donations and gifts	219	220	203	207	211
Other income – Education	357	403	411	422	432
Revenue items accounted for under AASB 16					
Other non-property rental	30	32	32	32	32
Revenue items accounted for under AASB 1059					
Revenue related to economic service concession arrangements	229	330	374	474	557
Total other revenue and income	2 923	3 605	3 414	3 268	3 383

Source: Department of Treasury and Finance

Note:

(a) The profile of the Fair value of assets received free of charge or for nominal consideration includes Cross Yarra Partnership Consortium's contribution to additional costs borne by the operator as part of the Metro Tunnel settlement.

CHAPTER 5 – TAX EXPENDITURES AND CONCESSIONS

Tax expenditures and concessions represent forgone revenue to the State. They take a number of different forms, for example, exemptions, benefits and incentives delivered through the tax system. Regardless of form, they preferentially benefit certain taxpayers, activities or assets compared with normal taxation treatment.

This chapter includes new and previously announced Government decisions providing tax incentives and benefits to targeted taxpayers. Benefits arising from marginal tax rates, tax-free thresholds and full waivers are not considered to be tax expenditures, since they apply to all taxpayers. Accordingly, they are not considered in this chapter.

In the *2021-22 Budget*, the Government has announced a range of measures to provide further support to the economic recovery, including:

- a temporary land transfer duty concession of up to 100 per cent on the purchase of new residential property in the Melbourne local government area with a dutiable value of up to \$1 million;
- an increase in the off-the-plan land transfer duty concession to \$1 million for home buyers. This temporary increase will apply to contracts entered into from 1 July 2021 to 30 June 2023;
- from 1 January 2022, the vacant residential land tax exemption for new developments will be extended to apply for up to two years; and
- reductions in the regional employer rate of payroll tax will be brought forward to commence from 1 July 2021. The regional employer rate will reduce from 2.02 per cent to 1.2125 per cent from 1 July 2021, 12 months ahead of the planned commencement date of 1 July 2022.

Budget Paper No. 3, Chapter 1 *Output, asset investment, savings and revenue initiatives* contains further details on these revenue initiatives.

Additionally, starting from 1 January 2022:

- the Mental Health and Wellbeing Levy will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls above \$10 million per year. Existing payroll tax exemptions for private schools, hospitals, charities, local councils, and wages paid for parental and volunteer leave will apply for the Levy; and
- private gender-exclusive clubs will no longer be eligible for the land tax exemption for societies, clubs or associations.

This chapter only includes tax expenditures and concessions that can be costed. All amounts in this chapter have been rounded to the nearest \$1 million unless otherwise stated. Figures may not add due to rounding.

TAX EXPENDITURES

Tax expenditures are estimated by taking the difference between the reduced tax paid by a person or entity receiving preferential treatment and the tax paid by similar taxpayers who do not receive that treatment. Benefits arising from marginal tax rates, tax-free thresholds and full waivers are not considered to be tax expenditures, since they apply to all taxpayers. Accordingly, they are not considered in this chapter.

Over the past decade, the State has forgone \$67.5 billion in revenue from tax expenditures. In 2021-22, tax expenditures are forecast to be about \$9.7 billion.

In response to the coronavirus (COVID-19) pandemic, a range of tax relief measures were announced in the *2020-21 Budget* to help businesses, workers, households and the community get through the pandemic, fund our public health response, and support the economic recovery. In addition, the *2020-21 Budget* included relief for bushfire-affected individuals and businesses. Several of these measures continue into 2021-22, including the New jobs tax credit and the land transfer duty waiver of up to 50 per cent.

Land tax expenditures form the highest portion of total estimated tax expenditures in 2021-22, primarily due to the principal place of residence exemption, followed by land transfer duty. Payroll tax expenditures form the highest non-property portion of total estimated tax expenditures. Payroll tax expenditures are estimated to rise due to COVID-19 relief measures and then decline from 2023-24 as relief measures conclude.

The introduction of the Mental Health and Wellbeing Levy results in additional exemptions, which are estimated to increase total tax expenditures by \$269 million across the forward estimates.

The tax expenditures outlined below include exemptions, reduced rates and deductions or rebates of tax for a certain type of taxpayer, activity or asset. Table 5.1 aggregates tax expenditure estimates by the main tax categories for the period 2020-21 to 2024-25. In estimating tax expenditures, it is assumed taxpayer behaviour is unchanged by the relevant exemption or concession.

Table 5.1: Estimates of aggregate tax expenditures by type of tax (\$ million)

<i>Description</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Land tax ^(a)	5 897	5 902	6 464	6 978	7 612
Fire Services Property Levy ^(b)	29	30	30	30	31
Payroll tax ^(c)	1 674	1 658	1 835	1 377	1 442
Gambling tax ^(d)	47	80	78	78	79
Motor vehicle taxes	201	208	218	229	241
Land transfer duty	1 626	1 724	1 714	1 781	1 826
Congestion levy	89	63	64	65	67
Mental Health and Wellbeing Levy ^(e)	..	36	74	78	81
Total estimated tax expenditures	9 565	9 700	10 478	10 617	11 379

Source: Department of Treasury and Finance

Notes:

(a) Land tax expenditures are expected to increase significantly from 2022-23 in line with forecast increases in land values.

(b) Fire Services Property Levy tax expenditures are based on estimates for the 2019-20 financial year due to data limitations.

(c) Payroll tax expenditures are expected to decrease from 2023-24 due to the completion of COVID-19 relief measures.

(d) Estimated gaming machine tax expenditures for 2020-21 are low due to lower gaming machine revenue in the second half of 2020.

(e) Mental Health and Wellbeing Levy expenditures begin in the 2021-22 financial year as it will commence from 1 January 2022.

Table 5.2 breaks down the aggregate tax expenditures that can be costed by type of tax.

Table 5.2: Estimates of tax expenditures that can be costed (\$ million)

Description	2020-21	2021-22	2022-23	2023-24	2024-25
Land tax ^{(a)(b)}					
Crown property (right of Victoria)	449	456	499	539	588
Principal place of residence	3 174	3 225	3 532	3 813	4 160
Land held in trust for public or municipal purposes or vested in any municipality	392	398	436	471	514
Land used by charitable and religious institutions	264	268	293	317	346
Commonwealth land	316	321	352	380	415
Land used for primary production	640	650	712	769	839
Land vested in public statutory authorities	248	252	276	298	325
Land used for the CityLink network	38	39	43	46	50
Assessment on a single holding basis for land owned by a municipality	11	11	12	13	15
Land tax concessional rate for horse or harness racing	6	6	7	7	8
Assessment on a single holding basis for land owned by charities	22	22	24	26	28
Retirement villages	41	42	46	49	54
Non-profit organisations providing outdoor cultural or sporting recreation or carried on exclusively for social, sporting, cultural or literary purposes (excluding horse or harness racing) ^(c)	47	48	52	57	62
Land tax exemption for friendly societies ^(d)	..	..	..	..	..
Associations of ex-servicemen	3	3	4	4	4
Caravan parks	8	8	8	9	10
Residential care facilities	22	23	25	27	29
Low cost accommodation	2	2	2	2	2
Land tax exemption for mining	..	..	..	..	1
Absentee owner surcharge exemption	103	117	127	138	150
Vacant residential land tax exemptions ^{(e)(f)}	..	4	4	5	5
Big Housing Build: Land tax discount for build-to-rent projects ^(g)	..	7	7	7	8
Support for landlords and tenants: Land tax relief ^{(h)(i)}	111	..	..	..	..
Land tax relief for communities affected by the bushfires ^(j)	..	..	..	..	..
Total land tax expenditures	5 897	5 902	6 464	6 978	7 612
Fire Services Property Levy ^(k)					
Fire Services Property Levy concession for pensioners and Department of Veterans' Affairs cardholders	22	22	22	22	22
Fire Services Property Levy exemption for single farm enterprises	8	8	8	8	9
Total Fire Services Property Levy expenditures	29	30	30	30	31

Table 5.2: Estimates of tax expenditures that can be costed (continued) (\$ million)

Description	2020-21	2021-22	2022-23	2023-24	2024-25
Payroll tax ^{(l)(m)}					
Wages paid by public hospitals	144	156	162	170	178
Wages paid by non-profit hospitals	14	16	16	17	18
Wages paid by health care services	22	29	30	32	33
Wages paid by public benevolent institutions/ charities	198	241	251	262	275
Wages paid by religious institutions	6	6	7	7	7
Wages paid by non-profit non-government schools	202	235	245	256	268
Wages paid by Commonwealth departments/agencies (excluding transport and communication)	99	99	106	119	125
Wages paid by municipal councils (not wages for trading activities)	129	147	153	159	167
Construction industry leave entitlements paid by CoINVEST	10	8	9	10	11
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986 (Commonwealth)</i>	18	16	17	16	16
Paid parental leave	29	25	27	31	32
Wages paid to employees participating in voluntary emergency service work	1	1	1	1	1
Wages paid to re-employed apprentices and trainees	7	8	8	10	10
Reduced payroll tax rate for regional employers	183	264	275	287	301
New jobs tax credit ⁽ⁿ⁾	..	386	528	..	..
Support for households and businesses: Payroll tax relief for small and medium businesses ^(o)	350	..	..	..	..
Support for households and businesses: Targeted JobKeeper exemption from payroll tax ^(p)	257	21	..	..	..
Supporting business to recover and create jobs in bushfire-affected areas ^(q)	5	..	..	..	..
Total payroll tax expenditures	1 674	1 658	1 835	1 377	1 442
Gambling tax					
Clubs pay lower tax rate on net cash balance (electronic gaming machines)	47	80	78	78	79
Total gambling tax expenditures	47	80	78	78	79
Motor vehicle taxes ^(r)					
Discounted registration fee for vehicles operated by Health Care Card holders and pensioners	145	151	159	166	174
Discounted registration fee for vehicles operated by totally and permanently incapacitated persons	2	2	2	2	3
Discounted registration fee for light vehicles operated by primary producers	8	9	9	10	10
Discounted registration fee for heavy vehicles operated by primary producers	31	32	34	37	39
Discounted registration fee for electric and hybrid vehicles ^(s)	7	3	4	5	5

Table 5.2: Estimates of tax expenditures that can be costed (continued) (\$ million)

Description	2020-21	2021-22	2022-23	2023-24	2024-25
Motor vehicle taxes (continued)					
Discounted registration fee for trade apprentices	2	2	2	2	2
Discounted registration fee for vehicles operated by charitable or religious institutions	6	6	6	6	6
Concessions to motor vehicle luxury duty for green vehicles and primary producers ^(t)	2	2	2	2	2
Motor vehicle tax relief for communities affected by the bushfires ^{(d)(u)}	..	..	..	..	..
Total motor vehicle tax expenditures	201	208	218	229	241
Land transfer duty ^(v)					
Land transfer duty concession for first home buyers of properties valued up to \$750 000 ^(w)	837	989	1 056	1 105	1 145
Land transfer duty concession for farmers under 35 years of age buying their first farmland	4	5	5	5	5
Land transfer duty concession for corporate reconstruction ^(x)	44	48	52	54	56
Land transfer duty concession for pensioners and concession card holders	72	80	86	90	93
Land transfer duty concession for principal place of residence	129	143	153	160	165
Off-the-plan land transfer duty concession for investors ^(y)	160	4	4	..	..
Off-the-plan land transfer duty concession for owner-occupiers ^(z)	131	146	156	163	170
Foreign Purchaser Additional Duty exemption for corporations and trustees	52	58	62	64	67
Land transfer duty concession for commercial and industrial properties in regional Victoria ^(aa)	16	40	43	43	44
Land transfer duty exemption for charities and friendly societies	20	23	24	25	26
Land transfer duty exemption for family farm	34	38	41	43	44
Big Housing Build: Land transfer duty waiver for residential property transactions of up to \$1 million ^(ab)	126	119	24	24	8
Land transfer duty relief on the purchase of a replacement home for homeowners in communities affected by the 2019-20 Victorian bushfires ^(ac)	1	..	..	..	..
Temporary land transfer duty discount for new residential property within the Melbourne local government area ^(ad)	..	33	9	4	3
Total land transfer duty expenditures	1 626	1 724	1 714	1 781	1 826
Congestion levy					
Residential	8	8	8	8	8
Commercial and private	54	55	56	57	58
Support for households and businesses: Congestion levy waiver ^(ae)	27	..	..	..	..
Total congestion levy expenditures	89	63	64	65	67

Table 5.2: Estimates of tax expenditures that can be costed (continued) (\$ million)

Description	2020-21	2021-22	2022-23	2023-24	2024-25
Mental Health and Wellbeing Levy^{(af)(ag)}					
Wages paid by public hospitals	..	12	26	27	28
Wages paid by non-profit hospitals	..	1	3	3	3
Wages paid by health care services	..	1	3	3	3
Wages paid by public benevolent institutions/charities	..	7	14	14	15
Wages paid by religious institutions ^(d)
Wages paid by non-profit non-government schools	..	5	11	12	12
Wages paid by municipal councils (not wages for trading activities)	..	7	14	15	16
Construction industry leave entitlements paid by CoINVEST	1	1	1
Fringe benefits excluded from <i>Fringe Benefits Tax Assessment Act 1986</i> (Commonwealth)	1	1	1
Paid parental leave	..	1	1	2	2
Wages paid to employees participating in voluntary emergency service work	..	1	1	1	1
Total Mental Health and Wellbeing Levy expenditures	..	36	74	78	81
Total estimated tax expenditures	9 565	9 700	10 478	10 617	11 379

Source: Department of Treasury and Finance

Notes:

- (a) Total land tax expenditures are expected to increase significantly from 2022-23 in line with forecast increases in land values.
- (b) Changes to land tax rates included in the 2021-22 Budget may impact a number of land tax expenditures, however the net impact is unknown due to lack of available data.
- (c) Includes the removal of land tax exemptions for private gender-exclusive clubs from 1 January 2022.
- (d) Estimated expenditures are below \$500 000 due to a low number or value of concessions provided.
- (e) From 1 January 2022, the vacant residential land tax exemption for new developments will be extended to apply for up to two years.
- (f) No expenditure is reported for 2020-21 as a waiver was provided to all taxpayers over this period. Exemptions provided to all taxpayers are not recorded as expenditure items.
- (g) From 1 January 2022, build-to-rent projects will receive a 50 per cent discount on land tax liabilities. The absentee owner surcharge component is included with the general absentee owner surcharge expenditure.
- (h) Waiver of up to 50 per cent on a property's 2020 land tax for landlords who provided rent relief to eligible tenants. A 25 per cent waiver on a property's 2020 land tax was also available for eligible landlords unable to secure a tenant and commercial owner-occupiers. In addition, landlords who provide relief to eligible tenants and commercial owner-occupiers may be eligible for a 25 per cent waiver on a property's 2021 land tax.
- (i) The latest estimate of 2020 and 2021 land tax relief is lower than estimated in the 2020-21 Budget. Land tax relief is a demand-driven policy and subject to the amount of relief landlords provided to their tenants impacted during the coronavirus (COVID-19) pandemic. The final costs of this policy will not be known until after the end of 2020-21 as applications for 2021 land tax relief close on 30 June 2021.
- (j) Land tax relief for properties used to provide free accommodation to people displaced by the 2019-20 Victorian bushfires concludes in 2020-21. Properties directly affected by the bushfires also received land tax relief in 2019-20.
- (k) Fire Services Property Levy tax expenditures are based on estimates for the 2019-20 financial year due to data limitations.
- (l) Estimates for exemptions for wages paid by public hospitals, non-profit hospitals, healthcare services, public benevolent institutions/charities, religious institutions, non-profit non-government schools and municipal councils reflect updated business level data and improvements to the methodology used to allocate businesses to exemption categories based on their industry classification.
- (m) While tax free thresholds are not considered tax expenditures, an increase in the payroll tax free threshold from \$650 000 to \$700 000 from 1 July 2021 will reduce payroll tax expenditure estimates.
- (n) Businesses with annual Australian group wages less than \$10 million will receive a non-refundable New jobs tax credit of 10 cents for every dollar of wages paid in 2020-21 and 2021-22 above the previous year's wages.
- (o) Full-year refunds and waivers of 2019-20 payroll tax liabilities for businesses with annual payrolls up to \$3 million.
- (p) While the Commonwealth JobKeeper program concluded on 28 March 2021, some costs are incurred in 2021-22 where annual payer self-assessments are lodged in the 2021-22 financial year.
- (q) Separate rates for bushfire-affected regional employers only apply until 30 June 2021.
- (r) The motor vehicle duty exemption for mobile plant is not costed due to a lack of available data to produce reliable estimates.
- (s) Variance from 2021-22 onwards reflects the anticipated removal of the registration concession for conventional hybrid vehicles as part of the Distance-based charge for zero and low emission vehicles initiative introduced in the 2020-21 Budget.

Notes (continued):

- (t) Estimates for the luxury motor vehicle duty concession for primary producers has been revised down since the 2020-21 Budget.
- (u) Motor vehicle duty relief for bushfire affected vehicle owners must be claimed before 1 April 2022.
- (v) These estimates do not incorporate the introduction of the premium rate for land transfer duty announced as part of the 2021-22 Budget due to lack of available data.
- (w) Estimates for total land transfer duty expenditures have increased significantly since the 2020-21 Budget, primarily due to the increase in the estimate for the concession for first home buyers, which is driven by stronger than expected growth in land transfer revenue.
- (x) This incorporates the change from a duty exemption to a concession for qualifying corporate reconstruction transactions from 1 July 2019 and is typically highly variable. Corporate reconstruction revenue is also likely to be lower as a result of the pandemic.
- (y) This concession concluded in 1 July 2017. Figures from 2021-22 onward reflect contracts settled after the contract date.
- (z) Incorporates the increase in the threshold for the land transfer duty off-the-plan concession from \$550 000 to \$1 million for home buyers and \$750 000 to \$1 million for first home buyers for contracts entered into between 1 July 2021 to 30 June 2023.
- (aa) The concession for commercial and industrial transactions in regional areas increased to 50 per cent for contracts entered into from 1 January 2021.
- (ab) Eligibility for this waiver ends on 1 July 2021. Figures from 2021-2022 onward reflect contracts that settle after the contract date.
- (ac) Land transfer duty relief of up to \$55 000 for bushfire-affected homeowners who purchase a replacement home elsewhere. This bushfire relief is available until 2023-24.
- (ad) A 50 per cent land transfer duty concession for contracts entered into from 1 July 2021 to 30 June 2022 will be available for new residential properties valued at \$1 million or less, within the Melbourne local government area. A 100 per cent land transfer duty concession will be available for contracts entered into from 21 May 2021 to 30 June 2022 if the property has also been unsold for more than 12 months.
- (ae) Congestion levy waiver of 25 per cent of the 2020 levy for car park owners and operators.
- (af) The Mental Health and Wellbeing Levy will begin from 1 January 2022 and will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year.
- (ag) Data limitations mean the cost of the Mental Health and Wellbeing Levy exemptions for wages paid by Commonwealth departments/agencies (excluding transport and communication) is included in the payroll tax estimate of the same name.

Table 5.3 shows the ratio of tax expenditures to revenue by the main categories of tax in 2021-22. Overall, the ratio decreases from 49 per cent in 2020-21 to 36 per cent in 2021-22 and shows a return to pre-coronavirus (COVID-19) pandemic levels. The overall ratio of estimated tax expenditures for 2021-22 is higher than estimates over the past decade, increasing from around 25 per cent in 2011-12.

Table 5.3: Estimated aggregate tax expenditures and tax revenue in 2021-22 (\$ million)

Description	Tax expenditure	Tax revenue	Ratio
Land tax	5 902	4 233	1.39
Payroll tax	1 658	6 138	0.27
Gambling tax	80	2 257	0.04
Motor vehicle taxes	208	2 911	0.07
Land transfer duties	1 724	6 710	0.26
Congestion levy	63	106	0.59
Fire Services Property Levy	30	770	0.04
Mental Health and Wellbeing Levy	36	387	0.09
Other/miscellaneous	..	3 066	..
Total for items estimated ^(a)	9 700	26 577	0.36

Source: Department of Treasury and Finance

Note:

(a) Totals may not add due to rounding.

Table 5.4 estimates tax expenditures for groups of potential taxpayers based on the legal incidence of State taxes. The largest beneficiaries of tax expenditures are owner-occupier households, mainly as a result of the principal place of residence being exempt from land tax. Revenue forgone from this group is expected to be around \$4.6 billion in 2021-22.

Table 5.4: Estimated aggregate tax expenditures classified by persons or entities affected (\$ million)

<i>Description</i>	2020-21	2021-22	2022-23	2023-24	2024-25
Business not elsewhere included ^(a)	1 267	1 173	1 343	858	905
Charitable, religious and educational institutions	717	812	876	926	984
Gambling clubs	47	80	78	78	79
Commonwealth and State governments	1 112	1 128	1 234	1 336	1 453
Local government	532	563	616	658	711
Hospitals	158	186	206	217	227
Pensioners/concession cardholders	241	255	268	280	291
Owner-occupier households	4 397	4 620	4 922	5 265	5 648
Investors purchasing off-the-plan properties	160	4	4	..	..
Primary producers	725	742	810	871	946
Sporting, recreation and cultural organisations	53	54	59	64	70
Other ^(a)	155	81	62	64	66
Total for items estimated	9 565	9 700	10 478	10 617	11 379

Source: Department of Treasury and Finance

Note:

(a) The profile of this item captures all payroll tax expenditures not applicable to specific business sectors. The variance over time is due to the completion of bushfire and COVID-19 relief measures.

CONCESSIONS

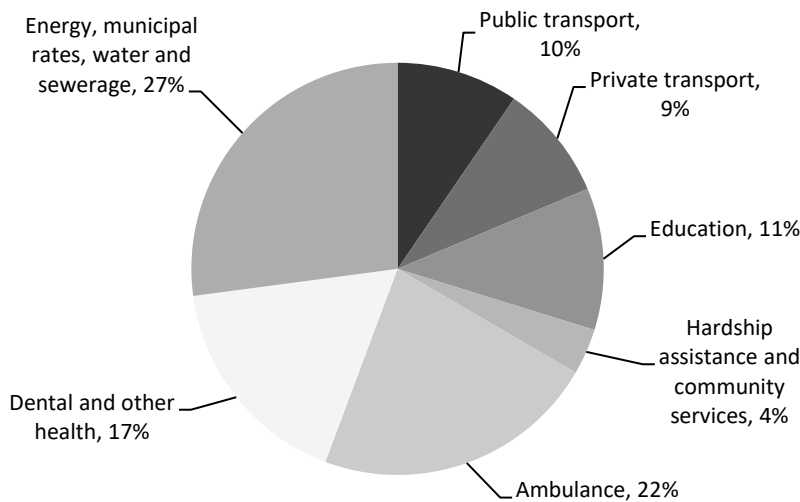
Concessions are direct budget outlays or reduced government charges that reduce the price of a good or service for particular groups. Over the past decade, the State has provided \$16.2 billion in concessions. In 2021-22, concessions are forecast to be about \$2.0 billion.

Certain characteristics of a consumer, such as possessing a Commonwealth Government pension card or healthcare card, can be the basis for such entitlements. Concessions allow certain groups in the community to access or purchase important public services such as energy, education, health and transportation at a reduced cost.

Chart 5.1 shows the estimated distribution of concessions by category for 2021-22. The two largest categories account for more than two-thirds of total concessions:

- health (including ambulance, dental and other health); and
- energy, municipal rates, water and sewerage.

Chart 5.1: Estimated concessions by category 2021-22



Source: Department of Treasury and Finance

Table 5.5 classifies the major concessions by category.

Eligible concession card holders receive reduced bills for energy, municipal rates, water and sewerage, funded by the State and paid to service providers.

Education concessions include concessions for preschool and for vocational education and training.

Hardship schemes include the Utility Relief Grants Scheme and payments to State Trustees through a Community Service Agreement. The Utility Relief Grants Scheme assists Victorians unable to pay utility bills due to temporary financial hardship. State Trustees provide trustee services, including managing the legal and financial affairs of Victorians unable to do so independently.

The social and community services category includes assistance to not-for-profit organisations such as Bereavement Assistance Limited, the Charity Freight Service and food relief organisations.

Private transport concessions consist of a discount on Transport Accident Commission premiums, funding of the Multi-Purpose Taxi Program and Veterans package for ANZAC day.

Table 5.5: Concessions by category (\$ million)

<i>Description</i>	<i>2020-21</i>	<i>2021-22</i>
Electricity	164	174
Mains gas	71	75
Municipal rates	101	104
Water and sewerage	193	195
Total energy, municipal rates, water and sewerage	529	547
Ambulance	437	450
Dental services and spectacles	193	237
Community health programs ^(a)	128	110
Total health	759	700
Education ^(b)	207	225
Hardship schemes	61	64
Social and community services	9	9
Private transport	181	184
Public transport	184	193
Total for items estimated	1 929	2 020

Source: Department of Treasury and Finance

Notes:

(a) Decrease is due to the conclusion of coronavirus (COVID-19) funding after 2020-21.

(b) Increase in 2020-21 is due to a rise in concession eligibility and the inclusion of Access to Early Learning grants, COVID-19 payments and Free Kinder.

CHAPTER 6 – CONTINGENT ASSETS AND CONTINGENT LIABILITIES

This chapter contains information on contingent assets and liabilities for the general government sector and should be read in conjunction with Chapter 1.

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.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable. Table 6.1 contains quantifiable contingent assets as at 12 May 2021.

Table 6.1: Quantifiable contingent assets (\$ million)

	<i>As at Nov 2020 ^(a)</i>	<i>As at May 2021</i>
Guarantees, indemnities and warranties	61	59
Legal proceedings and disputes	16	15
Other	46	48
Total contingent assets	123	121

Source: Department of Treasury and Finance

Note:

(a) As published in the 2020-21 Budget.

Non-quantifiable contingent assets

Peninsula Link compensable enhancement claim

The EastLink Concession Deed contains compensable enhancement provisions that enable the State to claim 50 per cent of any additional revenue derived by ConnectEast Pty Ltd (ConnectEast) as a result of certain events that particularly benefit EastLink, including changes to the adjoining road network.

On 2 January 2014, the State lodged a compensable enhancement claim as a result of opening Peninsula Link. The claim remains outstanding.

CONTINGENT LIABILITIES

Contingent liabilities are:

- 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; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Table 6.2 contains quantifiable contingent liabilities as at 12 May 2021.

Table 6.2: Quantifiable contingent liabilities (\$ million)

	As at Nov 2020 ^(a)	As at May 2021
Guarantees, indemnities and warranties ^(b)	887	1 003
Legal proceedings and disputes	339	336
Other	135	128
Non-general government debt ^(c)	15 297	15 072
Total contingent liabilities	16 658	16 540

Source: Department of Treasury and Finance

Notes:

(a) As published in the 2020-21 Budget.

(b) Guarantees, indemnities and warranties include loans provided by the Treasury Corporation of Victoria to entities other than the State of Victoria and participating authorities, subject to the provision of a guarantee by the Treasurer.

(c) Mainly represents the guarantee of borrowings provided by the Treasurer for the public sector borrowings portfolio. Expected losses under any financial guarantees are recorded as financial liabilities in the balance sheet.

Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities relating to transactions, including financial arrangements and consultancy services, as well as for directors and administrators;
- performance guarantees, warranties, letters of comfort and the like;
- deeds in respect of certain obligations; and
- unclaimed monies, which may be subject to future claims by the general public against the State.

An overview of the more significant non-quantifiable liabilities is outlined below.

Biosciences Research Centre (known as AgriBio)

The quarterly service fee payment obligations of Biosciences Research Centre Pty Ltd (BRC Co) on behalf of the joint venture participants (Department of Jobs, Precincts and Regions and La Trobe University) are backed by the State of Victoria under a State Support Deed. Under this Deed, the State ensures that the joint venture participants have the financial capacity to meet their payment obligations to BRC Co, thereby enabling BRC Co to meet its obligations to pay the quarterly service fee to the concessionaire under the Project Agreement. The State underwrites the risk of any default by BRC Co.

Cladding rectification

The 2014 fire at the Lacrosse apartment building in Melbourne's Docklands and the 2017 Grenfell fire in London highlighted the fire safety risks from the non-compliant use of exterior cladding on buildings. Subsequent investigations and the 2019 fire at the Neo200 Tower on Spencer Street have highlighted that dangerous materials have been used on some buildings throughout Victoria.

The Victorian Building Authority is undertaking a building audit to assess the extent of non-compliant cladding on buildings.

The building audit has identified a number of buildings that require rectification. These buildings are being risk-assessed to inform the extent of rectification works required. The Government has committed funding for cladding rectification initiatives.

Department of Education and Training

The Department has a number of non-quantifiable contingent liabilities, arising from indemnities provided by it, as follows:

- volunteer school workers and volunteer student workers: the *Education and Training Reform Act 2006* provides indemnity for personal injuries or death (and at the discretion of the Minister, for property damage) suffered by volunteer school workers and volunteer student workers arising out of or in the course of engaging in school work or community work respectively;
- teaching service and public service employees: if a departmental employee is named as a defendant in a civil proceeding (for example, personal injury, discrimination or employment claim), any costs and damages will generally be paid by the Department provided the employee was not under the influence of illicit drugs or alcohol or engaging in a criminal offence and the behaviour was not outrageous and was related to their employment;
- board members: the *Education and Training Reform Act 2006* requires the State to indemnify a member of a Merit Protection Board or a Disciplinary Appeals Board for anything done or omitted to be done in good faith in the exercise of a power or the discharge of their statutory duties; and

- school councils: the *Education and Training Reform Act 2006* requires the Department to indemnify individual members of school councils for any legal liability, whether in contract, negligence or defamation, if they acted in good faith and in the exercise of their powers or functions. The Department may decide to indemnify school councils (which are separate entities to the Department) in claims of common law negligence, employment disputes and other civil claims, for the cost of settlement and/or legal representation. The Department will take into account the impact of payment upon the school's educational program and any insurance cover for the school council, and will likely indemnify if the Department is satisfied that:
 - the school council acted in good faith and according to issued guidelines and directions; and
 - the school council has insufficient funds to pay the claim.

National Redress Scheme – sexual abuse of children in institutions

On 13 June 2018, the *National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018* began.

The Act refers powers to the Commonwealth Parliament to ensure that Victorian institutions can participate in the National Redress Scheme. The National Redress Scheme began on 1 July 2018 and will run for 10 years. The Scheme will deliver a financial payment of up to \$150 000, access to psychological counselling and an apology from the responsible institution to eligible survivors of institutional child abuse. This implements a recommendation of the Victorian Parliamentary Inquiry Betrayal of Trust report and the Royal Commission into Institutional Responses to Child Sexual Abuse.

The Government has set aside funding in the budget estimates over the next 10 years for redress. Due to the historical nature of the abuse in question, the precise number of eligible survivors of abuse is difficult to estimate. Consequently, the exact financial implications for Victoria remain uncertain.

Public acquisition overlays for the future development of rail and road infrastructure

Public acquisition overlays are in place to reserve certain areas of land for future development of rail and road infrastructure. Under section 98 of the *Planning and Environment Act 1987*, the State has a legislative responsibility to compensate eligible land and property owners who face either:

- loss on sale: an eligible landowner is entitled to compensation for the incremental loss on sale when a property affected by a public acquisition overlay is sold for less than its market value; or
- financial loss: the entitlement to financial loss compensation is triggered when a development permit is refused because the property is required for a public purpose.

Compensation and purchase claims occur as a result of claims by land owners. The future liability depends on factors, including the number of claims received and the prevailing value of land at the time the claim is made, which cannot be reliably quantified.

Public transport rail partnership agreements

The Department of Transport (DoT) is party to contractual arrangements with franchisees to operate metropolitan rail transport services across the State, from 30 November 2017 until 30 November 2024. The major contingent liabilities arising in the event of early termination or expiry of the contract are:

- partnership assets: to maintain continuity of services, at early termination or expiry of the franchise contract, assets will revert to DoT or a successor. In the case of some assets, a reversion back to DoT would entail those assets being purchased; and
- unfunded superannuation: at the early termination or expiry of the contract, DoT will assume any unfunded superannuation amounts (apart from contributions the operator is required to pay over the contract term) to the extent that the State becomes the successor operator.

Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019

The *Firefighters' Presumptive Rights Compensation and Fire Services Legislation Amendment (Reform) Act 2019* (Act) was assented to on 2 July 2019.

Part 2 of the Act, which came into operation on 3 July 2019, provides for the establishment and operation of the Firefighters' Presumptive Rights Compensation scheme for both career and volunteer firefighters. At the time of the preparation of this report, it is impractical to quantify any possible contingent liabilities for the State arising from the scheme.

Fiskville independent investigation and closure of training college

An independent investigation was undertaken into the historical use of chemicals for live firefighting training at Fiskville Training College (Fiskville) between 1971 and 1999. The report of the independent investigation has been released and the Country Fire Authority (CFA) has accepted all of the facts, recommendations and conclusions and is committed to implementing all recommendations.

In August 2012, the CFA established a program office to manage the implementation of the report's recommendations and an additional 11 management initiatives to which the CFA Board committed in its response to the report.

On 26 March 2015, the Government announced the permanent closure of Fiskville. Fiskville and Victorian Emergency Management Training Centre training grounds owned by the CFA at Penshurst, Bangholme, West Sale, Wangaratta, Huntly, and Longerenong have been the subject of notices issued by the Environment Protection Authority Victoria (EPA).

The Government's response to the Fiskville Inquiry was tabled in Parliament on 24 November 2016. The response supported all of the 31 recommendations of the Victorian Parliamentary Inquiry into the CFA Training College at Fiskville, either in full, in principle or in part.

The CFA has a number of contingent liabilities arising from the closure of Fiskville and the notices issued by the EPA. These relate to any further notices that may be issued by the EPA, any regulatory infringements that may be imposed by the EPA, compensation that may be sought, any legal claims that may be made, and recommendations made by the inquiry.

At this stage it is impractical to quantify the financial effects of these contingent liabilities.

Compulsory property acquisitions

The State has compulsorily acquired a number of properties (residential and commercial) through the *Land Acquisition and Compensation Act 1986* to facilitate delivery of various projects. Possible future claims for compensation arising from the compulsory acquisition of these properties cannot be quantified at this stage.

Land remediation – environmental concerns

In addition to properties for which remediation costs have been provided in the State's financial statements, certain other properties have been identified as potentially contaminated sites. The State does not admit any liability in respect of these sites. However, remedial expenditure may be incurred to restore the sites to an acceptable environmental standard in the event contamination risk has been identified.

Native Title

A number of claims have been filed in the Federal Court under the Commonwealth *Native Title Act 1993* that affect Victoria. It is not feasible at this time to quantify any future liability.

Royal Melbourne Showgrounds redevelopment

The State has entered into an agreement through the State Support Deed – Non-Core Land with Showgrounds Retail Developments Pty Ltd and the Royal Agricultural Society of Victoria (RASV) whereby the State agrees to support certain payment obligations of RASV that may arise under the Non-Core Development Agreement.

Victorian Managed Insurance Authority – insurance cover

The Victorian Managed Insurance Authority (VMIA) was established in 1996 as an insurer for State government departments, participating bodies and other entities as defined under the *Victorian Managed Insurance Authority Act 1996*. VMIA insures its clients for property, public and products liability, professional indemnity, medical indemnity, contract works and a range of other insurances. VMIA also provides domestic building insurance to Victorian residential builders.

VMIA reinsures in the private market up to limits that protect from events with a likelihood of at least one in 200 years and considers reinsurance on a cost benefit basis beyond that point. The risk of losses above what VMIA reinsures in the private market is borne by the State.

VMIA also insures the Department of Health for all public sector medical indemnity claims incurred from 1 July 2003. Under a deed of indemnity that provides stop-loss protection for VMIA, the Department of Treasury and Finance has agreed to reimburse VMIA if the cost of claims for a policy year exceeds the initial estimate, on which the risk premium was based, by more than 20 per cent.

Coronavirus (COVID-19) class action – Victorian businesses

A class action has been filed in the Supreme Court of Victoria against the State of Victoria, the Ministers for Health and Jobs, and the Secretaries of the Department of Health and Human Services and the Department of Jobs, Precincts and Regions relating to economic losses suffered by Victorian businesses under stage 3 and 4 public health restrictions. The VMIA has been notified of this proceeding. VMIA's Combined Liability Policy will respond.

At this stage it is impractical to quantify the financial effects of this contingent liability.

Coronavirus (COVID-19) class action – Victorian residents

A class action has been filed in the Supreme Court of Victoria against the State of Victoria, the Ministers for Health and Jobs, and the Secretaries of the Department of Health and Human Services and the Department of Jobs, Precincts and Regions, relating to psychological and psychiatric injury suffered and economic loss suffered by way of loss of wages or income by Victorian residents under stage 3 and 4 public health restrictions. The VMIA has been notified of this proceeding. VMIA's Combined Liability Policy will respond.

At this stage it is impractical to quantify the financial effects of this contingent liability.

Coronavirus (COVID-19) related claim notifications

The Department of Transport may receive notifications under the contractual agreements by the contractors in relation to the possible impact of the coronavirus (COVID-19) pandemic on a number of projects. Possible future claims cannot be reliably estimated at this stage as quantifiable claims have not yet been provided under the contract.

At this stage it is impractical to quantify the financial effects of this contingent liability.

2019-2020 Victorian bushfires

During the period from December 2019 to February 2020, Victoria experienced significant loss and damage to homes, farms, properties, community assets, roads and other infrastructure as a result of several large bushfires across parts of Victoria, including East Gippsland and North East Victoria.

In order to minimise the environmental, social and economic impact of the bushfires, a State-coordinated clean-up program was activated in January 2020 with a single contractor, Grocon Constructors Pty Ltd (Grocon).

The Government agreed to demolish, remove and safely dispose of all applicable buildings destroyed or damaged beyond repair, regardless of insurance arrangements and is contributing towards the cost of the clean-up.

The costs of the clean-up was jointly shared with the Commonwealth Government under the Commonwealth – State Disaster Recovery Funding Arrangements.

While the clean-up program has been completed, the Government is still committed to supporting individuals and rebuilding communities affected by the bushfires, and at this stage it is impractical to accurately quantify the financial effects of these liabilities.

Southern Cross Station target capacity threshold

The State has a possible liability relating to a claim from a contractor responsible for operating and maintaining Southern Cross Station. The claim relates to patronage levels at the station and the contract provides a process to assess whether modifications to the station, compensation to the contractor or changes to the service standards are required. The claim is being considered and the financial effect is yet to be determined.

Royal Commission into the Management of Police Informants

The Royal Commission into the Management of Police Informants began hearings in February 2019. The final report and recommendations were delivered to the Governor of Victoria on 30 November 2020.

Victoria Police anticipates it may receive claims for compensation. Victoria Police will assess any litigation as it arises.

At this stage it is impractical to quantify the financial effects of these contingent liabilities.

Planning scheme compensation

Under section 98 of the *Planning and Environment Act 1987*, the owner or occupier of any land may claim compensation from the planning authority for financial loss suffered as the natural, direct and reasonable consequence of the land being reserved, or declared as reserved for a public purpose under a planning scheme.

Any future liability depends on a number of factors and cannot be reliably quantified.

Yallourn Power Station safety net

The Government has reached an agreement with EnergyAustralia to ensure an orderly transition as EnergyAustralia (EA) implements the closure of the Yallourn Power Station in June 2028.

The agreement includes, should it be needed, a safety net to avoid an unplanned exit of Yallourn.

As part of this safety net, the State agrees to compensate EA in the event of certain non-business-as-usual costs imposed on the operation of the Yallourn Power Station.

This support will help to ensure Yallourn's workers and Victoria's energy system have sufficient time to plan for the plant's closure. The possible liability depends on a number of future events and cannot be reliably and readily quantified.

APPENDIX A – PUBLIC ACCOUNT

The Public Account is the Government's official bank account. The Public Account holds the cash balances of the Consolidated Fund and the Trust Fund. The State's financial transactions on the Public Account are recorded in the public ledger.

The *Financial Management Act 1994* (FMA), among other things, provides for:

- temporary advances from the Public Account for a number of purposes related to the needs of the Government;
- investment of the Public Account in trustee securities; and
- temporary borrowings, should the balance in the Consolidated Fund be insufficient to meet commitments during a financial year.

Consolidated Fund

The Consolidated Fund established by the FMA is the Government's primary financial account and receives all consolidated revenue under the *Constitution Act 1975* from which payments, appropriated by Parliament, are made.

The Trust Fund

Within the Public Account, the Trust Fund includes a range of specific purpose accounts from which funds may be expended without parliamentary appropriation. Examples include accounts to record specific purpose payments from the Commonwealth for on-passing by the State to third parties, suspense account balances for accounting purposes, working accounts for commercial and departmental service units, and accounts facilitating the receipt and disbursement of private funds held by the State in trust. Additional accounts may also be established within the Trust Fund to receive State revenues hypothecated to particular purposes (e.g. lotteries revenue for hospitals and charities).

A.1 The Consolidated Fund

Estimated receipts and payments for the year ending 30 June 2020 and 30 June 2021

(\$ million)

	2020-21 budget	2021-22 budget	Variation %
Receipts			
Taxation	19 734	28 721	45.5
Fines and regulatory fees	1 080	1 249	15.6
Grants received	19 597	23 609	20.5
Interest received	478	475	(0.5)
Dividends, income tax equivalent and rate equivalent receipts	421	449	6.7
Sales of goods and services and other receipts (including section 29 FMA annotated) ^(a)	8 951	5 497	(38.6)
Total operating activities	50 261	60 001	19.4
Total cash inflows from investing and financing	42 701	26 560	(37.8)
Total receipts	92 963	86 561	(6.9)
Payments			
Special appropriations	5 909	6 501	10.0
Appropriations ^(b)			
Provision of outputs ^(a)	61 594	51 011	(17.2)
Additions to the net asset base	10 833	10 854	0.2
Payments made on behalf of the State	17 910	20 909	16.7
Receipts credited to appropriation			
Provision of outputs	2 770	2 548	(8.0)
Additions to the net asset base	470	1 266	169.5
Sub total	99 486	93 089	(6.4)
Appropriations remaining unspent	(1 331)	(1 009)	(24.2)
Total payments	98 155	92 080	(6.2)
Net receipts/(payments)	(5 192)	(5 519)	6.3
Opening balance 1 July ^(c)	961	1 070	11.4
Estimated closing balance 30 June	(4 231)	(4 449)	5.1

Source: Department of Treasury and Finance

Notes:

- (a) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of CAC reduces the Sales of goods and services and provision of outputs appropriation by the same amount.
- (b) Includes unapplied appropriations carried over from the previous year.
- (c) The opening balance of cash and deposits for the 2021-22 budget is based on the 2020-21 opening balances plus the estimated movements for the 2020-21 revised budget (see Appendix B Note B.10.1).

A.2 Consolidated Fund receipts

(\$ thousand)

	2020-21 budget	2021-22 budget	Variation %
Operating receipts			
Taxation			
Payroll tax	4 557 984	9 105 012	99.8
Mental Health and Wellbeing Levy ^(a)	..	386 700	n.a.
Land tax	3 632 064	4 239 855	16.7
Fire Services Property Levy	709 049	769 626	8.5
Congestion levy	87 677	106 276	21.2
Gambling taxes	1 324 861	2 141 779	61.7
Financial and capital transactions			
Land transfer duty	4 562 312	6 717 473	47.2
Other property duties	17	17	..
Growth areas infrastructure contribution	139 889	181 520	29.8
Metropolitan Planning Levy	16 398	20 502	25.0
Financial accommodation levy	162 479	165 053	1.6
Levies on statutory corporations	172 500	172 500	..
Insurance	1 519 621	1 626 240	7.0
Motor vehicle			
Registration fees pursuant to the <i>Road Safety Act</i> , No. 127 of 1986	1 897 072	1 944 297	2.5
Stamp duty on vehicle transfers	850 435	979 440	15.2
Liquor licence fees	..	23 457	n.a.
Other taxes	101 666	140 974	38.7
Total	19 734 023	28 720 721	45.5
Fines and regulatory fees			
Fines	401 499	464 874	15.8
Regulatory fees	678 774	784 360	15.6
Total	1 080 273	1 249 234	15.6
Grants received by department			
Department of Education and Training	7 500	..	(100.0)
Department of Environment, Land, Water and Planning	211	211	..
Department of Families, Fairness and Housing	..	1 578	..
Department of Health	93 448	81 307	(13.0)
Department of Jobs, Precincts and Regions	40	40	..
Department of Justice and Community Safety	582	200	(65.6)
Department of Premier and Cabinet	..	..	..
Department of Transport	730	5 768	690.5
Department of Treasury and Finance	19 494 915	23 519 801	20.6
Parliament	..	..	..
Total	19 597 427	23 608 906	20.5
Interest received	477 727	475 295	(0.5)

A.2 Consolidated Fund receipts (*continued*)

(\$ thousand)

	2020-21 budget	2021-22 budget	Variation %
Dividends, income tax equivalent and rate equivalent receipts			
Dividends	184 345	202 709	10.0
Income tax equivalent receipts	229 758	239 890	4.4
Local government tax equivalent receipts	6 862	6 520	(5.0)
Total	420 965	449 120	6.7
Sales of goods and services and other receipts ^(b)	8 951 061	5 497 439	(38.6)
Total operating activities	50 261 475	60 000 715	19.4
Cash inflows from investing and financing			
Proceeds from sale of investments	34 913	25 498	(27.0)
Other loans	642	642	..
Return of capital – government entities	532 700	432 700	(18.8)
Borrowings	42 132 981	26 101 570	(38.0)
Total cash inflows from investing and financing	42 701 236	26 560 410	(37.8)
Total Consolidated Fund receipts	92 962 711	86 561 125	(6.9)

Source: Department of Treasury and Finance

Notes:

- (a) The Mental Health and Wellbeing Levy will begin from 1 January 2022 and will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year.
- (b) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of CAC reduces the Sales of goods and services.

A.3 Consolidated Fund appropriations – summary

(\$ thousand)

	2020-21 budget	2021-22 budget ^(a)	Variation %
Education and Training			
Special appropriations	6 013	6 173	2.7
Annual appropriations	17 583 546	16 530 399	(6.0)
Total	17 589 559	16 536 572	(6.0)
Environment, Land, Water and Planning			
Special appropriations	164 846	201 938	22.5
Annual appropriations	3 289 351	3 042 948	(7.5)
Total	3 454 197	3 244 887	(6.1)
Families, Fairness and Housing ^{(b)(c)}			
Special appropriations	..	65 354	..
Annual appropriations	..	6 715 195	..
Total	..	6 780 549	..
Health ^(b)			
Special appropriations	1 282 102	2 077 486	62.0
Annual appropriations	20 909 460	12 301 873	(41.2)
Total	22 191 562	14 379 358	(35.2)
Jobs, Precincts and Regions			
Special appropriations	28 784	..	(100.0)
Annual appropriations	6 723 903	2 797 346	(58.4)
Total	6 752 687	2 797 346	(58.6)
Justice and Community Safety			
Special appropriations	137 941	120 888	(12.4)
Annual appropriations	10 260 843	9 761 798	(4.9)
Total	10 398 784	9 882 685	(5.0)
Premier and Cabinet ^(c)			
Special appropriations	101 044	61 469	(39.2)
Annual appropriations	684 180	482 850	(29.4)
Total	785 224	544 318	(30.7)
Transport			
Special appropriations	1 125 463	902 132	(19.8)
Annual appropriations	15 515 719	13 154 097	(15.2)
Total	16 641 182	14 056 229	(15.5)
Treasury and Finance			
Special appropriations	2 746 962	2 738 503	(0.3)
Annual appropriations	17 681 560	20 760 781	17.4
Total	20 428 522	23 499 284	15.0
Parliament			
Special appropriations	74 766	56 131	(24.9)
Annual appropriations	285 118	298 574	4.7
Total	359 884	354 706	(1.4)

A.3 Consolidated Fund appropriations – summary (*continued*)

(\$ thousand)

	2020-21 budget	2021-22 budget ^(a)	Variation %
Courts			
Special appropriations	241 383	271 283	12.4
Annual appropriations	642 881	741 859	15.4
Total	884 264	1 013 143	14.6
Total special appropriations	5 909 303	6 501 357	10.0
Total annual appropriations	93 576 560	86 587 721	(7.5)
Total appropriations ^(d)	99 485 863	93 089 078	(6.4)

Source: Department of Treasury and Finance

Notes:

- (a) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of CAC has been applied to each department's annual appropriations in 2021-22.
- (b) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (c) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing
- (d) Includes receipts credited to appropriation and unapplied previous year appropriations carried over.

A.4 Consolidated Fund payments – special appropriations ^(a)

(\$ thousand)

	2020-21 budget	2021-22 budget	Variation %
Education and Training			
<i>Education and Training Reform Act No. 24/26 of 2006, Section 5.6.8 – Volunteer Workers Compensation</i>	283	283	..
<i>Financial Management Act No. 18 of 1994, Section 10 - Appropriation of Commonwealth grants</i>	5 730	5 890	3
Total	6 013	6 173	3
Environment, Land, Water and Planning			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	24 957	20 218	(19)
Payments to Building New Communities Fund pursuant to Section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>	69 944	90 860	30
Payments to Growth Areas Public Transport Fund pursuant to Section 201V of the <i>Planning and Environment Act No. 45 of 1987</i>	69 944	90 860	30
Total	164 846	201 938	23
Families, Fairness and Housing ^{(b) (c)}			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	..	1 419	n.a.
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 – Contribution to Hospitals and Charities Fund / Mental Health Fund</i>	..	63 935	n.a.
Total	..	65 354	n.a.
Health ^(b)			
<i>Casino Control Act No. 47 of 1991, Section 114 – Hospitals and Charities Fund</i>	9 074	18 150	100
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth grants</i>	22 409	10 956	(51)
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	170 537	87 722	(49)
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.11 – Hospitals and Charities Fund and Mental Health Fund</i>	442 295	913 042	106
<i>Gambling Regulation Act No. 114 of 2003, Sections 4.4.11 and 4.6.8 – Hospitals and Charities Fund</i>	123 395	148 589	20
<i>Gambling Regulation Act No. 114 of 2003, Section 5.4.6 – Hospitals and Charities Fund and Mental Health Fund</i>	512 248	508 093	(1)
<i>Gambling Regulation Act No. 114 of 2003, Section 6A.4.4(1) – Contributions to Hospital and Charities Fund and Mental Health Fund</i>	2 144	4 232	97
<i>Mental Health Act 2014 – Contribution to mental health services funding</i>	..	386 700	n.a.
Total	1 282 102	2 077 486	62
Jobs, Precincts and Regions			
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	28 784	..	(100)
Total	28 784	..	(100)

A.4 Consolidated Fund payments – special appropriations (*continued*)

(\$ thousand)

	2020-21 budget	2021-22 budget	Variation %
Justice and Community Safety			
<i>Crown Proceedings Act No. 6232</i>	5 907	6 055	2.5
<i>EastLink Project Act No. 39 of 2004, Section 26</i>	2 424	2 485	2.5
<i>Emergency Management Act No 30 of 1986, Section 32 – Volunteer Workers Compensation</i>	1 400	374	(73.3)
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth grants</i>	3 341	..	(100.0)
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	23 375	9 169	(60.8)
<i>Melbourne City Link, Act No. 107 of 1995, Section 14(4)</i>	3 464	3 551	2.5
<i>National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018 Act No 21 of 2018 Section 11(a): Payments to the Commonwealth</i>	90 332	90 332	..
<i>National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018 Act No 21 of 2018 Section 11(b): Provision of Counselling and Psychological Services</i>	4 198	4 198	..
<i>National Redress Scheme for Institutional Child Sexual Abuse (Commonwealth Powers) Act 2018 Act No 21 of 2018 Section 11(c): State Administration Costs</i>	2 260	3 456	52.9
<i>Victoria State Emergency Service Act No. 51 of 2005, Section 52 – Volunteer Workers Compensation</i>	996	1 021	2.5
<i>Work Cover Authority Fund, Corrections Act 1986, part 9D, Section 104ZW</i>	244	247	1.2
Total	137 941	120 888	(12.4)
Premier and Cabinet ^(c)			
<i>Constitution Act No. 8750 – Executive Council</i>	50	50	..
<i>Constitution Act No. 8750 – Governor's Salary</i>	515	515	..
<i>Electoral Act No. 23 of 2002, Section 215 – Electoral Entitlement</i>	12 760	12 760	..
<i>Electoral Act No. 23 of 2002, Section 181 – Electoral Expenses</i>	82 019	48 144	(41.3)
<i>Inquiries Act No. 67 of 2014, Section 58 – Expenses and financial obligations of Board of Inquiry</i>	5 700	..	(100.0)
Total	101 044	61 469	(39.2)
Transport			
<i>Business Franchise (Petroleum Products) Act, No.9272 of 1979, Section 13</i>	481 320	591 536	22.9
<i>Financial Management Act No. 18 of 1994, Section 10 – Appropriation of Commonwealth grants</i>	642 143	308 596	(51.9)
<i>Transport (Compliance and Miscellaneous) Act, Section 213A(4)</i>	2 000	2 000	..
Total	1 125 463	902 132	(19.8)

A.4 Consolidated Fund payments – special appropriations (*continued*)

(\$ thousand)

	2020-21 budget	2021-22 budget	Variation %
Treasury and Finance			
<i>Constitution Act No. 8750 – Governors Pension</i>	1 800	1 854	3.0
<i>Constitution Act No. 8750 - Judges of the Supreme Court</i>	13 408	13 810	3.0
<i>County Court Act No. 6230 - Judges</i>	18 451	19 005	3.0
<i>Essential Services Commission Act No. 61 of 2001, Section 540 – Refund of Penalty</i>	200	200	..
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	5 245	10 371	97.7
<i>Financial Management Act No. 18 of 1994, Section 39 – Interest on Advances</i>	20 000	20 000	..
<i>Gambling Regulation Act No. 114 of 2003, Section 3.6.12 – Community Support Fund</i>	149 913	149 913	..
<i>Gambling Regulation Act No.114/2003 Section 4.6A.5A – Anzac Day Proceeds Fund</i>	410	652	59.0
<i>Gambling Regulation Amendment (Wagering and Betting) Act 2018, Section 4.6A.5</i>	20 400	83 290	308.3
<i>Liquor Control Reform Act No. 94 of 1998, Section 177(2)</i>	3 500	3 500	..
<i>State Superannuation Act No. 50 of 1988, Section 90(2) – Contributions</i>	1 114 734	1 046 908	(6.1)
<i>Taxation (Interest on Overpayments) Act No. 35 of 1986, Section 11</i>	1 000	1 000	..
<i>Taxation Administration Act 1997, Section 121</i>	397 200	387 300	(2.5)
<i>Treasury Corporation of Victoria Act No. 80 of 1992, Section 38 – Debt Retirement</i>	1 000 700	1 000 700	..
Total	2 746 962	2 738 503	(0.3)
Parliament			
<i>Audit Act No. 2 of 1994, Section 79(3) – Audit of Auditor-Generals Office</i>	25	41	64.0
<i>Constitution Act No. 8750 – Clerk of the Parliaments</i>	2	2	..
<i>Constitution Act No. 8750 - Legislative Assembly</i>	550	550	..
<i>Constitution Act No. 8750 – Legislative Council</i>	200	200	..
<i>Constitution Act No. 8750, Section 94A – Auditor-General's Salary</i>	601	616	2.5
<i>Emergency Services Superannuation Act 1986, Part 4AC, Section 22DT</i>	..	9 300	n.a.
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	18 808	..	(100.0)
<i>Ombudsman Act No. 8414</i>	607	607	..
<i>Parliamentary Salaries, Allowances and Superannuation Act, No.7723 of 1968, Section 13(1) – Contributions</i>	9 300	..	(100.0)
<i>Parliamentary Salaries, Allowances and Superannuation Act, No.7723 of 1968 – Salaries and Allowances</i>	44 673	44 815	0.3
Total	74 766	56 131	(24.9)

A.4 Consolidated Fund payments – special appropriations (*continued*)

(\$ thousand)

	2020-21 budget	2021-22 budget	Variation %
Courts			
<i>Constitution Act No. 8750 – Chief Justice</i>	929	971	4.5
<i>Constitution Act No. 8750 - Judges Court of Appeal</i>	8 949	9 351	4.5
<i>Constitution Act No. 8750 – Judges of the Supreme Court</i>	31 010	33 335	7.5
<i>Constitution Act No. 8750 – President Court of Appeal</i>	748	782	4.6
<i>Constitution Act No. 8750 – Section 87AAT(5) – Judicial Commission investigating panel members</i>	218	227	4.1
<i>County Court Act No. 6230 - Judges</i>	44 318	45 599	2.9
<i>Financial Management Act No. 18 of 1994, Section 33 – Appropriation to meet certain obligations ^(a)</i>	9 806	..	(100.0)
<i>Juries Act No. 53 of 2000, Section 59 – Compensation to Jurors</i>	31	33	7.1
<i>Magistrates Court Act No. 51 of 1989</i>	78 276	85 125	8.7
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – Awards</i>	44 153	70 690	60.1
<i>Victims of Crime Assistance Act No. 81 of 1996, Section 69 – Expenses</i>	3 711	5 324	43.5
<i>Victorian Civil and Administrative Tribunal Act 53 of 1998, Section 17AA</i>	19 235	19 847	3.2
Total	241 383	271 283	12.4
Total special appropriations	5 909 303	6 501 357	10.0

Source: Department of Treasury and Finance

Notes:

- (a) Relates to previously applied appropriations.
- (b) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (c) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.

A.5 Consolidated Fund payments: total annual appropriations ^(a)

Details of total annual appropriations for 2021-22 are outlined below, including estimated amounts of unapplied 2020-21 appropriation carried forward pursuant to Section 32 of the FMA and certain revenue and asset sales proceeds credited to appropriation pursuant to Section 29 of the FMA. Estimates for the 2021-22 *Budget* are in **bold**. Estimates for the 2020-21 *Budget* in *italics* reflect amounts published in the 2020-21 *Budget*.

(\$ thousand)

	Provision of outputs ^(b)	Additions to net asset base	Payments made on behalf of the State	Total
Education and Training				
Appropriation ^(c)	14 473 942	1 409 934	..	15 883 876
	<i>15 565 790</i>	<i>1 144 939</i>	..	<i>16 710 729</i>
Receipts credited to appropriation ^(d)	615 360	..	..	615 360
	<i>650 367</i>	<i>7 500</i>	..	<i>657 867</i>
Unapplied previous year appropriation carried over ^(e)	31 163	..	..	31 163
	<i>57 452</i>	<i>157 498</i>	..	<i>214 950</i>
Total appropriation	15 120 465	1 409 934	..	16 530 399
	<i>16 273 609</i>	<i>1 309 937</i>	..	<i>17 583 546</i>
Environment, Land, Water and Planning				
Appropriation ^(c)	1 879 359	238 475	684 226	2 802 060
	<i>2 092 086</i>	<i>271 863</i>	<i>685 136</i>	<i>3 049 085</i>
Receipts credited to appropriation ^(d)	201 788	39 100	..	240 888
	<i>171 762</i>	<i>50 200</i>	..	<i>221 962</i>
Unapplied previous year appropriation carried over ^(e)	..	..	..	..
	<i>15 971</i>	<i>2 334</i>	..	<i>18 305</i>
Total appropriation	2 081 147	277 575	684 226	3 042 948
	<i>2 279 818</i>	<i>324 397</i>	<i>685 136</i>	<i>3 289 351</i>
Families, Fairness and Housing				
Appropriation ^(c)	6 012 626	140 854	69 107	6 222 587

Receipts credited to appropriation ^(d)	465 488	27 121	..	492 608

Unapplied previous year appropriation carried over ^(e)	..	..	..	..

Total appropriation	6 478 113	167 975	69 107	6 715 195

Health				
Appropriation ^(c)	11 670 875	155 140	..	11 826 015
	<i>19 262 411</i>	<i>611 656</i>	<i>66 771</i>	<i>19 940 838</i>
Receipts credited to appropriation ^(d)	375 335	51 446	..	426 782
	<i>899 782</i>	<i>24 149</i>	..	<i>923 931</i>
Unapplied previous year appropriation carried over ^(e)	49 076	..	..	49 076
	<i>44 692</i>	..	..	<i>44 692</i>
Total appropriation	12 095 286	206 586	..	12 301 873
	<i>20 206 884</i>	<i>635 805</i>	<i>66 771</i>	<i>20 909 460</i>

A.5 Consolidated Fund payments: total annual appropriations (continued)

(\$ thousand)

	<i>Provision of outputs ^(b)</i>	<i>Additions to net asset base</i>	<i>Payments made on behalf of the State</i>	<i>Total</i>
Jobs, Precincts and Regions				
Appropriation ^(c)	2 433 481	186 516	76 712	2 696 709
	6 253 233	270 062	74 454	6 597 749
Receipts credited to appropriation ^(d)	100 637	..	..	100 637
	108 692	..	..	108 692
Unapplied previous year appropriation carried over ^(e)	..	..	..	..
	4 752	12 710	..	17 462
Total appropriation	2 534 118	186 516	76 712	2 797 346
	6 366 677	282 772	74 454	6 723 903
Justice and Community Safety				
Appropriation ^(c)	8 108 685	1 328 476	53 000	9 490 162
	8 419 211	1 253 998	158 351	9 831 561
Receipts credited to appropriation ^(d)	271 036	600	..	271 636
	313 688	600	..	314 288
Unapplied previous year appropriation carried over ^(e)	..	..	..	..
	35 576	79 418	..	114 994
Total appropriation	8 379 721	1 329 076	53 000	9 761 798
	8 768 475	1 334 016	158 351	10 260 843
Premier and Cabinet				
Appropriation ^(c)	456 481	12 816	..	469 297
	660 464	20 824	..	681 288
Receipts credited to appropriation ^(d)	755	..	..	755
	650	..	..	650
Unapplied previous year appropriation carried over ^(e)	12 798	..	..	12 798
	2 140	102	..	2 242
Total appropriation	470 034	12 816	..	482 850
	663 254	20 926	..	684 180
Transport				
Appropriation ^(c)	4 592 951	7 007 309	..	11 600 260
	7 757 387	5 591 438	..	13 348 825
Receipts credited to appropriation ^(d)	406 120	1 147 718	..	1 553 837
	502 685	387 326	..	890 011
Unapplied previous year appropriation carried over ^(e)	..	..	..	..
	117 567	1 159 316	..	1 276 883
Total appropriation	4 999 071	8 155 026	..	13 154 097
	8 377 639	7 138 079	..	15 515 719
Treasury and Finance				
Appropriation ^(c)	579 292	147 120	20 025 822	20 752 234
	596 746	123 451	16 925 040	17 645 237
Receipts credited to appropriation ^(d)	8 546	..	..	8 546
	21 046	..	..	21 046
Unapplied previous year appropriation carried over ^(e)	..	..	..	..
	15 277	..	..	15 277
Total appropriation	587 839	147 120	20 025 822	20 760 781
	633 069	123 451	16 925 040	17 681 560

A.5 Consolidated Fund payments: total annual appropriations (continued)

(\$ thousand)

	Provision of outputs ^(b)	Additions to net asset base	Payments made on behalf of the State	Total
Parliament				
Appropriation ^(f)	248 181	15 939	..	264 120
	241 526	9 171	..	250 697
Receipts credited to appropriation ^(d)	27 720	..	..	27 720
	27 087	..	..	27 087
Unapplied previous year appropriation carried over ^(e)	6 684	50	..	6 734
	7 334	..	..	7 334
Total appropriation	282 585	15 989	..	298 574
	275 947	9 171	..	285 118
Courts				
Appropriation ^(c)	455 782	211 288	..	667 070
	441 190	117 304	..	558 494
Receipts credited to appropriation ^(d)	74 790	..	..	74 790
	74 138	..	..	74 138
Unapplied previous year appropriation carried over ^(e)	..	..	..	..
	2 909	7 340	..	10 249
Total appropriation	530 571	211 288	..	741 859
	518 238	124 644	..	642 881

Source: Department of Treasury and Finance

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing. Portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (b) As highlighted in Budget Paper No. 3, Chapter 2 Department Performance Statements, the capital assets charge (CAC) policy is discontinued from 2021-22. The removal of CAC has been applied to each department's annual appropriations in 2021-22.
- (c) Appropriation (2021-22) Bill.
- (d) Financial Management Act 1994 Section 29.
- (e) Financial Management Act 1994 Section 32.
- (f) Appropriation (Parliament 2021-22) Bill.

A.6 Appropriation of certain revenue and asset sale proceeds pursuant to Section 29 of the *Financial Management Act 1994*

Estimates for the 2021-22 *Budget* are in **bold**; estimates for the 2020-21 *Budget* are in *italics*.
(\$ thousand)

Department	Outputs	Receipt source		Total
		Commonwealth	Other ^(a)	
Education and Training	95 414	519 946	..	615 360
	<i>84 383</i>	<i>566 984</i>	<i>6 500</i>	<i>657 867</i>
Environment, Land, Water and Planning	33 567	207 321	..	240 888
	<i>124 582</i>	<i>97 379</i>	..	<i>221 962</i>
Families, Fairness and Housing ^{(b) (c)}	58 033	428 325	6 250	492 608

Health ^(b)	286 390	137 246	3 146	426 782
	<i>328 639</i>	<i>585 929</i>	<i>9 363</i>	<i>923 931</i>
Jobs, Precincts and Regions	100 003	634	..	100 637
	<i>96 168</i>	<i>12 523</i>	..	<i>108 692</i>
Justice and Community Safety	185 820	85 216	600	271 636
	<i>222 265</i>	<i>91 423</i>	<i>600</i>	<i>314 288</i>
Premier and Cabinet ^(c)	755	..	..	755
	<i>640</i>	<i>10</i>	..	<i>650</i>
Transport	142 691	1 409 602	1 544	1 553 837
	<i>164 460</i>	<i>725 551</i>	..	<i>890 011</i>
Treasury and Finance	8 546	..	..	8 546
	<i>8 546</i>	<i>12 500</i>	..	<i>21 046</i>
Parliament	27 720	..	..	27 720
	<i>27 087</i>	..	..	<i>27 087</i>
Courts	65 619	9 171	..	74 790
	<i>65 147</i>	<i>8 991</i>	..	<i>74 138</i>

Source: Department of Treasury and Finance

Notes:

- (a) Includes asset sales and contributions from local governments.
- (b) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (c) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTIQ+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.

A.7 The Trust Fund

(\$ thousand)

	2020-21 budget	2020-21 revised	2021-22 budget	Variation %
Cash flows from operating activities				
Receipts				
Taxation	390 560	390 560	584 765	50
Regulatory fees and fines	72 327	72 327	109 434	51
Grants received	20 182 987	23 046 702	21 149 536	5
Sale of goods and services	842 492	789 602	832 313	(1)
Interest received	80 549	90 195	74 950	(7)
Dividends received	90 933	90 933	92 154	1
Net transfers from Consolidated Fund	5 214 765	6 212 514	6 180 103	19
Other receipts	423 930	406 819	137 869	(67)
Total receipts	27 298 542	31 099 653	29 161 125	7
Payments				
Payments for employees	(571 108)	(485 552)	(260 278)	(54)
Superannuation	(44 895)	(36 640)	(17 945)	(60)
Interest paid	(101 978)	(89 802)	(112 114)	10
Grants and subsidies	(21 194 460)	(23 855 703)	(22 782 170)	7
Goods and services	(3 300 662)	(4 204 911)	(2 728 662)	(17)
Total payments	(25 213 102)	(28 672 608)	(25 901 170)	3
Net cash flows from operating activities	2 085 441	2 427 045	3 259 955	56
Cash flows from investing activities				
Purchases of non-financial assets	(3 474 903)	(2 650 734)	(3 929 704)	13
Sales of non-financial assets	63 644	63 644	59 340	(7)
Net proceeds from customer loans	1 757 912	395 763	995 072	(43)
Other investing activities	(416 869)	(1 057 007)	(178 278)	(57)
Net cash flows from investing activities	(2 070 216)	(3 248 334)	(3 053 570)	48
Cash flows from financing activities				
Net borrowings	(727 540)	(160 958)	(249 711)	(66)
Net cash flow from financing activities	(727 540)	(160 958)	(249 711)	(66)
Net cash inflow/(outflow)	(712 315)	(982 246)	(43 325)	(94)
Represented by:				
Cash and cash equivalents held at beginning of reporting period	3 852 093	3 852 093	2 869 847	(25)
Cash and cash equivalents held at end of reporting period	3 139 779	2 869 847	2 826 522	(10)

Source: Department of Treasury and Finance

APPENDIX B – 2020-21 BUDGET OUTCOME INCORPORATING THE FINANCIAL REPORT FOR THE MARCH QUARTER 2021

The financial statements included in this appendix estimate the budget outcomes for the 2020-21 financial year, taking into account government policy decisions and economic developments impacting on both income and expenses since the presentation of the *2020-21 Budget* to Parliament in November 2020. This appendix also presents the financial results for the Victorian general government sector financial statements for the nine months ended 31 March 2021, prepared in accordance with the *Financial Management Act 1994*.

FINANCIAL RESULTS FOR THE GENERAL GOVERNMENT SECTOR

Revised 2020-21 budget outcome and result for the period to 31 March 2021

For the nine months to 31 March 2021, the net result from transactions for the general government sector recorded a deficit of \$10.7 billion. This result compares with a full-year revised deficit of \$17.4 billion. This interim result is consistent with achieving the full-year estimate.

Caution needs to be taken in interpreting and projecting the potential annual outcome for the full year from this interim result due to the significant impact of the uneven recognition pattern of various major revenue and expense items. These include land tax, the Fire Services Property Levy, Commonwealth grants, and the timing of activity across departments. Additionally, it is expected that own-source revenue will increase in the last quarter of the financial year due to the easing of public health restrictions.

Revenue from transactions

Total revenue for the nine months ended 31 March 2021 was \$51.5 billion. This is 72.1 per cent of the full-year revised budget estimate and a decrease of \$1.2 billion compared with the same period last year.

Taxation revenue was \$17.7 billion, or 75.6 per cent of the full-year revised budget estimate. Taxation revenue decreased by \$1.2 billion when compared with the same time last year. This was mainly due to a decrease in payroll tax, land transfer duty and gambling taxes due to public health restrictions and payroll tax waivers and refunds provided as part of the Government's response to the coronavirus (COVID-19) pandemic.

Grant revenue was \$25.4 billion, or 71 per cent of the full-year revised budget estimate. This is below the pro rata revised budget, primarily due to the timing of Commonwealth grants including GST grants, and contributions to the North East Link and Melbourne Airport Rail projects.

Grant revenue was \$782 million higher when compared with the same period last year. This was primarily driven by an increase in grants from the Commonwealth relating to the National Health Reform Agreement and the COVID-19 Response National Partnership Agreement, financial assistance grants to local government and for non-government schools. This was partially offset by lower GST grants from the Commonwealth as a result of the weakening in the Australian economy resulting from the coronavirus (COVID-19) pandemic, and Victoria receiving a lower share of GST revenue following the 2020 Commonwealth Grants Commission methodology review.

Revenue from the sale of goods and services was \$5.7 billion, or 70.2 per cent of the full-year revised budget estimate. Sale of goods and services was below pro rata revised budget primarily due to lower revenue from schools and TAFEs, lower hospital and patient fees, and lower farebox revenue due to public health restrictions. These revenue sources are expected to increase in the last quarter of the financial year following the easing of public health restrictions.

Other revenue and income was \$1.8 billion, or 62.7 per cent of the full-year revised budget estimate. This is below the pro rata revised budget due to similar attributed reductions in court fees, fines as well as toll fines, and lower third-party revenue from schools and TAFEs. This revenue is expected to increase in the last quarter of the financial year.

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

Expenses from transactions

Total expenses to the end of March 2021 were \$62.1 billion, an increase of \$8.7 billion (16.2 per cent) compared with the same time last year. This increase mainly reflects the impact of the support measures implemented by the Government in response to the coronavirus (COVID-19) pandemic. This includes measures to support jobs and businesses and to deliver the frontline health response.

Total expenses were \$4.5 billion below pro rata at 69.9 per cent of the full-year revised budget estimate. The variance to the pro rata revised budget is primarily due to the timing of activity across departments, which is expected to increase in the last three months of the year.

Other economic flows

Other economic flows that are not included in the net result from transactions reflected a gain of \$2.7 billion for the nine months to 31 March 2021. This was primarily due to a re-measurement gain on the State's defined benefit superannuation liability of \$2.1 billion largely due to higher than expected investment returns on superannuation assets.

Balance sheet

Total assets increased by \$13 billion in the nine months ended 31 March 2021. This mainly reflects an increase in cash holdings, primarily to facilitate increased short-term liquidity requirements, an increase in receivables relating to the timing of land tax assessments issued and the deferral of land taxes for certain eligible taxpayers as part of the Government’s COVID-19 response, and the Government’s infrastructure investment program.

Total liabilities increased by \$21 billion to \$145.9 billion due to an increase in borrowings over the period to finance higher expenditure resulting from the Government’s response to the coronavirus (COVID-19) pandemic, an increase in right-of-use lease liabilities, primarily driven by Victoria Police’s lease agreement relating to the 311 Spencer Street Complex in accordance with AASB 16 *Leases*, and to fund the Government’s infrastructure investment program. This was partially offset by a \$1.8 billion decrease in the State’s defined benefit superannuation liability primarily due to higher investment returns on superannuation assets.

Net debt increased by \$22.3 billion to \$66.7 billion as at 31 March 2021. This was driven mainly by an increase in borrowings, partially offset by an increase in cash and deposits, for the reasons outlined above.

Cash flow statement

The movements disclosed in the cash flow statement are consistent with the above-mentioned drivers associated with the net result and the impact of the Government’s infrastructure investment program.

The table below 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.

Application of cash resources for the general government sector ^(a)

(\$ million)

	2020-21 actual 31 Mar	2020-21 revised estimate
Net result from transactions – net operating balance	(10 664)	(17 443)
Add back: Operating cash flows not recognised in the net operating balance ^(b)	(1 078)	53
Net cash flows from operating activities	(11 742)	(17 390)
Less:		
Net investment in fixed assets		
Purchases of non-financial assets	8 137	11 785
Net cash flows from investments in financial assets for policy purposes	(162)	287
Sales of non-financial assets	(94)	(147)
Net investment in fixed assets	7 880	11 925
Leases and service concession arrangements ^(c)	2 412	3 379
Other movements	309	528
Decrease/(increase) in net debt	(22 342)	(33 222)

Source: Department of Treasury and Finance

Notes:

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

(b) Includes depreciation, prepayments and movements in the unfunded superannuation liability and the liability of employee benefits for the year, and the progressive unwinding of the grant of a right to the operator liability.

(c) Includes most operating leases which are now required to be recognised as lease liabilities. This also includes the financial liabilities relating to public private partnerships include the High Capacity Metro Trains Project, the Metro Tunnel, the new Footscray Hospital, Frankston Hospital redevelopment, the Western Roads Upgrade, and the West Gate Tunnel Project.

Government infrastructure investment

The State continues to deliver its infrastructure investment program to support economic activity and jobs, growing community needs and ongoing productivity improvement. Government infrastructure investment, which includes general government net infrastructure investment and estimated construction related cash outflows for Partnerships Victoria projects (net of asset sales), totalled \$9.9 billion for the nine months ended March 2021 (\$8.7 billion for the corresponding period in 2020).

The Government's infrastructure scorecard as at 31 March 2021

Major projects in progress include:

- 75 level crossing removals by 2025;
- A Pathway to More Acute Mental Health Beds;
- Additional VLocity trains;
- Ballarat Health Services expansion and redevelopment;
- Big Housing Build;
- Building a world-class Geelong Performing Arts Centre;
- Caulfield to Dandenong conventional signalling and power infrastructure upgrade;
- Child Link;
- Chisholm Road prison project;
- City Loop fire and safety upgrade (Stage 2) and intruder alarm;
- Courts case management system;
- Cranbourne line duplication;
- Cranbourne-Pakenham and Sunbury line upgrades;
- E-Class Tram Infrastructure Program;
- Echuca-Moama Bridge;
- Frankston Hospital Redevelopment;
- Frankston line stabling;
- Geelong Fast Rail;
- Goulburn Valley Health redevelopment;
- High Capacity Metro Trains Project;
- Hurstbridge Line upgrade – Stage 2;
- Kardinia Park Stadium Stage 5 redevelopment;
- M80 Ring Road upgrade;
- Melbourne Arts Precinct Transformation – Phase 1;
- Melbourne Airport Rail;
- Melbourne Park redevelopment – Stage 3;

The Government's infrastructure scorecard as at 31 March 2021 (continued)

- Men's prison system capacity;
- Metro Tunnel;
- Metropolitan Network Modernisation program;
- Monash Freeway Upgrade – Stage 2;
- Mordialloc Freeway;
- Murray Basin Rail Project;
- New Footscray Hospital;
- New schools construction;
- New trains for Sunbury;
- New Wyndham Law Court;
- New youth justice facility;
- Next Generation Trams;
- North East Link;
- Northern Hospital inpatient expansion – Stage 2;
- Public housing renewal program;
- Regional Rail Revival;
- Royal Victorian Eye and Ear Hospital redevelopment;
- School Upgrades – growth;
- Shepparton Corridor Upgrade – Stages 2 and 3;
- Suburban Rail Loop;
- Suburban Roads Upgrade;
- Technology and resources to support Victoria's fines system;
- Ten new community hospitals;
- Victorian Heart Hospital;
- Warrnambool Base Hospital Redevelopment;
- Warrnambool Line Upgrade – Stage 2;
- Waurn Ponds Track Duplication – Stage 2;
- West Gate Tunnel Project;
- Western Highway duplication – Ballarat to Stawell;
- Western Rail Plan;
- Western Roads Upgrade; and
- Women's prison system capacity.

B.1 CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT

For the period ended 31 March

(\$ million)

2019-20 actual 31 Mar		Notes	2020-21 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
Revenue and income from transactions							
18 951	Taxation	B.6.1	17 738	23 468	20 928	2 540	12
459	Interest income		406	632	637	(5)	(1)
575	Dividends, income tax equivalent and rate equivalent income	B.6.2	443	595	534	61	11
5 932	Sales of goods and services	B.6.3	5 661	8 059	8 433	(374)	(4)
24 612	Grants	B.6.4	25 394	35 743	33 483	2 261	7
2 154	Other revenue and income	B.6.5	1 834	2 923	2 673	250	9
52 683	Total revenue and income from transactions		51 476	71 419	66 687	4 732	7
Expenses from transactions							
19 981	Employee expenses		22 033	29 205	29 971	(766)	(3)
305	Net superannuation interest expense	B.7.3	229	305	305	..	..
2 282	Other superannuation	B.7.3	2 566	3 323	3 329	(6)	..
2 784	Depreciation	B.8.2	3 047	4 216	4 145	72	2
1 739	Interest expense		1 939	2 832	2 813	19	1
10 787	Grant expense		15 625	21 691	22 009	(318)	(1)
15 577	Other operating expenses		16 701	27 290	27 397	(107)	..
53 456	Total expenses from transactions	B.7.4	62 140	88 862	89 968	(1 106)	(1)
(773)	Net result from transactions – net operating balance		(10 664)	(17 443)	(23 281)	5 839	(25)
Other economic flows included in net result							
(34)	Net gain/(loss) on disposal of non-financial assets		21	(11)	10	(21)	(212)
219	Net gain/(loss) on financial assets or liabilities at fair value		112	(157)	(13)	(144)	1 063
..	Share of net profit/(loss) from associates/joint venture entities		(2)	..	(2)	2	(100)
(587)	Other gains/(losses) from other economic flows	B.11.1	194	(587)	(376)	(211)	56
(403)	Total other economic flows included in net result		324	(755)	(382)	(373)	98
(1 176)	Net result		(10 340)	(18 198)	(23 663)	5 465	(23)
Other economic flows – other comprehensive income							
Items that will not be reclassified to net result							
368	Changes in non-financial assets revaluation surplus		289	1 050	1 590	(539)	(34)
(763)	Remeasurement of superannuation defined benefits plans	B.7.3	2 068	2 400	(676)	3 076	(455)
(107)	Other movements in equity		72	6	17	(12)	(68)

B.1 CONSOLIDATED COMPREHENSIVE OPERATING STATEMENT (continued)

For the period ended 31 March

(\$ million)

2019-20 actual 31 Mar		Notes	2020-21 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
	Items that may be reclassified subsequently to net result						
(79)	Net gain/(loss) on financial assets at fair value		150	3	3	..	..
(843)	Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets		(158)	(2 964)	(3 912)	948	(24)
(1 424)	Total other economic flows – other comprehensive income		2 420	495	(2 978)	3 473	(117)
(2 600)	Comprehensive result – total change in net worth		(7 920)	(17 703)	(26 641)	8 938	(34)
	KEY FISCAL AGGREGATES						
(773)	Net operating balance		(10 664)	(17 443)	(23 281)	5 839	(25)
3 085	Less: Net acquisition of non-financial assets from transactions	B.7.5	7 879	5 960	8 911	(2 951)	(33)
(3 858)	Net lending/(borrowing)		(18 543)	(23 402)	(32 192)	8 790	(27)

Source: Department of Treasury and Finance

The accompanying notes form part of these financial statements.

B.2 CONSOLIDATED BALANCE SHEET

As at 31 March ^{(a)(b)}

(\$ million)

2019-20 actual 31 Mar	Notes	opening 1 Jul	2020-21 actual 31 Mar	revised budget	published budget	Opening to revised budget change	Opening to published budget change
Assets							
Financial assets							
9 236	Cash and deposits	13 037	14 823	13 550	12 193	513	(844)
7 408	Advances paid	6 550	5 977	6 181	4 826	(369)	(1 724)
7 275	Receivables and contract assets	B.9.1 6 109	8 921	8 016	7 795	1 907	1 687
2 776	Investments, loans and placements	2 589	2 759	1 470	2 578	(1 119)	(11)
45	Investments accounted for using the equity method	10	10	10	10	..	..
75 235	Investments in other sector entities	75 043	75 317	78 279	78 269	3 237	3 226
101 975	Total financial assets	103 337	107 806	107 505	105 671	4 168	2 334
Non-financial assets							
198	Inventories	666	901	977	258	311	(408)
200	Non-financial assets held for sale	192	189	203	203	11	11
160 979	Land, buildings, infrastructure, plant and equipment	B.8.1 173 708	181 863	180 415	184 698	6 707	10 990
2 711	Other non-financial assets	B.8.7 3 103	3 293	3 219	2 829	116	(273)
164 089	Total non-financial assets	177 668	186 247	184 814	187 988	7 146	10 320
266 064	Total assets	281 005	294 053	292 319	293 659	11 314	12 654
Liabilities							
4 568	Deposits held and advances received	3 681	3 100	3 168	1 822	(513)	(1 859)
14 707	Payables	B.9.2 16 802	15 668	15 456	15 298	(1 345)	(1 504)
101	Contract liabilities	B.9.2 68	401	215	68	147	..
53 457	Borrowings	62 807	87 113	95 566	104 510	32 760	41 703
8 183	Employee benefits	B.7.2 9 028	9 022	9 342	9 349	313	320
29 565	Superannuation	B.7.3 31 228	29 388	28 774	31 842	(2 454)	614
1 028	Other provisions	1 335	1 223	1 444	1 355	109	20
111 609	Total liabilities	124 949	145 916	153 965	164 244	29 017	39 295
154 455	Net assets	156 057	148 137	138 354	129 415	(17 703)	(26 641)
76 349	Accumulated surplus/(deficit)	68 131	60 264	52 355	43 812	(15 776)	(24 320)
78 106	Reserves	87 925	87 872	85 999	85 604	(1 927)	(2 322)
154 455	Net worth	156 057	148 137	138 354	129 415	(17 703)	(26 641)

B.2 CONSOLIDATED BALANCE SHEET *(continued)*

As at 31 March

(\$ million)

2019-20 actual 31 Mar	Notes	opening 1 Jul	2020-21 actual 31 Mar	revised budget	published budget	Opening to revised budget change	Opening to published budget change
FISCAL AGGREGATES							
(9 634)	Net financial worth	(21 612)	(38 110)	(46 460)	(58 573)	(24 849)	(36 961)
84 869	Net financial liabilities	96 654	113 427	124 740	136 842	28 085	40 187
38 605	Net debt	44 312	66 654	77 533	86 735	33 222	42 423

Source: Department of Treasury and Finance

The accompanying notes form part of these Financial Statements.

Notes:

- (a) The 31 March 2020 comparative figures have been restated to correct a prior period error within administered fines revenue for the Department of Justice and Community Safety. Please refer to Note 6.3.1 Prior Period Adjustment in the 2019-20 Financial Report for further details.
- (b) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities, AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.3 CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 March

(\$ million)

2019-20 actual 31 Mar		Notes	2020-21 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
Cash flows from operating activities							
Receipts							
17 563	Taxes received		15 730	21 589	19 283	2 306	12
24 642	Grants		24 643	34 462	32 277	2 185	7
6 622	Sales of goods and services ^(a)		6 213	8 783	9 253	(470)	(5)
472	Interest received		404	618	624	(5)	(1)
615	Dividends, income tax equivalent and rate equivalent receipts		443	589	528	61	12
1 428	Other receipts		633	1 764	1 990	(226)	(11)
51 343	Total receipts		48 066	67 806	63 955	3 850	6
Payments							
(19 941)	Payments for employees		(21 715)	(28 898)	(29 657)	759	(3)
(2 416)	Superannuation		(2 566)	(3 681)	(3 695)	14	..
(1 538)	Interest paid		(1 676)	(2 473)	(2 450)	(23)	1
(11 193)	Grants and subsidies		(15 752)	(21 475)	(21 964)	488	(2)
(16 572)	Goods and services ^(a)		(16 961)	(27 515)	(26 740)	(775)	3
(724)	Other payments		(1 138)	(1 152)	(1 252)	100	(8)
(52 383)	Total payments		(59 808)	(85 195)	(85 759)	563	(1)
(1 041)	Net cash flows from operating activities		(11 742)	(17 390)	(21 803)	4 414	(20)
Cash flows from investing activities							
Cash flows from investments in non-financial assets							
(6 715)	Purchases of non-financial assets	B.7.5	(8 137)	(11 785)	(16 534)	4 749	(29)
108	Sales of non-financial assets		94	147	258	(111)	(43)
(6 607)	Net cash flows from investments in non-financial assets		(8 042)	(11 638)	(16 276)	4 638	(28)
618	Net cash flows from investments in financial assets for policy purposes		162	(287)	1 193	(1 480)	(124)
(5 989)	Subtotal		(7 880)	(11 925)	(15 083)	3 158	(21)
(293)	Net cash flows from investments in financial assets for liquidity management purposes		73	781	..	780	n.a.
(6 282)	Net cash flows from investing activities		(7 807)	(11 144)	(15 083)	3 939	(26)
Cash flows from financing activities							
(634)	Advances received (net)		(630)	(513)	(1 870)	1 357	(73)
7 466	Net borrowings		21 916	29 560	37 901	(8 342)	(22)
(48)	Deposits received (net)		49	..	11	(11)	(100)
6 784	Net cash flows from financing activities		21 335	29 047	36 042	(6 995)	(19)
(539)	Net increase/(decrease) in cash and cash equivalents		1 786	513	(844)	1 357	(161)
9 775	Cash and cash equivalents at beginning of reporting period		13 037	13 037	13 037	..	..
9 236	Cash and cash equivalents at end of the reporting period	B.11.2	14 823	13 550	12 193	1 357	11

B.3 CONSOLIDATED CASH FLOW STATEMENT *(continued)*

For the period ended 31 March

(\$ million)

2019-20 actual 31 Mar		Notes	2020-21 actual 31 Mar	revised budget	published budget	Budget to revised budget change	Change %
FISCAL AGGREGATES							
(1 041)	Net cash flows from operating activities		(11 742)	(17 390)	(21 803)	4 414	(20)
(6 607)	Net cash flows from investments in non-financial assets		(8 042)	(11 638)	(16 276)	4 638	(28)
(7 648)	Cash surplus/(deficit)		(19 784)	(29 028)	(38 080)	9 051	(24)

Source: Department of Treasury and Finance

The accompanying notes form part of these financial statements.

Note:

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

B.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March

(\$ million)

	Accumulated surplus/(deficit)	Non-financial assets revaluation surplus
2019-20 (actual)		
Balance at 1 July 2019 ^{(a)(b)}	54 752	66 062
Net result for the year	(1 176)	..
Other comprehensive income for the year	(902)	368
Transfer to/(from) accumulated surplus	23 675	(23 675)
Total equity as at 31 March 2020 ^{(a)(b)}	76 349	42 755
2020-21 (actual)		
Balance at 1 July 2020	68 131	54 379
Net result for the year	(10 340)	..
Other comprehensive income for the year	2 153	289
Transfer to/(from) accumulated surplus	320	(320)
Total equity as at 31 March 2021	60 264	54 348
2020-21 (revised)		
Balance at 1 July 2020	68 131	54 379
Net result for the year	(18 198)	..
Other comprehensive income for the year	2 421	1 050
Transfer to/(from) accumulated surplus	..	..
Budget equity as at 30 June 2021	52 355	55 429
2020-21 (budget)		
Balance at 1 July 2020	68 131	54 379
Net result for the year	(23 663)	..
Other comprehensive income for the year	(656)	1 590
Transfer to/(from) accumulated surplus	..	..
Budget equity as at 30 June 2021	43 812	55 968

Source: Department of Treasury and Finance

The accompanying notes form part of these financial statements.

Notes:

- (a) The 1 July 2019 and 31 March 2020 comparative figures have been restated to correct a prior period error within administered fines revenue for the Department of Justice and Community Safety. Please refer to Note 6.3.1 Prior Period Adjustment in the 2019-20 Financial Report for further details.
- (b) The 1 July 2019 and 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities, AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

<i>Investment in other sector entities revaluation surplus</i>	<i>Other reserves</i>	<i>Total</i>
35 222	1 020	157 056
..	..	(1 176)
(843)	(47)	(1 424)
..
34 379	972	154 455
32 639	908	156 057
..	..	(10 340)
(158)	136	2 420
..
32 480	1 044	148 137
32 639	908	156 057
..	..	(18 198)
(2 964)	(13)	495
..
29 675	895	138 354
32 639	908	156 057
..	..	(23 663)
(3 912)	1	(2 978)
..
28 727	908	129 415

B.5 ABOUT THIS REPORT

Basis of preparation

This March Quarterly Financial Report presents the unaudited financial report for the general government sector for the nine months ended 31 March 2021.

The detailed accounting policies applied in preparing the quarterly financial report are consistent with those applied for the financial statements published in the *2019-20 Financial Report* for the State of Victoria.

This quarterly financial report does not include all the notes normally included with the annual financial report and should be read in conjunction with the *2019-20 Financial Report*.

Statement of compliance

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

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

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

Basis of accounting and measurement

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

Reporting entity

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

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

Basis of consolidation

The March Quarterly Financial Report includes all reporting entities in the general government sector that are controlled by the State. Information on entities consolidated for the general government sector is included in Note 1.7.4 of Chapter 1 of this budget paper. In the process of reporting the general government sector as a single economic entity, all material transactions and balances in the sector are eliminated.

B.6 HOW FUNDS ARE RAISED

Introduction

This section presents the sources and amounts of revenue and income raised by the general government sector.

The income and revenue recognition are determined by the State based on the substance or the relevant arrangement in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*.

B.6.1 Taxation		(\$ million)	
2019-20 actual 31 Mar		2020-21 actual 31 Mar	revised budget
4 777	Taxes on employers' payroll and labour force ^(a)	4 498	6 192
	Taxes on immovable property		
3 040	Land tax	3 122	3 675
707	Fire Services Property Levy	718	718
110	Congestion levy ^(b)	(26)	81
188	Metropolitan improvement levy	187	199
4 045	Total taxes on property	4 001	4 672
	Gambling taxes		
406	Public lotteries ^(c)	455	573
820	Electronic gaming machines ^(c)	426	588
158	Casino ^(c)	67	109
124	Racing and other sports betting ^(c)	169	225
8	Other ^(c)	7	8
	Financial and capital transactions		
4 785	Land transfer duty	4 350	5 951
24	Metropolitan planning levy	15	20
114	Financial accommodation levy	115	156
174	Growth areas infrastructure contribution	150	240
115	Levies on statutory corporations	83	173
1 131	Taxes on insurance	1 156	1 517
7 861	Total taxes on the provision of goods and services	6 992	9 560
	Motor vehicle taxes		
1 321	Vehicle registration fees	1 346	1 838
698	Duty on vehicle registrations and transfers	653	883
..	Liquor licence fees	4	5
248	Other	243	318
2 268	Total taxes on the use of goods and performance of activities	2 246	3 044
18 951	Total taxation	17 738	23 468

Source: Department of Treasury and Finance

Notes:

- (a) As at 31 March 2021, as part of the Economic Survival Package, the State has refunded and waived \$261 million of payroll tax to small businesses in 2020-21. This is in addition to relief provided in the 2019-20 financial year.
- (b) The 31 March 2021 negative result is due to the issuance of 2021 Congestion Levy notices being delayed to April 2021 and the Government's congestion levy waiver initiative. Refunds are provided as part of the Government's congestion levy tax relief program.
- (c) The public lotteries, electronic gaming machines, casino, racing and other sports betting and other gambling taxes balances include gambling licence revenue in the nine months to 31 March 2021 of \$118 million (31 March 2020: \$117 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.

B.6.2 Dividends, income tax equivalent and rate equivalent income (\$ million)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
9	Dividends from PFC sector	59	59
294	Dividends from PNFC sector	130	169
60	Dividends from non-public sector	27	111
362	Dividends	216	339
4	Income tax equivalent income from PFC sector	3	3
205	Income tax equivalent income from PNFC sector	220	246
209	Income tax equivalent income	223	249
4	Local government rate equivalent income	5	7
575	Total dividends, income tax equivalent and rate equivalent income	443	595

Source: Department of Treasury and Finance

Dividends by entity (\$ million)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
Public financial corporations			
..	Victorian Managed Insurance Authority	..	..
..	Transport Accident Commission	..	..
..	Treasury Corporation of Victoria	52	52
2	State Trustees Ltd	..	..
7	Victorian Funds Management Corporation	7	7
9	Dividends from PFC sector	59	59
Public non-financial corporations			
54	City West Water Corporation	14	21
62	Melbourne Water Corporation	59	63
116	South East Water Corporation	31	48
61	Yarra Valley Water Corporation	26	36
1	Development Victoria	1	1
294	Dividends from PNFC sector	130	169

Source: Department of Treasury and Finance

B.6.3 Sales of goods and services **\$ million)**

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
	Revenue items accounted for under AASB 15		
66	Sale of goods	49	86
3 429	Provision of services	3 095	4 585
	Income accounted for under AASB 1058		
176	Motor vehicle regulatory fees	183	281
388	Other regulatory fees	348	437
1 788	Inter-sector capital assets charge	1 925	2 567
12	Refunds and reimbursements	13	24
	Revenue items accounted for under AASB 16		
74	Rental	48	79
5 932	Total sales of goods and services	5 661	8 059

Source: Department of Treasury and Finance

B.6.4 Grants ^(a) **(\$ million)**

2019-20 actual 31 Mar		2020-21 actual 31 Mar		revised budget
12 589	General purpose grants	11 674		17 044
3 862	Specific purpose grants for on-passing	4 110		4 184
7 974	Other specific purpose grants	9 436		14 164
24 426	Total	25 221		35 392
186	Other contributions and grants	173		351
24 612	Total grants	25 394		35 743

Source: Department of Treasury and Finance

Note:

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

B.6.5 Other revenue and income (\$ million)

2019-20		2020-21	
<i>actual</i>		<i>actual</i>	<i>revised</i>
31 Mar		31 Mar	budget
Revenue items accounted for under AASB 15			
71	Royalties	93	138
162	Other revenue – Health	164	219
467	Other miscellaneous revenue	387	536
Income accounted for under AASB 1058			
49	Fair value of assets received free of charge or for nominal consideration	234	461
567	Fines	476	734
133	Donations and gifts	144	219
456	Other revenue – Education	169	357
Revenue items accounted for under AASB 16			
19	Other non-property rental	21	30
Revenue items accounted for under AASB 1059			
230	Revenue related to economic service concession arrangements	146	229
2 154	Total other revenue and income	1 834	2 923

B.7 HOW FUNDS ARE SPENT

Introduction

This section accounts for the major components of expenditure incurred by the general government sector towards the delivery of services and on capital or infrastructure projects during the period, as well as any related employee benefit obligations outstanding as at 31 March 2021.

B.7.1 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. The majority of employee expenses in the operating statement are wages and salaries. Increases in employee expenses are mainly attributable to increased spending on service delivery in the health, education, and community safety sectors as well as salary growth in line with enterprise bargaining agreements.

Employee benefits (balance sheet)

As part of 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 payments. The table below shows the key components of this provision as at 31 March 2021.

B.7.2 Employee benefits (balance sheet)		(\$ million)		
2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
Current				
506	Accrued salaries and wages	820	744	837
65	Other employee benefits	81	84	79
1 765	Annual leave	2 055	2 203	2 090
4 727	Long service leave	4 872	4 840	5 030
7 063	Total current employee benefits and on-costs	7 828	7 871	8 036
Non-current				
1 120	Long service leave	1 200	1 152	1 306
1 120	Total non-current employee benefits and on-costs	1 200	1 152	1 306
8 183	Total employee benefits and on-costs	9 028	9 022	9 342

Source: Department of Treasury and Finance

B.7.3 Superannuation (operating statement) (\$ million)

2019-20 actual 31 Mar		2020-21 actual 31 Mar revised budget	
	Defined benefit plans		
305	Net superannuation interest expense	229	305
829	Current service cost	965	1 285
	Remeasurements:		
(985)	Expected return on superannuation assets excluding interest income	(1 000)	(1 333)
2 518	Other actuarial (gain)/loss on superannuation assets	(1 453)	(1 453)
(770)	Actuarial and other adjustments to unfunded superannuation liability	385	385
1 897	Total expense recognised in respect of defined benefit plans	(875)	(810)
	Defined contribution plans		
1 386	Employer contributions to defined contribution plans	1 540	1 962
67	Other (including pensions)	61	75
1 453	Total expense recognised in respect of defined contribution plans	1 601	2 037
3 350	Total superannuation (gain)/expense recognised in operating statement	726	1 227
	Represented by:		
305	Net superannuation interest expense	229	305
2 282	Other superannuation	2 566	3 323
2 587	Superannuation expense from transactions	2 794	3 628
763	Remeasurement recognised in other comprehensive income	(2 068)	(2 400)
3 350	Total superannuation costs recognised in operating statement	726	1 227

Source: Department of Treasury and Finance

B.7.4 Total expenses by classification of the functions of government (COFOG) and by portfolio department

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

2019-20 actual 31 Mar		2020-21	
		actual 31 Mar	revised budget
3 398	General public services	3 834	4 941
6 674	Public order and safety	7 599	10 163
1 308	Economic affairs	4 042	6 710
655	Environmental protection	670	1 220
1 228	Housing and community amenities	1 334	2 084
15 820	Health	18 067	26 232
608	Recreation, culture and religion	704	1 446
13 202	Education	13 842	18 323
4 155	Social protection	5 499	7 797
6 783	Transport	7 434	10 288
(375)	Not allocated by purpose	(884)	(341)
53 456	Total expenses by COFOG	62 140	88 862

Source: Department of Treasury and Finance

(b) Total expenses by portfolio department (\$ million)

2019-20 actual 31 Mar		2020-21	
		actual 31 Mar	revised budget
	Expenses from transactions		
15 197	Education and Training	15 916	20 883
2 712	Environment, Land, Water and Planning	2 424	4 231
..	Families, Fairness and Housing ^{(a)(b)}	851	2 857
21 064	Health ^(a)	23 956	31 820
1 587	Jobs, Precincts and Regions	4 790	7 388
6 023	Justice and Community Safety	7 298	9 483
524	Premier and Cabinet	600	968
6 928	Transport	7 608	10 478
6 828	Treasury and Finance	7 302	8 813
164	Parliament	222	321
512	Courts	559	780
2 062	Regulatory bodies and other part funded agencies ^(c)	2 043	2 998
63 602	Total expenses by department	73 569	101 022
(10 146)	Less eliminations and adjustments ^(d)	(11 429)	(12 159)
53 456	Total expenses	62 140	88 862

Source: Department of Treasury and Finance

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTQI+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (c) Other general government sector agencies not allocated to departmental portfolios.
- (d) Mainly comprising payroll tax, capital assets charge and inter-departmental transfers. The budget also includes departmental underspend estimates.

B.7.5 Purchases of non-financial assets by portfolio department (\$ million)

2019-20 actual 31 Mar		2020-21 actual 31 Mar revised budget	
859	Education and Training	1 182	1 853
37	Environment, Land, Water and Planning	77	194
..	Families, Fairness and Housing ^{(a)(b)}	13	76
816	Health ^(a)	750	1 218
116	Jobs, Precincts and Regions	59	135
317	Justice and Community Safety	678	1 089
14	Premier and Cabinet	20	51
4 143	Transport	5 223	8 321
48	Treasury and Finance	13	135
11	Parliament	11	27
53	Courts	28	151
156	Regulatory bodies and other part funded agencies ^(c)	158	294
6 570	Total purchases of non-financial assets by department	8 213	13 544
145	Eliminations and adjustments ^(d)	(76)	(1 759)
6 715	Total purchases of non-financial assets	8 137	11 785

Source: Department of Treasury and Finance

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTQI+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.
- (c) Other general government sector agencies not allocated to departmental portfolios.
- (d) The budget includes contingencies not allocated to departments and estimated departmental underspend.

B.7.6 Net acquisition of non-financial assets from transactions (\$ million)

2019-20 actual 31 Mar		2020-21 actual 31 Mar revised budget	
6 734	Purchases of non-financial assets (including change in inventories)	8 374	12 096
(108)	Less: Sales of non-financial assets	(94)	(147)
(2 784)	Less: Depreciation and amortisation	(3 047)	(4 216)
(756)	Plus/(less): Other movements in non-financial assets	2 647	(1 773)
3 085	Total net acquisition of non-financial assets from transactions	7 879	5 960

Source: Department of Treasury and Finance

B.8 MAJOR ASSETS AND INVESTMENTS

Introduction

This section outlines those assets the general government sector controls, reflecting investing activities in the current period and prior years.

B.8.1 Total land, buildings, infrastructure, plant and equipment ^(a) (\$ million)

2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
43 920	Buildings	44 374	46 004	46 008
58 710	Land and national parks	70 174	70 440	71 433
5 451	Infrastructure systems	5 350	9 481	7 031
3 883	Plant, equipment and vehicles	4 286	4 656	5 021
34 438	Roads and road infrastructure	34 717	35 774	35 317
8 916	Earthworks	9 116	9 829	9 744
5 660	Cultural assets	5 691	5 678	5 861
160 979	Total land, buildings, infrastructure, plant and equipment	173 708	181 863	180 415

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

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

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

2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
8 221	Buildings	8 080	8 771	9 026
6	Infrastructure systems	6	2	6
513	Plant, equipment and vehicles	527	540	635
8 741	Total right-of-use assets: land, buildings, infrastructure, plant and equipment	8 614	9 314	9 667

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 16 Leases. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

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

2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
2 063	Buildings	2 267	2 159	2 212
1 756	Land	2 531	2 529	2 531
3 623	Infrastructure systems	3 590	4 701	5 244
482	Plant, equipment and vehicles	700	903	990
10 059	Roads and road infrastructure	11 207	11 237	11 431
17 984	Total service concession assets: land, buildings, infrastructure, plant and equipment	20 296	21 530	22 407

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.8.2 Depreciation **(\$ million)**

2019-20 actual 31 Mar		2020-21 actual 31 Mar		revised budget
1 524	Buildings	1 592		2 151
45	Infrastructure systems	34		51
458	Plant, equipment and vehicles	552		792
625	Roads and road infrastructure	683		962
15	Cultural assets	15		19
118	Intangible produced assets ^(a)	171		240
2 784	Total depreciation	3 047		4 216

Source: Department of Treasury and Finance

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)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
490	Buildings	479	661
2	Infrastructure systems	1	..
46	Plant, equipment and vehicles	94	124
538	Total depreciation of right-of-use assets	574	784

Source: Department of Treasury and Finance

Depreciation of service concession assets (\$ million)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
41	Buildings	57	58
16	Plant, equipment and vehicles	15	17
125	Roads and road infrastructure	145	194
..	Intangible produced assets	..	1
182	Total depreciation of service concession assets	217	271

Source: Department of Treasury and Finance

B.8.3 Land and buildings^(a) (\$ million)

2019-20		2020-21		
actual		opening	actual	revised
31 Mar		1 Jul	31 Mar	budget
47 036	Buildings	47 654	50 635	51 521
(3 115)	Accumulated depreciation	(3 280)	(4 630)	(5 513)
43 920	Buildings (net carrying amount)	44 374	46 004	46 008
57 491	Land	68 795	69 061	70 063
1 219	National parks and other 'land only' holdings	1 379	1 379	1 370
58 710	Land and national parks	70 174	70 440	71 433
102 631	Total land and buildings	114 548	116 444	117 441

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.8.4 Plant, equipment, vehicles, and infrastructure systems ^(a) (\$ million)

<i>2019-20 actual 31 Mar</i>		<i>opening 1 Jul</i>	<i>2020-21 actual 31 Mar</i>	<i>revised budget</i>
6 067	Infrastructure systems	5 869	10 027	7 600
(616)	Accumulated depreciation	(519)	(545)	(569)
5 451	Infrastructure systems (net carrying amount)	5 350	9 481	7 031
8 908	Plant, equipment and vehicles	9 050	9 805	10 395
(5 024)	Accumulated depreciation	(4 764)	(5 149)	(5 374)
3 883	Plant, equipment and vehicles (net carrying amount)	4 286	4 656	5 021
9 334	Total plant, equipment and vehicles, and infrastructure systems	9 636	14 137	12 052

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.8.5 Roads, road infrastructure and earthworks ^(a) (\$ million)

<i>2019-20 actual 31 Mar</i>		<i>opening 1 Jul</i>	<i>2020-21 actual 31 Mar</i>	<i>revised budget</i>
58 493	Roads and roads infrastructure	34 787	36 527	36 351
(24 055)	Accumulated depreciation	(71)	(753)	(1 033)
34 438	Roads and roads infrastructure (net carrying amount)	34 717	35 774	35 317
8 899	Earthworks	9 116	9 116	9 173
43 336	Total roads, roads infrastructure and earthworks	43 833	44 890	44 490

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.8.6 Cultural assets (\$ million)

2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
5 863	Cultural assets	5 898	5 899	6 089
(202)	Accumulated depreciation	(207)	(220)	(228)
5 660	Total cultural assets	5 691	5 678	5 861

Source: Department of Treasury and Finance

B.8.7 Other non-financial assets ^(a) (\$ million)

2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
2 267	Intangible produced assets	2 477	2 585	2 572
(1 166)	Accumulated depreciation	(1 212)	(1 335)	(1 393)
473	Service concession assets – intangible produced	480	477	480
..	Accumulated depreciation	..	..	(2)
110	Intangible non-produced assets	109	110	119
(45)	Accumulated amortisation	(46)	(49)	(50)
1 639	Total intangibles	1 809	1 788	1 725
281	Investment properties	294	293	294
2	Biological assets	2	2	4
789	Other assets	998	1 209	1 196
2 711	Total other non-financial assets	3 103	3 293	3 219

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.9 OTHER ASSETS AND LIABILITIES

Introduction

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

B.9.1 Receivables and contract assets ^(a) (\$ million)

2019-20 actual 31 Mar		opening 1 Jul	2020-21 actual 31 Mar	revised budget
Contractual				
914	Sales of goods and services	900	1 069	913
11	Accrued investment income	9	6	10
1	Contract assets	1	1	1
1 254	Other receivables	1 104	1 424	1 019
(144)	Allowance for impairment of contractual receivables	(129)	(135)	(131)
Statutory				
6	Sales of goods and services	5	5	5
4 715	Taxes receivable	3 715	6 043	5 723
3 169	Fines and regulatory fees	2 690	2 886	2 768
394	GST input tax credits recoverable	524	387	516
(3 044)	Allowance for impairment of statutory receivables	(2 708)	(2 766)	(2 808)
7 275	Total receivables and contract assets	6 109	8 921	8 016
Represented by:				
7 096	Current receivables and contract assets	5 895	8 604	7 806
180	Non-current receivables and contract assets	214	317	210

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to correct a prior period error within administered fines revenue for the Department of Justice and Community Safety. Please refer to Note 6.3.1 Prior Period Adjustment in the 2019-20 Financial Report for further details.

B.9.2 Payables and contract liabilities ^(a)**(\$ million)**

<i>2019-20 actual 31 Mar</i>		<i>opening 1 Jul</i>	<i>2020-21 actual 31 Mar</i>	<i>revised budget</i>
Contractual				
1 172	Accounts payable	814	1 169	1 057
2 657	Accrued expenses	3 709	3 342	3 692
101	Contract liabilities	68	401	215
10 711	Unearned income and grant of a right to operate liability	10 882	10 794	10 614
Statutory				
166	Accrued taxes payable	94	37	93
..	Unearned income	1 302	326	..
14 808	Total payables and contract liabilities	16 870	16 069	15 672
Represented by:				
5 477	Current payables and contract liabilities	7 010	6 064	5 497
9 331	Non-current payables and contract liabilities	9 860	10 006	10 174

Source: Department of Treasury and Finance

Note:

(a) The 31 March 2020 comparative figures have been restated to reflect updates relating to the application of AASB 15 Revenue from Contracts with Customers, and AASB 1059 Service Concession Arrangements: Grantors. Please refer to Note 9.7.2 Financial impact of the new accounting standards in the 2019-20 Financial Report for further details.

B.10 PUBLIC ACCOUNT

Introduction

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

B.10.1 Consolidated fund receipts and payments (\$ million)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
Receipts			
17 804	Taxation	16 003	21 956
572	Fines and regulatory fees	617	882
15 266	Grants received	13 783	21 283
5 629	Sales of goods and services	6 288	8 217
338	Interest received	349	478
556	Dividends, income tax equivalent and rate equivalent receipts	416	478
467	Other receipts	397	708
40 632	Total operating activities	37 854	54 001
7 113	Total inflows from investing and financing	23 293	33 346
47 745	Total receipts	61 147	87 347
Payments to departments			
11 479	Education and Training	12 447	16 978
2 112	Environment, Land, Water and Planning	1 978	3 399
..	Families, Fairness and Housing ^{(a)(b)}	235	1 982
14 635	Health ^(a)	16 526	20 421
1 694	Jobs, Precincts and Regions	4 657	6 882
6 132	Justice and Community Safety	7 751	10 176
503	Premier and Cabinet ^(b)	477	674
8 794	Transport	12 054	17 113
4 405	Treasury and Finance	3 356	8 432
171	Parliament	226	317
524	Courts	570	863
50 449	Total payments	60 277	87 237
(2 703)	Net receipts/(payments)	870	109

Source: Department of Treasury and Finance

Notes:

- (a) Effective from 1 February 2021, the Department of Health and Human Services was renamed the Department of Health and the new Department of Families, Fairness and Housing created. As a result, portfolio responsibilities of Child Protection, Prevention of Family Violence, Housing and Disability were transferred from the Department of Health and Human Services to the Department of Families, Fairness and Housing.
- (b) Effective from 1 February 2021, portfolio responsibilities for Multicultural Affairs, LGBTQI+ Equality, Veterans, and the offices for Women and Youth were transferred from the Department of Premier and Cabinet to the Department of Families, Fairness and Housing.

B.10.2 Trust fund cash flow statement (\$ million)

2019-20 actual 31 Mar		2020-21 actual 31 Mar revised budget	
Cash flows from operating activities			
Receipts			
373	Taxation	397	391
60	Regulatory fees and fines	58	72
15 610	Grants received	18 762	23 047
467	Sale of goods and services	696	790
77	Interest received	30	90
46	Dividends received	17	91
3 074	Net transfers from Consolidated Fund	4 288	6 213
142	Other receipts	235	407
19 850	Total receipts	24 483	31 100
Payments			
(234)	Payments for employees	(305)	(486)
(20)	Superannuation	(27)	(37)
(39)	Interest paid	(57)	(90)
(16 175)	Grants and subsidies	(18 468)	(23 856)
(2 146)	Goods and services	(2 983)	(4 205)
(18 613)	Total payments	(21 839)	(28 673)
1 236	Net cash flows from operating activities	2 644	2 427
Cash flows from investing activities			
(282)	Purchases of property, plant and equipment	(46)	(2 651)
53	Proceeds from sale of property, plant and equipment	52	64
817	Net proceeds from customer loans	564	396
(1 734)	Other investing activities	(2 493)	(1 057)
(1 145)	Net cash flows from investing activities	(1 922)	(3 248)
Cash flows from financing activities			
(176)	Net proceeds (repayments) from borrowings	(178)	(161)
(176)	Net cash flows from financing activities	(178)	(161)
(85)	Net cash inflow/(outflow)	543	(982)

Source: Department of Treasury and Finance

B.10.3 Reconciliation of cash flows to balances held (\$ million)

	Balances held at 30 Jun 2020	Mar movement YTD	Balances held at 31 Mar 2021
Cash and deposits			
Cash and balances outside of the Public Account	..	(9)	(9)
Deposits held with the Public Account – specific trusts	15	5	20
Other balances held in the Public Account	4 813	1 333	6 146
Total cash and deposits	4 827	1 329	6 157
Investments			
Investments held with the Public Account – specific trusts	1 344	33	1 377
Total investments	1 344	33	1 377
Total fund balances	6 172	1 362	7 534
Less funds held outside the public account			
Cash	..	(9)	(9)
Total fund balances held outside the Public Account	..	(9)	(9)
Total fund balances held in the Public Account ^(a)	6 172	1 371	7 543

Source: Department of Treasury and Finance

Note:

(a) See Note B.10.4 for details of securities and investments including amounts held in the Public Account on behalf of trust accounts.

B.10.4 Details of securities held (\$ million)

2019-20 actual 31 Mar		2020-21 opening 1 Jul actual 31 Mar	
1 405	Amounts invested on behalf of specific trust accounts	1 359	1 397
1 512	General account balances	4 813	6 146
2 918	Total Public Account	6 172	7 543
Represented by:			
2 069	Stock, securities, cash and investments	5 011	6 801
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>	..	..
849	Advances pursuant to sections 36 and 37 of the <i>Financial Management Act 1994</i>	1 161	742
2 918	Total Public Account	6 172	7 543

Source: Department of Treasury and Finance

B.11 OTHER DISCLOSURES

Introduction

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

B.11.1 Other gains/(losses) from other economic flows (\$ million)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
(308)	Net (increase)/decrease in allowances for credit losses	(102)	(153)
(4)	Amortisation of intangible non-produced assets	(4)	(7)
(5)	Bad debts written off	(12)	(353)
(271)	Other gains/(losses)	311	(74)
(587)	Total other gains/(losses) from other economic flows	194	(587)

Source: Department of Treasury and Finance

B.11.2 Reconciliation of cash and cash equivalents (\$ million)

2019-20		2020-21	
actual		actual	revised
31 Mar		31 Mar	budget
3 704	Cash	8 572	7 370
5 532	Deposits at Call	6 251	6 179
9 236	Cash and cash equivalents	14 823	13 550
..	Bank Overdraft	..	..
9 236	Balances as per cash flow statement	14 823	13 550

Source: Department of Treasury and Finance

B.11.3 Controlled entities

Note 9.9 Controlled entities in the *2019-20 Financial Report* for the State of Victoria lists significant controlled entities, which have been consolidated for the purposes of the financial report.

Reference should be made to Note 1.7.4 of Chapter 1 of this budget paper for changes to general government sector entities since 1 July 2020.

B.11.4 Glossary of technical terms

The *2019-20 Financial Report* for the State of Victoria (Note 9.10) summarises the major technical terms used in this report.

B.12 RESULTS QUARTER BY QUARTER – VICTORIAN GENERAL GOVERNMENT SECTOR

Introduction

This section includes the comprehensive operating statement, balance sheet and cash flow statement for the past five quarters in accordance with the requirements of the *Financial Management Act 1994*.

B.12.1 Consolidated comprehensive operating statement for the past five quarters (\$ million)

	2019-20		2020-21		
	Mar	Jun	Sep	Dec	Mar
Revenue and income from transactions					
Taxation	7 555	4 216	5 090	4 638	8 009
Interest income	140	160	143	137	127
Dividends, income tax equivalent and rate equivalent income	82	235	83	281	79
Sales of goods and services	1 934	1 970	1 704	2 011	1 946
Grants	8 802	8 178	7 539	8 272	9 583
Other revenue and income	710	507	491	552	791
Total revenue and income from transactions	19 223	15 266	15 049	15 891	20 536
Expenses from transactions					
Employee expenses	6 741	7 232	7 224	7 413	7 396
Net superannuation interest expense	101	102	83	71	75
Other superannuation	767	792	804	903	858
Depreciation	970	1 110	1 022	1 029	996
Interest expense	593	589	624	630	685
Grant expense	4 341	4 544	4 820	5 313	5 492
Other operating expenses	5 337	6 663	5 536	5 588	5 577
Total expenses from transactions	18 851	21 032	20 113	20 948	21 079
Net result from transactions – net operating balance	373	(5 766)	(5 064)	(5 056)	(544)
Other economic flows included in net result					
Net gain/(loss) on disposal of non-financial assets	..	(57)	..	5	16
Net gain/(loss) on financial assets or liabilities at fair value	200	(138)	1	80	31
Share of net profit/(loss) from associates/joint venture entities	..	3	(2)	..	..
Other gains/(losses) from other economic flows	(240)	(764)	(17)	(103)	313
Total other economic flows included in net result	(40)	(957)	(17)	(18)	360
Net result	332	(6 723)	(5 081)	(5 075)	(184)

B.12.1 Consolidated comprehensive operating statement for the past five quarters
(continued) (\$ million)

	2019-20 Mar	Jun	2020-21 Sep	Dec	Mar
Other economic flows – other comprehensive income					
Items that will not be reclassified to net result					
Changes in non-financial assets revaluation surplus	117	12 151	145	82	62
Remeasurement of superannuation defined benefits plans	(1 438)	(1 958)	(1 649)	(541)	4 258
Other movements in equity	58	..	13	35	24
Items that may be reclassified subsequently to net result					
Net gain/(loss) on financial assets at fair value	(22)	(94)	19	(7)	138
Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	..	(1 740)	..	(158)	..
Total other economic flows – other comprehensive income	(1 285)	8 359	(1 473)	(589)	4 481
Comprehensive result – total change in net worth	(953)	1 636	(6 554)	(5 664)	4 298
KEY FISCAL AGGREGATES					
Net operating balance	373	(5 766)	(5 064)	(5 056)	(544)
Less: Net acquisition of non-financial assets from transactions	899	1 400	1 907	3 849	2 123
Net lending/(borrowing)	(526)	(7 166)	(6 971)	(8 906)	(2 667)

Source: Department of Treasury and Finance

B.12.2 Consolidated balance sheet at the end of the past five quarters (\$ million)

	2019-20		2020-21		
	Mar	Jun	Sep	Dec	Mar
Assets					
Financial assets					
Cash and deposits	9 236	13 037	15 880	14 461	14 823
Advances paid	7 408	6 550	5 943	5 912	5 977
Receivables and contract assets	7 275	6 108	6 183	6 392	8 920
Investments, loans and placements	2 776	2 589	2 517	2 680	2 759
Investments accounted for using the equity method	45	10	10	10	10
Investments in other sector entities	75 235	75 043	76 432	75 186	75 317
Total financial assets	101 975	103 337	106 965	104 640	107 806
Non-financial assets					
Inventories	198	666	700	905	901
Non-financial assets held for sale	200	192	188	174	189
Land, buildings, infrastructure, plant and equipment	160 979	173 743	175 669	179 353	181 863
Other non-financial assets	2 711	3 103	3 844	3 496	3 293
Total non-financial assets	164 089	177 703	180 402	183 928	186 247
Total assets	266 064	281 040	287 367	288 568	294 053
Liabilities					
Deposits held and advances received	4 568	3 681	3 056	3 048	3 100
Payables	14 707	16 802	16 448	15 604	15 668
Contract liabilities	101	68	62	379	401
Borrowings	53 457	62 807	74 948	81 751	87 113
Employee benefits	8 183	9 028	8 971	9 003	9 022
Superannuation	29 565	31 228	33 101	33 660	29 388
Other provisions	1 028	1 335	1 278	1 284	1 223
Total liabilities	111 609	124 949	137 864	144 729	145 916
Net assets	154 455	156 092	149 503	143 839	148 137
Accumulated surplus/(deficit)	76 349	68 166	61 361	55 823	60 264
Reserves	78 106	87 925	88 142	88 016	87 872
Net worth	154 455	156 092	149 503	143 839	148 137
FISCAL AGGREGATES					
Net financial worth	(9 634)	(21 612)	(30 899)	(40 089)	(38 110)
Net financial liabilities	84 869	96 654	107 331	115 275	113 427
Net debt	38 605	44 312	53 663	61 746	66 654

Source: Department of Treasury and Finance

B.12.3 Consolidated cash flow statement for the past five quarters (\$ million)

	2019-20 Mar	Jun	2020-21 Sep	Dec	Mar
Cash flows from operating activities					
Receipts					
Taxes received	5 657	5 694	4 976	4 849	5 905
Grants	8 814	9 660	7 451	7 836	9 356
Sales of goods and services ^(a)	2 273	1 893	2 147	2 244	1 823
Interest received	139	164	140	139	125
Dividends, income tax equivalent and rate equivalent receipts	82	203	83	281	79
Other receipts	666	637	253	29	350
Total receipts	17 632	18 250	15 049	15 378	17 639
Payments					
Payments for employees	(6 691)	(6 421)	(7 280)	(7 352)	(7 083)
Superannuation	(902)	(1 189)	(663)	(956)	(947)
Interest paid	(532)	(549)	(546)	(543)	(587)
Grants and subsidies	(4 345)	(4 483)	(4 909)	(5 331)	(5 511)
Goods and services ^(a)	(5 291)	(6 661)	(6 354)	(5 492)	(5 116)
Other payments	(319)	(820)	(411)	(274)	(452)
Total payments	(18 082)	(20 122)	(20 162)	(19 950)	(19 696)
Net cash flows from operating activities	(450)	(1 872)	(5 113)	(4 572)	(2 057)
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Purchases of non-financial assets	(2 136)	(3 019)	(2 576)	(2 996)	(2 564)
Sales of non-financial assets	28	62	32	24	39
Net cash flows from investments in non-financial assets	(2 109)	(2 958)	(2 544)	(2 972)	(2 526)
Net cash flows from investments in financial assets for policy purposes	243	740	441	(76)	(203)
Sub-total	(1 866)	(2 218)	(2 103)	(3 048)	(2 728)
Net cash flows from investments in financial assets for liquidity management purposes	98	(198)	92	(89)	70
Net cash flows from investing activities	(1 768)	(2 415)	(2 011)	(3 137)	(2 659)
Cash flows from financing activities					
Advances received (net)	(102)	(1 017)	(614)	(6)	(10)
Net borrowings	4 393	8 976	10 592	6 298	5 026
Deposits received (net)	(140)	130	(11)	(2)	63
Net cash flows from financing activities	4 151	8 089	9 967	6 290	5 078
Net increase/(decrease) in cash and cash equivalents	1 933	3 801	2 843	(1 419)	363
Cash and cash equivalents at beginning of the reporting period	7 303	9 236	13 037	15 880	14 461
Cash and cash equivalents at end of the reporting period	9 236	13 037	15 880	14 461	14 823
FISCAL AGGREGATES					
Net cash flows from operating activities	(450)	(1 872)	(5 113)	(4 572)	(2 057)
Net cash flows from investments in non-financial assets	(2 109)	(2 958)	(2 544)	(2 972)	(2 526)
Cash surplus/(deficit)	(2 559)	(4 830)	(7 657)	(7 544)	(4 582)

Source: Department of Treasury and Finance

Note:

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

APPENDIX C – COMPLIANCE INDEX: REQUIREMENTS OF THE *FINANCIAL MANAGEMENT ACT 1994*

The budget papers comply with the provisions of the *Financial Management Act 1994*. Table C.1 details these requirements together with appropriate references in the document.

Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2021-22 Budget

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
Sections 23E-G of the <i>Financial Management Act 1994</i>	
Statement of financial policy objectives and strategies for the year.	Budget Paper No. 2, Chapter 1 <i>Economic and fiscal overview</i> Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i>
Sections 23H-J of the <i>Financial Management Act 1994</i>	
Estimated financial statements for the year comprising:	Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i>
– an estimated statement of financial performance;	
– an estimated statement of financial position at the end of the year;	
– an estimated statement of cash flows for the year; and	
– a statement of the accounting policies on which these statements are based and explanatory notes.	
Section 23K of the <i>Financial Management Act 1994</i>	
Accompanying statements in association with each set of estimated financial statements comprising:	
– a statement of the material economic and other assumptions that have been used in preparing the estimated financial statements;	Budget Paper No. 2, Chapter 2 <i>Economic context</i> Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i> Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i>
– a discussion of the sensitivity of the estimated financial statements to changes in those economic and other assumptions;	Budget Paper No. 2, Appendix A <i>Sensitivity analysis</i>

Table C.1: Statements required by the *Financial Management Act 1994* and their location in the 2021-22 Budget (continued)

<i>Relevant section of the Act and corresponding requirement</i>	<i>Location</i>
<ul style="list-style-type: none"> – an overview of the estimated tax expenditures for the financial years covered by the estimated financial statements; and – a statement of risks that may have a material effect on the estimated financial statements. 	<p>Budget Paper No. 5, Chapter 5 <i>Tax expenditures and concessions</i></p> <p>Budget Paper No. 2, Chapter 2 <i>Economic context</i></p> <p>Budget Paper No. 2, Chapter 4 <i>Budget position and outlook</i></p> <p>Budget Paper No. 5, Chapter 6 <i>Contingent assets and contingent liabilities</i></p>
<p>Section 26(1) of the <i>Financial Management Act 1994</i></p> <p>A quarterly financial report for each quarter of each financial year.</p>	<p>Budget Paper No. 5, Appendix B <i>2020-21 Budget outcome incorporating the financial report for the March quarter 2021</i></p>
<p>Section 40 of the <i>Financial Management Act 1994</i></p> <p>A statement of information under departmental headings setting out:</p> <ul style="list-style-type: none"> – a description of the goods and services to be produced or provided by each department during the period to which the statement relates, together with comparative information for the preceding financial year; – a description of the amount available or to be available to each department during the period to which the statement relates, whether appropriated by the Parliament for that purpose or otherwise received or to be received by the department, together with comparative figures for the preceding financial year; and – the estimated amount of the receipts and receivables of each department during the period to which the statement relates, together with comparative figures for the preceding financial year. 	<p>Budget Paper No. 3, Chapter 2 <i>Department performance statements</i></p> <p>Budget Paper No. 5, Chapter 3 <i>Departmental financial statements</i></p> <p>Budget Paper No. 3, Chapter 2 <i>Department performance statements</i></p>
<p>Section 16B of the <i>Audit Act 1994</i></p> <p>The Auditor-General reviews and reports on the estimated financial statements to ensure they are consistent with accounting convention and that the methodologies and assumptions used are reasonable.</p>	<p>Budget Paper No. 5, Chapter 1 <i>Estimated Financial Statements for the general government sector</i></p>

STYLE CONVENTIONS

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

The notation used in the tables and charts is as follows:

n.a. or na	not available or not applicable
1 billion	1 000 million
1 basis point	0.01 per cent
..	zero, or rounded to zero
tbc	to be confirmed
ongoing	continuing output, program, project etc.
(x xxx.x)	negative amount
x xxx.0	rounded amount

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

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