

Revenue and expenditure – variances

Question 3

Budget Paper No. 5: Statement of Finances provides a comprehensive operating statement that details each department's revenue and expenses on an accrual basis reflecting the cost of providing its output.

For each line item of the comprehensive operating statement if there is a variance greater than 10 per cent (positive or negative) or greater than \$100 million (positive or negative) please explain the reason for the variance between the budget for 2022-23, the revised estimate for 2022-23 and the budget for 2023-24.

For variances that occurred due to COVID-19, please provide a detailed breakdown of the components that led to the variance.

Guidance

Where the variance is in 'Other operating expenses', please supply the relevant expense category.

Response

Line item	2022-23 Budget (\$ million)	2022-23 Revised estimate (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million) 2022-23 Budget vs. 2022-23 Revised estimate If variances were caused by the COVID-19 recovery, please provide a detailed explanation
Output appropriations	- 490.18	- 558.02	Variance is predominantly attributable to the release of contingency funding for: <ul style="list-style-type: none"> • Social Services Jobs Guarantee • Breakthrough Victoria Pty Ltd • Munarra Centre for Regional Excellence • Delivering First Peoples' ownership of Victoria's treaty process. The above is partially offset by funding relinquished by DPC to other departments due to machinery of government changes.
Special appropriations	- 117.91	- 118.21	N/A
Interest	- 0.82	- 0.02	Variance primarily due to the transfer of Cenitex from DPC to the Department of Government Services (DGS) as part of machinery of government changes. Budget for the period following the machinery of government change for 2022-23 was relinquished by DPC to DGS.
Sales of goods and services	- 217.77	- 117.69	Variance primarily due to transfer out of Cenitex from DPC to DGS in lieu of machinery of government changes, effective 1 January 2023. Budget for the period following the machinery of government change for 2022-23 was relinquished by DPC to DGS.

Line item	2022-23 Budget (\$ million)	2022-23 Revised estimate (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2022-23 Budget vs. 2022-23 Revised estimate If variances were caused by the COVID-19 recovery, please provide a detailed explanation
Grants	- 4.18	- 9.65	Variance mainly due to the grants income for the Victorian Public Sector Commission (VPSC) from other departments/agencies to undertake programs and initiatives updated in the revised budget, which is not reflected in the published budget.
Other income	- 1.00	- 0.77	Variance primarily due to transfer of attributable budget for Corporate Services functions from DPC to DGS due to machinery of government changes.
Employee benefits	406.15	331.04	Variance primarily attributed to budget transfers by DPC due to machinery of government changes.
Depreciation and amortisation	50.42	22.59	Variance primarily attributed to machinery of government changes, which resulted in transfer out of depreciation budget for functions and entities moving out of DPC.
Interest expense	0.03	0.00	N/A
Grants and other transfers	65.30	187.47	Variance mainly due to: <ul style="list-style-type: none"> operational funding passed on as a grant by DPC to Breakthrough Victoria Pty Ltd funding released from contingency for the Delivering First Peoples' ownership of Victoria's treaty process initiative.
Other operating expenses	310.01	262.09	Variance primarily attributed to budget relinquished by DPC due to machinery of government changes.

Line item	2022-23 Budget (\$ million)	2023-24 Budget (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2022-23 Budget vs. 2023-24 Budget If variances were caused by the COVID-19 recovery, please provide a detailed explanation
Output appropriations	- 490.18	- 346.90	Variance predominantly due to the significant outputs/functional areas, which include Service Victoria, Digital Victoria, and Public Record Office Victoria (PROV), transitioning out of DPC due to machinery of government changes, effective 1 January 2023.
Special appropriations	- 117.91	- 59.33	Variance is predominantly attributable to 2022-23 being a state election year. The Victorian Electoral Commission (VEC) had larger special appropriations funding allocated for 2022-23 compared to 2023-24. There are no scheduled state or local council elections occurring in 2023-24. The above is partially offset by new standing appropriations allocated to DPC for the Delivering First Peoples' ownership of Victoria's Treaty process initiative.

Line item	2022-23 Budget (\$ million)	2023-24 Budget (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2022-23 Budget vs. 2023-24 Budget If variances were caused by the COVID-19 recovery, please provide a detailed explanation
Interest	- 0.82	0.00	Variance primarily attributed to the transfer of Cenitex from DPC to DGS due to machinery of government changes.
Sales of goods and services	- 217.77	- 0.59	Variance primarily attributed to the transfer of Cenitex from DPC to DGS due to machinery of government changes.
Grants	- 4.18	- 7.70	Variance primarily due to the transfer of PROV from DPC to DGS as part of machinery of government changes, and larger attributed funding initiatives in 2022-23 in comparison to 2023-24.
Other income	- 1.00	- 0.70	Variance primarily due to the transfer of attributable budget for Corporate Services functions from DPC to DGS as part of machinery of government changes.
Employee benefits	406.15	198.39	Variance primarily due to machinery of government changes, with large scale operational areas including Service Victoria, Digital Victoria and Cenitex transferring out of DPC.
Depreciation and amortisation	50.42	5.12	Variance primarily attributed to machinery of government changes, which resulted in the transfer of depreciation budget for functions and entities moving out of DPC in line with asset transfers.
Interest expense	0.03	0.00	Reasoning is articulated in the income variance (Interest) explanation.
Grants and other transfers	65.30	121.82	Variance mainly due to larger grant funding in 2023-24 for initiatives, including Meeting the State's legal requirements to enter Treaty negotiations, and Delivering First Peoples' ownership of Victoria's Treaty process.
Other operating expenses	310.01	94.94	Variance primarily due to machinery of government changes, with large scale operational areas including Service Victoria, Digital Victoria and Cenitex transitioning out of DPC.

Line item	2022-23 Revised estimate (\$ million)	2023-24 Budget (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2022-23 Revised Estimate vs. 2023-24 Budget If variances were caused by the COVID-19 recovery, please provide a detailed explanation
Output appropriations	-558.02	-346.88	Variance predominantly due to the significant outputs/functional areas, which include Service Victoria, Digital Victoria, Public Record Office Victoria, Breakthrough Victoria Pty Ltd, transitioning out of DPC due to machinery of government changes, effective 1 January 2023.

Special appropriations	-118.21	-59.33	Being a State Election year, the Victorian Electoral Commission had larger special appropriations funding allocated for 2022-23 compared to 2023-24. There are no scheduled state or local council elections occurring in 2023-24.
Sales of goods and services	-117.69	-0.59	Variance primarily due to the transfer of Cenitex from DPC to the Department of Government Services (DGS) as part of machinery of government changes.
Grants	-9.65	-7.68	Variance predominantly due to larger grant funding received in 2022-23, including for Service Victoria (SV) to implement <i>New Online Platform for Liquor Regulation</i> . SV has been transferred from DPC to DGS portfolio, effective 1 January 2023 due to machinery of government changes.
Other income	-0.77	-0.70	Variance primarily due to the transfer of attributable budget for Corporate Services functions from DPC to DGS as part of machinery of government changes.
Employee benefits	331.04	198.39	Variance primarily due to machinery of government changes, with large scale operational areas including Service Victoria, Digital Victoria and Cenitex transferring out of DPC.
Depreciation and amortisation	22.59	5.12	Variance primarily attributed to machinery of government changes, which resulted in the transfer of depreciation budget for functions and entities moving out of DPC in line with asset transfers.
Grants and other transfers	187.47	121.82	Variance predominantly due to large operational funding on passed as grant to Breakthrough Victoria Pty Ltd (BVPL) in 2022-23. BVPL has been transferred from DPC to DJSIR, effective 1 January 2023 due to machinery of government changes.
Other operating expenses	262.09	94.94	Variance primarily due to machinery of government changes, with large scale operational areas including Service Victoria, Digital Victoria and Cenitex transitioning out of DPC.