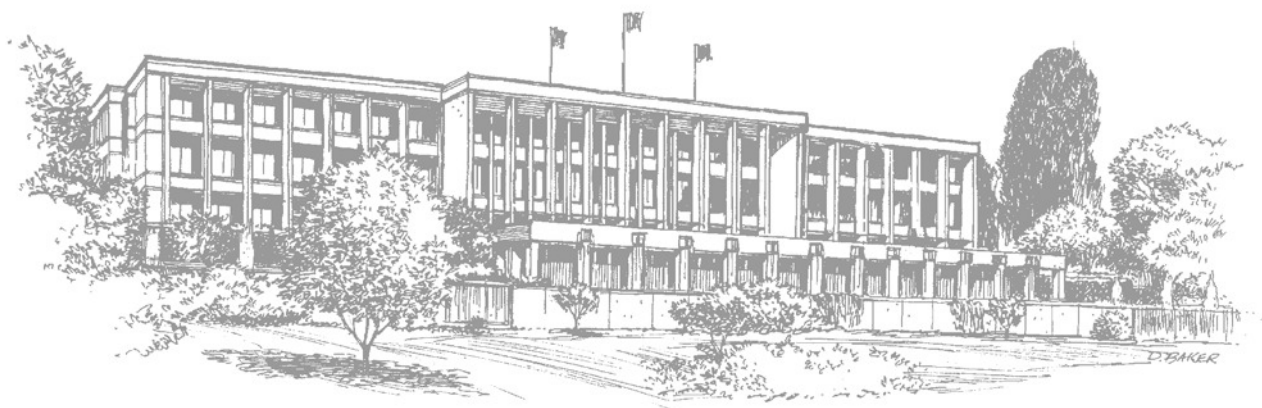




**2007-08**

# **ANNUAL REPORT ON STATE FINANCES**

**SEPTEMBER 2008**



**2007–08 Annual Report on State Finances**

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2007-08  
Annual Report on State Finances

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# Foreword

The *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2007-08. It also describes material differences between these outcomes and the forecasts contained in the 2007-08 Budget (delivered on 10 May 2007).

The *Government Financial Responsibility Act 2000* requires the release of audited whole-of-government financial results (consistent with external reporting standards<sup>1</sup>) within 90 days of year-end.

This ARSF contains information for:

- the 2007-08 Budget estimates;
- the 2007-08 estimated outturn as published in the 2008-09 Budget, delivered on 8 May 2008;
- the 2007-08 estimated outturn consistent with that published in the 2008-09 *Pre-election Financial Projections Statement* (PFPS);
- the actual outturn for 2007-08, which is the focus of this report;
- monthly and quarterly results for June 2008, completing the State's 2007-08 monthly and quarterly reporting series; and
- Public Ledger summary information, which includes the Consolidated Account, the Treasurer's Advance Account, and the Treasurer's Special Purpose Accounts.

It should be noted that estimated outturn information for 2007-08 published in the 2008-09 Budget and PFPS were presented on a basis consistent with the new Australian Accounting Standards Board (AASB) 1049: *Whole of Government and General Government Sector Financial Reporting*. This new standard forms the basis of Uniform Presentation Framework reporting in all jurisdictions' whole-of-government financial disclosures from 2008-09.

The 2007-08 estimated outturn data published in the 2008-09 Budget and PFPS have been adjusted to be comparable with the GFS-based format reflected in the original 2007-08 Budget. The key differences between the presentation under GFS and AASB 1049 were described in Appendix 4: *Changes to Whole-of-Government Financial Reporting and Presentation* in the 2008-09 Budget Paper 3: *Economic and Fiscal Overview*.

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<sup>1</sup> For the purposes of whole-of-government reporting, the standards applicable are Government Finance Statistics (GFS), as promulgated in the Australian Bureau of Statistics' (ABS) *Australian System of Government Finance Statistics – Concepts, Sources and Methods 2005* publication (ABS 5514.0), and Australian Accounting Standards (AAS).

## Statement of Responsibility

This ARSF is a statutory requirement of the *Government Financial Responsibility Act 2000*. It contains whole-of-government financial information in the same format as the State's budget presentations, reflecting ABS accrual GFS standards.

The use of the GFS standards reflects a decision by all Australian Governments to adopt the accrual GFS methodology for the purposes of the Uniform Presentation Framework for public finances, which was agreed to by the Australian Loan Council in March 2000.

The consolidated financial statements (prepared in accordance with AAS) and the GFS statistical tables included in this report have been prepared by the Department of Treasury and Finance from information provided by State public sector agencies.

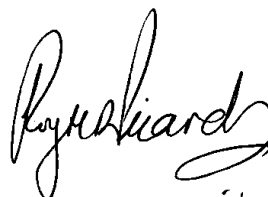
In our opinion, the financial information presented in this report:

- fairly represents the operating results and cash flows of the Government of Western Australia for the year ended 30 June 2008, and the financial position of the Government at 30 June 2008; and
- has been prepared in accordance with applicable Australian Accounting Standards and Urgent Issues Group Consensus Views, and complies with statistical standards promulgated by the ABS.

At the date of signing, we are not aware of any circumstances which would cause any information included in the financial disclosures in this report to be misleading or inaccurate.



TIMOTHY MARNEY  
UNDER TREASURER



ROY PICARDO  
ASSISTANT DIRECTOR,  
FINANCIAL REPORTING

19 September 2008

# Opinion of the Auditor General



## Auditor General

### **INDEPENDENT AUDIT OPINION**

#### **To the Parliament of Western Australia**

#### **ANNUAL REPORT ON STATE FINANCES FOR THE YEAR ENDED 30 JUNE 2008**

I have audited the Annual Report on State Finances for the year ended 30 June 2008, which comprises: Financial Results (Chapter 1); Financial Strategy and Targets (Chapter 2); Uniform Presentation of Public Sector Finances - Statistical Tables (Appendix 1); General Government Operating Revenue (Appendix 2); Revenue Forecasting Performance (Appendix 3); Policy Decisions Affecting Spending (Appendix 4); Monthly and Quarterly Financial Results for the financial year (Appendix 5); Consolidated Financial Statements (Appendix 6); and Summary information from the Public Ledger (Appendix 7).

#### **Under Treasurer's Responsibility for the Annual Report on State Finances**

The Under Treasurer on behalf of the Treasurer is responsible for the preparation and fair presentation of the Annual Report on State Finances in accordance with external reporting standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Annual Report on State Finances that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Government Financial Responsibility Act 2000.

#### **Summary of my Role**

As required by the Government Financial Responsibility Act 2000, my responsibility is to express an opinion on the Annual Report on State Finances based on my audit. My procedures consisted of:

- An audit of Appendix 6 "Consolidated Financial Statements" in accordance with Australian Auditing Standards.
- Confirmation that Appendix 1 "Uniform Presentation of Public Sector Finances – Statistical Tables" (excluding the tables showing Spending by Government Purpose Classification and Loan Council Allocations in that appendix) has been prepared in accordance with the concepts and classifications set out in the publication of the Australian Bureau of Statistics known as Australian System of Government Finance Statistics: Concepts, Sources and Methods. This was done by reconciling the information presented in Appendix 6 "Consolidated Financial Statements" to the information presented in Appendix 1.
- Confirmation that Appendix 7 "Summary information from the Public Ledger" comprising the Consolidated Account, Treasurer's Advance Account and Treasurer's Special Purpose Accounts has been prepared in accordance with the requirements of the Government Financial Responsibility Regulations 2006.
- A review of the Annual Report on State Finances to confirm that other information included in the Report is consistent with the audited information.

**Annual Report on State Finances  
For the year ended 30 June 2008**

This work was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the Annual Report on State Finances is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the Annual Report on State Finances.

**Audit Opinion**

In my opinion, the Annual Report on State Finances

- (i) has been prepared in accordance with external reporting standards comprising the concepts and classifications set out in the publication of the Australian Bureau of Statistics known as Australian System of Government Finance Statistics: Concepts, Sources and Methods, and the Australian Accounting Standards; and
- (ii) has been properly drawn up so as to present fairly the operating results and cash flows of the Government of Western Australia for the budget year ended 30 June 2008 and the financial position at the end of that budget year.



COLIN MURPHY  
AUDITOR GENERAL  
22 September 2008



# Financial Results

## Overview

Despite a significantly weaker property market in the second half of the financial year, Western Australia once again recorded stronger than expected financial outcomes in 2007-08. Relative to the 2007-08 Budget (brought down in May 2007), the State recorded:

- a general government sector operating surplus of \$2,569 million in 2007-08, up \$1,117 million on the original budget estimate;
- growth in general government revenue of 10.5%, up significantly on the 1.8% growth forecast in May 2007;
- general government expense growth of 10.3%, up from the 4.6% growth forecast at budget-time;
- a Capital Works Program totalling \$6.0 billion, up \$269 million on the original budget estimate and up nearly \$1 billion on the 2006-07 program;
- total public sector net debt of \$3,634 million at 30 June 2008, up \$650 million from the record low outcome recorded a year earlier, but down significantly on the original budget estimate; and
- a net debt to revenue ratio for the total non-financial public sector of 19.0%, following the record low outcome of 17.9% recorded in 2006-07.

The following table summarises the key financial aggregates for 2007-08.

Table 1

KEY BUDGET AGGREGATES							
Western Australia							
	2006-07	2007-08					
	Actual	Budget Estimate (1)	MYR Revision (2)	Estimated Outturn (3)	PFPS Revision (4)	Actual (5)	Variation on Budget (5) - (1)
<b>GENERAL GOVERNMENT SECTOR</b>							
Revenue (\$m)	17,451	17,593	18,516	18,757	18,974	19,282	1,688
Revenue Growth (%)	7.7	1.8	6.1	7.5	8.7	10.5	8.7
Expenses (\$m)	15,147	16,141	16,685	16,596	16,596	16,712	572
Expense Growth (%)	8.6	4.6	10.2	9.6	9.6	10.3	5.7
<b>Net Operating Balance (\$m)</b>	<b>2,303</b>	<b>1,453</b>	<b>1,831</b>	<b>2,161</b>	<b>2,378</b>	<b>2,569</b>	<b>1,117</b>
<b>TOTAL NON-FINANCIAL PUBLIC SECTOR</b>							
Net Debt to Revenue Ratio (%)	17.9	30.0	26.0	23.9	20.7	19.0	-11.0
<b>TOTAL PUBLIC SECTOR</b>							
Net Debt at 30 June (\$m)	2,984	5,799	5,163	4,711	3,931	3,634	-2,165
Capital Works Program (\$m) <sup>(a)</sup>	5,089	5,755	6,910	6,729	5,928	6,024	269

(a) Preliminary outcome.

Note: Columns may not add due to rounding.

(a) Preliminary outcome.

Note: Columns may not add due to rounding.

Higher than budgeted general government revenue for 2007-08 was reflected in the estimated outturn published in the 2008-09 Budget, and the revised estimated outturn published in the *Pre-election Financial Projections Statement* (PFPS). Relative to the PFPS, the increase in revenue is \$308 million (or 1.6%), with the majority (\$188 million) of this due to increases in agency own-source revenue, including Commonwealth tied grants and sales of goods and services. General government expenses for 2007-08 were \$117 million (or 0.7%) higher than the PFPS estimate, with the net result being a \$191 million upward revision to the general government operating surplus.

The remainder of this chapter analyses the movement in key financial aggregates between the original 2007-08 Budget estimates and the actual results for 2007-08 released in this report.

## Results Compared to Estimates

### General Government Sector

#### Operating Statement

A general government operating surplus of \$2,569 million was recorded in 2007-08. This was \$1,117 million higher than the original 2007-08 Budget estimate.

Table 2

**GENERAL GOVERNMENT**  
**Operating Statement**

	2006-07	2007-08					Variation on Budget	
	Actual	Budget	MYR	Estimated	PFPS	Actual		
	\$m	Estimate \$m (1)	Revision \$m (2)	Outturn \$m (3)	Revision \$m (4)	\$m (5)	\$m (6)=(5)-(1)	% (6)/(1)
<b>REVENUE</b>								
Taxation	5,718	5,527	6,368	6,399	6,332	6,339	811	14.7
Current grants and subsidies	7,155	7,272	7,362	7,480	7,587	7,800	528	7.3
Capital grants	448	513	471	455	619	504	-8	-1.6
Sales of goods and services	1,229	1,181	1,260	1,272	1,272	1,400	219	18.6
Interest Income	246	213	254	256	301	332	119	55.6
Revenue from public corporations								
Dividends	421	441	485	491	491	512	71	16.2
Tax equivalent payments	311	327	318	328	328	366	39	12.0
Royalty income	1,468	1,815	1,668	1,731	1,698	1,665	-151	-8.3
Other	453	304	329	345	345	364	60	19.6
<b>Total</b>	<b>17,451</b>	<b>17,593</b>	<b>18,516</b>	<b>18,757</b>	<b>18,974</b>	<b>19,282</b>	<b>1,688</b>	<b>9.6</b>
<b>EXPENSES</b>								
Gross operating expenses								
Salaries	6,182	6,436	6,688	6,797	6,776	6,906	470	7.3
Depreciation and amortisation	672	710	741	740	741	709	-1	-0.2
Superannuation	602	625	648	666	657	666	42	6.7
Services and contracts	1,663	2,018	1,988	1,966	1,976	1,981	-36	-1.8
Other gross operating expenses	1,822	1,999	2,056	1,953	1,938	1,835	-163	-8.2
Nominal superannuation interest	289	279	316	316	316	359	80	28.5
Other interest	112	118	113	109	108	120	2	1.9
Current transfers	3,392	3,464	3,598	3,556	3,628	3,644	180	5.2
Capital transfers	413	492	536	492	456	491	-1	-0.2
<b>Total</b>	<b>15,147</b>	<b>16,141</b>	<b>16,685</b>	<b>16,596</b>	<b>16,596</b>	<b>16,712</b>	<b>572</b>	<b>3.5</b>
<b>NET OPERATING BALANCE</b>	<b>2,303</b>	<b>1,453</b>	<b>1,831</b>	<b>2,161</b>	<b>2,378</b>	<b>2,569</b>	<b>1,117</b>	

Note: Columns may not add due to rounding.

The following table outlines the major general government revenue and expense variations relative to the 2007-08 Budget.

Table 3

# SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2007-08 BUDGET

	2007-08 \$m
<b>2007-08 BUDGET - NET OPERATING BALANCE</b>	<b>1,453</b>
<b>Revenue</b>	
<i>Policy Decisions</i> <sup>(a)</sup>	
- State-wide water efficiency measures	-0.2
- Development of a South West Recreational Master Plan <sup>(b)</sup>	10.7
<i>Total Policy</i>	<i>10.5</i>
<i>Parameter</i> <sup>(c)</sup>	
Taxation	
- Transfer Duty	546.4
- Insurance Duty	25.0
- Motor Vehicle Taxes	32.0
- Gambling Taxes	16.8
- Payroll Tax	214.6
- All other taxes	-23.7
<i>Sub Total</i>	<i>811.1</i>
Commonwealth grants	
- North West Shelf petroleum royalties	99.2
- GST revenue grants	33.2
- Competition Reform	4.0
- Compensation for Condensate Excise	71.1
- SPPs 'to' the State	293.4
- SPPs 'through' the State	18.6
<i>Sub Total</i>	<i>519.5</i>
Mining royalties	
- Iron Ore royalties	-13.4
- Nickel Royalties	-132.5
- Gold	-24.7
- Diamonds	13.4
- Lease Rentals	22.5
- All other royalties	6.6
<i>Sub Total</i>	<i>-128.2</i>
Agency sales of goods and services	219.4
Interest income	118.7
Revenue from public corporations	110.8
Other	26.5
<i>Total Parameter</i>	<i>1,677.7</i>
<b>TOTAL REVENUE</b>	<b>1,688.3</b>
<b>Expenses</b>	
<i>Policy Decisions</i> <sup>(a), (d)</sup>	<i>124.7</i>
<i>Parameter</i> <sup>(c)</sup>	
EBA Outcomes <sup>(e)</sup>	183.7
All other movements in employee expenses	298.7
Other	-35.5
<i>Total Parameter</i>	<i>446.9</i>
<b>TOTAL EXPENSES</b>	<b>571.6</b>
<b>TOTAL VARIANCE</b>	<b>1,116.6</b>
<b>2007-08 ANNUAL REPORT ON STATE FINANCES - NET OPERATING BALANCE</b>	<b>2,569</b>

(a) Excludes the public debt interest effect of policy measures.

(b) Grant from the Water Corporation to create a South West Recreational Master Plan and re-establish recreational activities following the decision to convert the Logue Brook Dam from recreational use to water supply. This grant will be spent in subsequent years by the Department of Sport and Recreation.

(c) 'Parameter' variations refer to all movements that are not directly related to a policy decision of the Government.

(d) An agency listing of the expense policy decisions taken since the 2007-08 Budget is provided in Appendix 4: *Policy Decisions Affecting Spending*.

(e) Includes salaries and other employee expense impact of \$167 million and \$17 million respectively.

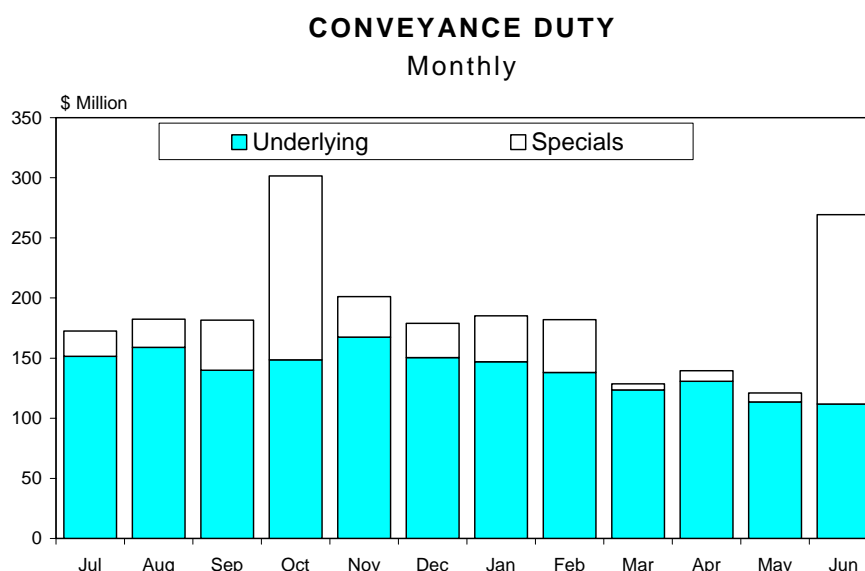
Note: Columns may not add due to rounding.

## Revenue

General government revenue totalled \$19,282 million in 2007-08. This was \$1,688 million (or 9.6%) higher than the original budget estimate. The major factors contributing to this outcome were:

- taxation revenue (up \$811 million or 14.7%), largely reflecting higher collections of:
  - conveyance duty (up \$546 million or 32.2%), mainly due to an unusually strong volume of high-value non-residential property transactions, including a number of ‘one-off’ transactions that generated significant revenue (which by their nature are difficult to predict). The residential property market, on the other hand, softened markedly in the second half of 2007-08, which was reflected in the level of ‘underlying’ conveyance duty collections (see following chart);

Figure 1



- payroll tax (up \$215 million or 12.5%), reflecting stronger than forecast growth in wages and employment (e.g. actual average weekly earnings growth in 2007-08 was 9.3% compared to the estimate of 4.75% in the 2007-08 Budget);
- motor vehicle taxes (up \$32 million or 3.8%), primarily due to higher than expected stamp duty on motor vehicle licence transfers (up \$26 million); and
- taxes on insurance (up \$25 million or 7.2%), reflecting higher than expected growth in insurance market activity;
- Commonwealth grants<sup>1</sup> (up \$420 million or 5.9%), mainly due to:
  - increased specific purpose payments for health (up \$111 million), including a \$50 million addition to hospital funding agreed at the March 2008 COAG meeting, and \$43 million in additional vaccines funding;

<sup>1</sup> Excluding North West Shelf petroleum royalties on-passed by the Commonwealth in the form of grants.

- increased funding for roads (up \$74 million), mainly due to the bring forward of a payment for the New Perth-Bunbury Highway project;
  - unbudgeted compensation for the loss of North West Shelf royalty revenue following the Commonwealth Government's decision in its May 2008 Budget to remove the exemption of condensate from crude oil excise (\$71 million);
  - increased assistance for government schools (up \$39 million or 12.9%), due to higher than budgeted funding across a number of programs; and
  - higher than budgeted GST revenue (up \$33 million), reflecting higher than expected growth in national GST collections;
- higher than forecast revenue from the sale of goods and services (up \$219 million, or 18.6%), reflecting an under-estimation of growth by a number of general government agencies at the time of the 2007-08 Budget, and demand-driven factors experienced through the year (discussed further in Appendix 3);
  - interest income (up \$119 million, or 55.6%), due to a combination of higher than anticipated cash holdings and increased interest rates (which were adjusted up on four occasions after the 2007-08 Budget was finalised on 10 April 2007);
  - revenue from public corporations (up \$111 million, or 14.4%), mainly reflecting higher than budgeted profitability for the Water Corporation and Synergy, which contributed \$74 million and \$25 million respectively. Higher receipts were also received from the Insurance Commission of Western Australia (up \$28 million), due mainly to the realisation of profits on its investments.
- These increases were partially offset by lower receipts from Western Power (Networks), down \$43 million, due to the impact of higher depreciation costs and tax credits held over from the disaggregation of the former Western Power Corporation in March 2006;
- 'other' revenue<sup>2</sup> (up \$37 million, or 14.2%), primarily due to lumpy items such as grants from other sectors (i.e. other than the Commonwealth), including a grant from the Water Corporation to the Department of Sport and Recreation to create a South West Master Plan and re-establish recreational activities following a decision to convert the Logue Brook Dam from recreational use to water supply; and
  - lower than expected mining royalties<sup>3</sup> (down \$29 million or 1.1%), reflecting the net impact of:
    - a higher than assumed \$US/\$A exchange rate (of US89.7 cents, compared to the 2007-08 Budget assumption of US79.0 cents)<sup>4</sup>;
    - lower nickel royalties, with the average spot price decreasing by almost 25% in 2007-08, and production falling below expectations due to unplanned maintenance at key plants;

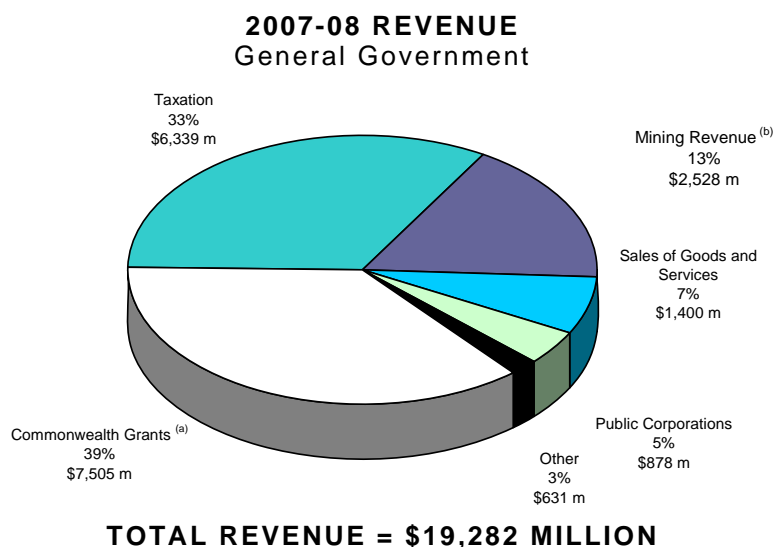
<sup>2</sup> Excluding land lease rentals.

<sup>3</sup> Including North West Shelf petroleum royalties and land lease rentals.

<sup>4</sup> Holding other factors constant, this reduces the \$A value of mining royalties, since most export contracts are priced in \$US terms.

- higher than expected prices for some other commodities, most notably iron ore, liquefied natural gas, and crude oil (which averaged \$US96.80 per barrel, compared to the assumed price of \$US66.40 per barrel); and
- higher than forecast lease rentals revenue, reflecting a greater number of exploration lease applications and sustained level of mining lease activity.

Figure 2



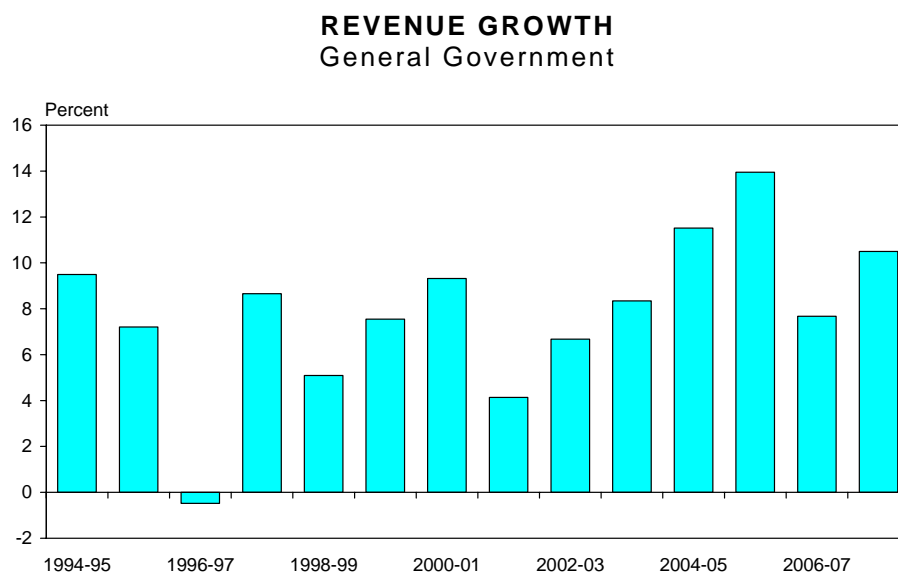
(a) Includes GST revenue grants and specific purpose payments. Adjusted to exclude North West Shelf petroleum royalties, which are classified as a Commonwealth grant in the State's Uniform Presentation Framework financial statements at Appendix 1 (reflecting the Commonwealth's constitutional responsibility for off-shore areas).

(b) Includes North West Shelf grants and land lease rentals.

Note: Components may not add to 100% due to rounding.

Growth in general government revenue in 2007-08 was a strong 10.5%, which is higher than the long run average growth rate of 7.8%, but below the peak of 14.0% in 2005-06 (see following chart).

Figure 3



Revenue forecasting performance, comparing the actual outturn with previous forecast rounds for 2007-08, is discussed in more detail in Appendix 3.

## Expenses

General government expenses totalled \$16,712 million in 2007-08. This was \$572 million (or 3.5%) higher than the original budget estimate, with parameter increases accounting for the majority of the rise (\$447 million). This includes the outcome of a number of Enterprise Bargaining Agreement (EBA) negotiations finalised through 2007-08. Policy decisions taken since the 2007-08 Budget accounted for \$125 million of the higher than budgeted expense outturn (see Appendix 4: *Policy Decisions Affecting Spending* for an agency breakdown).

EBA outcomes added \$184 million to general government expenses in 2007-08 since budget. A further \$263 million in other parameter changes reflects increases across a range of agencies, with the biggest contributors being:

- Health (up \$190 million), mainly reflecting higher spending on emergency department activities; and
- Education and Training (up \$76 million), largely as a result of higher schools spending (including Commonwealth-funded programs), higher electricity, maintenance and administration expenses, and increased depreciation expenses from a revaluation of buildings in 2006-07.

Excluding policy decisions and EBA changes impacting 2007-08, expenses have increased by a similar magnitude to agencies' own-source revenue collections. This is not surprising given that own-source revenue is predominantly aimed at recovery of the costs of service provision in specific areas.

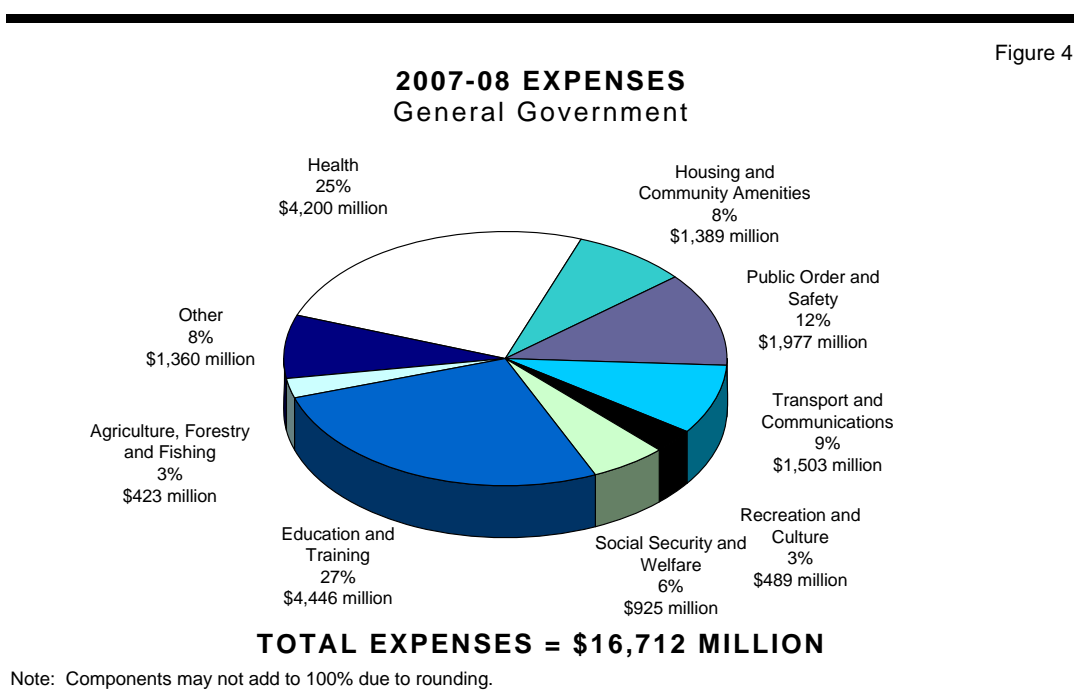


Material policy decisions taken after the 2007-08 Budget estimates were finalised include:

- \$14.8 million to improve immediate and long-term teacher recruitment and retention as a result of the Gerard Daniels Review;
- \$11.4 million for mental health initiatives as part of the *Mental Health Strategy 2004-07*;
- \$13.1 million for assistance schemes for farmers and pastoralists in the Wheatbelt and regions worst affected by dry seasonal conditions, and growers and auxiliary industries to dispose of the sugar cane crop in the Ord irrigation area;
- \$9.0 million for the Northern Development Taskforce for liquefied natural gas processing in the West Kimberley region;
- \$6.4 million for water efficiency measures and to introduce water restrictions in country areas; and
- \$5.6 million to increase the number of apprentice and trainee positions as part of the Skilled Workforce policy.

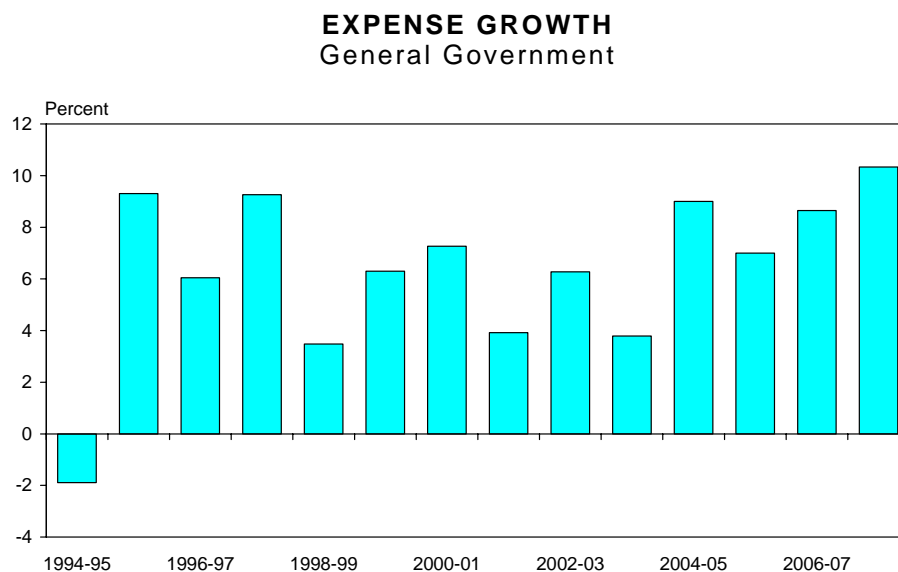
A range of smaller decisions account for the remaining \$65 million in policy spending increase since budget. These decisions were described in detail in the 2007-08 mid-year review, the 2008-09 Budget Papers and the PFPS. Appendix 4 provides an agency breakdown of spending policy decisions since the 2007-08 Budget.

The following chart outlines general government expenses for 2007-08 by functional area. Spending in the key areas of health, education and training, and public order and safety account for 64% of total expenses, broadly in line with the budget projections.



Growth in general government expenses in 2007-08 was 10.3%, which compares with the long run average growth rate of 6.3% (see following chart). This outcome is significantly higher than the 2007-08 Budget estimate of 4.6%, and reflects the issues discussed above, and a \$278 million lower than expected outcome for 2006-07 (which contributed 2 percentage points to expense growth in 2007-08).

Figure 5



## Balance Sheet

At \$92.9 billion at 30 June 2008, net worth was a substantial \$27.1 billion higher than the original budget forecast of \$65.8 billion. This outcome represents a \$17.2 billion increase over the net value of the sector at 30 June 2007. Similar to experience in 2006-07, the increase from budget is largely due to:

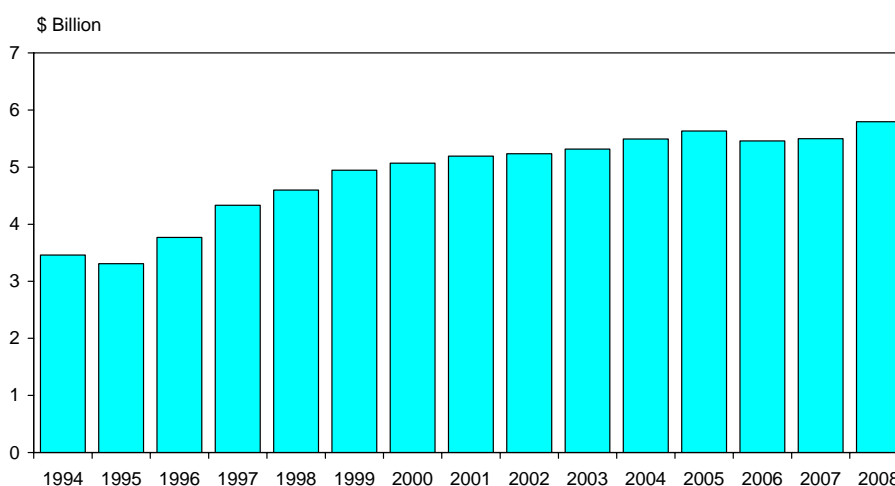
- the flow-on impact of the stronger than expected final outcome for the year ending 30 June 2007, outlined in the *2006-07 Annual Report on State Finances* (up \$13.6 billion);
- a significant \$13.4 billion increase in the value of the State's land and other fixed asset holdings (largely revaluations)<sup>5</sup>; and
- higher than estimated operating surpluses across the public sector during 2007-08 (up \$0.9 billion).

<sup>5</sup> The budget forecasts do not include any significant estimates of valuation changes for assets or liabilities (e.g. land, buildings, unfunded superannuation, etc.), which are highly volatile and are not known by agencies until actuarial and other valuation advice is received for year-end accounts.

General government liabilities totalled \$11.0 billion at 30 June 2008. This was \$663 million higher than the 2007-08 Budget estimate, primarily reflecting higher unfunded superannuation liabilities (up \$408 million) and the flow-on impact of EBA outcomes on leave and other employee entitlements (\$125 million). The increase in the State's superannuation liabilities mainly reflects the decrease in the value of fund assets resulting from the share market downturn in 2007-08.

Figure 6

**GENERAL GOVERNMENT  
UNFUNDED SUPERANNUATION LIABILITIES**  
At 30 June



Borrowings at 30 June 2008 were lower than budgeted (down \$116 million), reflecting the higher than expected surplus outcome. Further borrowings are to be repaid during 2008-09 using the higher than expected cash surplus outcome for 2007-08.

### Cash Flow Statement

A general government cash surplus was recorded in 2007-08 for the sixth consecutive year. The \$1,068 million cash surplus was up \$848 million on the surplus originally forecast in the 2007-08 Budget. The main factor behind the higher cash surplus was an increase in net cash flows from operating activities (up \$972 million), reflecting the stronger operating result discussed above.

Purchases of non-financial assets (i.e. infrastructure spending) by the general government sector totalled \$2,022 million in 2007-08, down marginally (\$48 million) on the forecast in the 2007-08 Budget, but up \$412 million on 2006-07. Further information on capital investment across the public sector is provided later in this chapter.

## Total Public Sector<sup>6</sup>

### Summary

The total public sector's financial position strengthened considerably in 2007-08. This was largely a result of continuing surplus outcomes in the general government sector (see above), and the increasing valuation of public sector holdings of land and physical assets, also outlined above.

#### TOTAL PUBLIC SECTOR Summary Financial Statements

Table 4

	2006-07 Actual \$m	2007-08					Variation on Budget \$m (5) - (1)
		Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>OPERATING STATEMENT</b>							
Revenue	24,253	24,209	25,520	25,780	25,907	26,492	2,283
Expenses	21,481	22,690	23,635	23,665	23,628	24,037	1,347
<b>Net Operating Balance</b>	<b>2,772</b>	<b>1,519</b>	<b>1,885</b>	<b>2,115</b>	<b>2,279</b>	<b>2,455</b>	<b>936</b>
<b>BALANCE SHEET</b>							
Assets	102,994	93,007	109,325	109,474	109,755	124,016	31,009
Liabilities	27,285	27,242	29,155	28,770	29,260	31,142	3,900
<b>Net Worth</b>	<b>75,709</b>	<b>65,765</b>	<b>80,169</b>	<b>80,704</b>	<b>80,495</b>	<b>92,874</b>	<b>27,109</b>
<b>CASH FLOW STATEMENT</b>							
Change in net cash held	1,304	-56	-131	501	1,124	353	409
Cash Surplus	426	-1,342	-1,852	-1,674	-858	-523	818
<b>Memorandum Item: Net Debt</b>	<b>2,984</b>	<b>5,799</b>	<b>5,163</b>	<b>4,711</b>	<b>3,931</b>	<b>3,634</b>	<b>-2,165</b>

Note: Columns may not add due to rounding.

### Net Operating Balance

The total public sector recorded an operating surplus of \$2,455 million in 2007-08, \$936 million higher than the budget forecast. This follows a record \$2,772 million outcome recorded in 2006-07.

Compared to the 2007-08 Budget forecast, total public sector revenue was \$2,283 million (or 9.4%) higher, influenced to a large extent by the movements in the general government sector outlined earlier. Public non-financial corporations (PNC) sector revenue was \$1,124 million (or 13.5%) higher than budget, while revenue of the public financial corporations (PFC) sector declined by \$205 million (or 12.4%) relative to budget forecasts, primarily due to conditions in investment markets.

<sup>6</sup> The total public sector consolidates the general government, public non-financial corporations and public financial corporations sectors. The total public sector is also known as the 'whole-of-government'. Detailed financial disclosures for each of these sectors are contained in Appendix 1.

Total public sector expenses were also higher than budget, up \$1,347 million (or 5.9%) compared to the 2007-08 Budget, due in part to higher general government expenses outlined earlier (\$572 million). PNC sector expenses were up \$1,056 million (or 12.6%) compared to budget while PFC sector expenses were marginally higher (up 2.8%).

- Expense growth in the PNC sector was driven largely by growth in services and contracts, and salaries expenses, up 35.6% and 14.9% respectively on a year earlier. This rapid growth in expenses is a sign of the ongoing tight conditions in labour markets and a shortage of professional expertise in areas such as project management and specialist engineers. Precious metal prices and volumes also added significantly to PNC expense movements (see below).

The PNC sector recorded a \$66 million operating surplus in 2007-08, up \$68 million on the \$2 million deficit projection contained in the 2007-08 Budget. Notable changes in agency outcomes<sup>7</sup> compared to budget expectations include:

- the Water Corporation, which posted an \$133 million higher than anticipated profit as a result of \$160 million of additional customer revenue (including developer contributions), partly offset by higher than expected expenses and tax equivalent payments;
- Verve Energy (the State's public electricity generator), which reported a \$93 million higher than anticipated loss, as a result of lower revenue from energy retailers and higher input costs, such as fuel and labour;
- Synergy (the State's public electricity retailer), with a \$37 million higher than expected profit, driven by both higher customer demand and lower than expected expenses;
- the Western Australian Land Authority, which recorded a \$24 million higher than expected profit, primarily as a result of higher land sales revenue and net interest outcomes; and
- the Gold Corporation, which although it had a largely unchanged profit outcome compared with budget, purchased and sold larger than expected quantities of precious metals and at higher than forecast prices. In particular, gold volumes and prices were 42.9% and 28.2% higher respectively, while silver volumes and prices were up 21.9% and 54.4% respectively from the budget projection, contributing to an increase of around \$500 million in both revenue and expenses in 2007-08.

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<sup>7</sup> Profit results mentioned in this section are based on information available at the time of preparation of this report. Final audited profit results for agencies discussed in this publication will be available in agency Annual Reports.

The PFC sector recorded a \$180 million deficit compared with a budget-time forecast of a \$69 million surplus. This deterioration is driven primarily by lower revenue reported by the Insurance Commission of Western Australia, which was \$252 million lower than forecast, due mainly to unrealised losses in investment markets<sup>8</sup>.

### **Balance Sheet**

Net worth of the total public sector is identical to that of the general government sector (discussed earlier). Net debt is discussed later in this chapter.

### **Cash Flow Statement**

A cash deficit of \$523 million was recorded for the total public sector in 2007-08, an \$818 million improvement on the budget-time forecast of a \$1,342 million cash deficit.

This outcome reflects a \$1,517 million stronger net cash flow from operating activities, due to the impact of the higher surplus discussed above.

Purchases of non-financial assets were \$4,973 million in 2007-08, up \$267 million (or 5.7%) on the budget estimate of \$4,707 million. This included the recognition of Western Australian Land Authority and Subiaco Redevelopment Authority spending on land and development (moving \$252 million from operating costs in the budget to fixed asset spending in the outturn). Including this change, infrastructure spending in 2007-08 was up \$804 million (or 17.1%) on 2006-07.

The cash deficit outcome also reflects the post-budget recognition of increases in assets acquired under finance leases (\$431 million)<sup>9</sup>.

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<sup>8</sup> The earlier discussion of general government revenue from public corporations referred to higher than expected (realised) profit on investments. Unrealised losses discussed in this section do not impact the tax equivalent assessment for 2007-08 but result in an increase in provisions for deferred tax.

<sup>9</sup> Acquisitions under finance leases represent an increase in net debt liabilities. The GFS cash flow statement accounts for these movements in this non-cash adjustment to the cash result. DTF systems were not able to generate this adjustment to the cash outcome at the time of the 2007-08 Budget, although net debt aggregates have always recognised finance lease impacts in the State's estimates and actuals.

## Capital Investment

The Capital Works Program (CWP) in 2007-08 was a record \$6,024 million, up \$269 million on the forecast in the 2007-08 Budget, and \$935 million higher than the previous record<sup>10</sup> in 2006-07.

The table below reconciles fixed asset spending for the total public sector in 2007-08 and the CWP.

RECONCILING CAPITAL SPENDING AGGREGATES							
Western Australia							
	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>PURCHASE OF FIXED ASSETS</b>							
General government	1,610	2,070	2,385	2,040	2,028	2,022	-48
Public non-financial corporations	2,588	2,716	3,353	3,340	2,625	2,965	249
Public financial corporations	7	4	8	7	7	14	10
<i>plus</i>							
Expensed Capital Works Program <sup>(a), (b)</sup>	249	269	278	216	216	216	-54
Keystart home lending loans	437	420	610	762	687	687	267
All other <sup>(a), (c)</sup>	218	278	278	375	375	124	-154
<i>less</i>							
Capital spending by agencies outside the Capital Works Program <sup>(d)</sup>	19	3	3	11	11	4	1
<b>CAPITAL WORKS PROGRAM <sup>(a)</sup></b>	<b>5,089</b>	<b>5,755</b>	<b>6,910</b>	<b>6,729</b>	<b>5,928</b>	<b>6,024</b>	<b>269</b>

(a) Preliminary actuals. Final totals for expensed, 'all other' and the final 2007-08 Capital Works Program will not be known until detailed project level information has been submitted by all agencies and assessed by the Department of Treasury and Finance.

(b) Includes items expensed as operating activities such as grants to local governments and private sector agencies.

(c) Includes purchase of inventories and loans to external parties by agencies other than Keystart.

(d) Agencies such as the Burswood Park Board, Workcover WA and statutory marketing authorities.

Note: Columns may not add due to rounding.

<sup>10</sup> The accounting change to the Western Australian Land Authority and Subiaco Redevelopment Authority outlined earlier does not affect the CWP estimates as these payments were already included as expensed capital costs.

Fixed asset spending by key public sector agencies is detailed in the following table.

Table 6

**PURCHASE OF FIXED ASSETS**  
Total Public Sector

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
Western Power (Networks)	696	761	761	901	901	761	-
Main Roads	497	581	634	770	750	733	152
Water Corporation	639	755	754	806	806	713	-41
Housing Authority	447	479	632	736	736	574	95
Western Australian Land Authority <sup>(a)</sup>	109	201	208	185	166	372	171
Education & Training	345	272	375	354	354	335	64
WA Health	165	314	306	252	262	232	-81
Public Transport Authority	426	184	267	224	228	210	26
State Fleet	129	147	155	155	155	132	-15
Port Authorities	59	99	192	133	133	96	-3
Housing & Works	28	96	114	82	82	89	-6
Western Australian Planning Commission	83	74	84	84	84	76	2
Western Australia Police	79	85	96	102	103	65	-20
Verve Energy	81	89	119	133	133	63	-26
Horizon Power	54	29	37	89	89	62	33
Planning & Infrastructure	16	92	67	64	64	20	-72
Culture and The Arts	21	70	74	61	61	19	-51
Synergy	14	18	18	18	18	3	-14
Cost escalation provisions <sup>(b)</sup>	-	-	251	-	-	-	-
Provision for revised cash-flows <sup>(c)</sup>	-	-	-	-300	-1,000	-	-
All other	282	362	519	455	451	416	54
<b>TOTAL PUBLIC SECTOR</b>	<b>4,169</b>	<b>4,707</b>	<b>5,662</b>	<b>5,303</b>	<b>4,576</b>	<b>4,973</b>	<b>267</b>

(a) Includes the recognition of spending on land and development (moving \$247 million from operating costs in the budget to fixed asset spending in the outturn).

(b) The 2007-08 mid-year review included a \$251 million provision for higher capital costs that was subsequently allocated to agencies in the 2008-09 Budget and PFPS.

(c) The 2008-09 Budget included a provision for expected underspending in the Capital Works Program by 30 June 2008. This \$300 million provision was revised up to \$1,000 million in the PFPS, reflecting preliminary assessment of the final data for 2007-08 submitted by agencies for this report. Actual Capital Works Program underspending totalled \$904 million relative to this provision.

Note: Columns may not add due to rounding.

For the general government sector, fixed asset spending was \$2,022 million in 2007-08, \$48 million (or 2.3%) lower than the budget forecast. The following movements were significant in this outcome:

- Main Roads (up \$152 million), including accelerated works on the New Perth-Bunbury Highway (\$90 million), cost escalations (including land settlement payments) of \$17 million, and a net \$45 million of project work rescheduled from 2006-07;
- Education and Training (up \$64 million), including \$29 million for higher than anticipated tender and other construction costs, \$21 million in higher land acquisition costs, \$9 million of spending held over from 2006-07, and \$5 million for the acquisition and relocation of transportable classrooms;



- Health (down \$81 million), due to delays in projects such as Stage 1 of the Rockingham Kwinana Hospital Redevelopment, Stage 1 of the Joondalup Health Campus Development, and information and communication technology. This reflects the impact of conditions in the Western Australian construction sector, including a continued shortage of professional design personnel, construction labour, sub-contractors and suppliers;
- Planning and Infrastructure (down \$72 million), mainly due to project delays as a result of conditions in the construction market. Projects affected include the Albany Waterfront, Licensing Business Unit Reform Program, and Electronic Land Development projects. Delays in obtaining planning approvals also resulted in lower than expected investment in the Perry Lakes Redevelopment;
- Culture and the Arts (down \$51 million), largely as a result of weather-related delays to the construction of the New Performing Arts venue, and overestimated requirements for the Broome Performing Arts and Cultural Centre and the relocation of the West Australian Symphony Orchestra;
- Western Australia Police (down \$20 million), reflecting changes to construction scheduling and changes in service delivery requirements for counter-terrorism facilities, police stations and police complexes in Perth, Kimberley, South Hedland, Derby and the Town of Vincent; and
- the State's car fleet (down \$15 million), due to increased investment in less expensive and more fuel-efficient four cylinder vehicles.

Fixed asset spending in the public non-financial corporations (PNC) sector was \$2,965 million in 2007-08. However, abstracting from the accounting change to Western Australian Land Authority and Subiaco Redevelopment Authority land purchases outlined earlier, fixed asset spending in the PNC sector was broadly unchanged from the original budget estimate.

Significant (and largely offsetting) spending changes since budget include:

- Housing Authority (up \$95 million), largely due to higher construction and development costs and a range of new housing measures announced after the 2007-08 Budget (including land acquisition and cost escalation for Government Regional Officers Housing facilities);
- Horizon Power (up \$33 million), as a result of higher than forecast customer-driven demand;
- Public Transport Authority (up \$26 million), largely as a result of \$56 million of capital payments associated with the commissioning of the New Metro Rail project, partially offset by changes to various infrastructure project schedules delaying works into 2008-09;

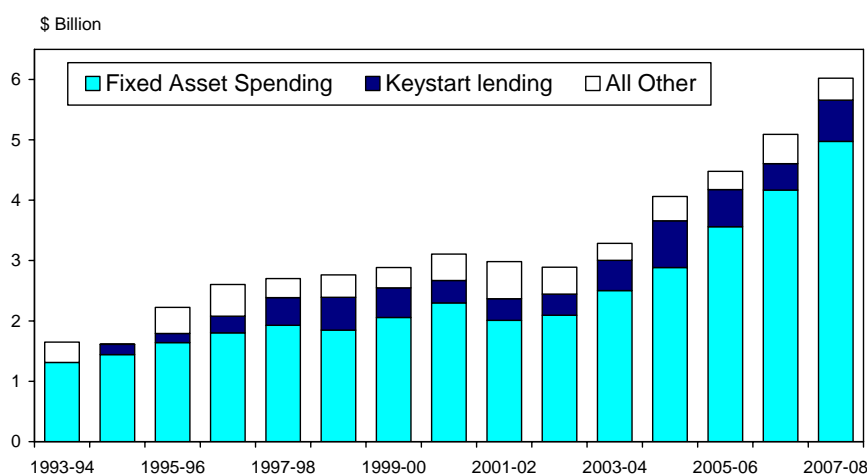
- Western Australian Land Authority (excluding the accounting changes noted above, down \$75 million), as a result of delays in construction of the floating dock and transfer system at the Australian Marine Complex Common User Facility, and planned land acquisition at Hazelmere, Coolbellup, Fremantle, Knutsford, Seville Grove, Cervantes and Gracetown either not proceeding or deferred;
- Water Corporation (down \$41 million), reflecting timing delays against a range of water, wastewater and drainage projects;
- Verve Energy (down \$26 million), as a result of resourcing shortages and a reprioritisation of its capital program; and
- Synergy (down \$14 million), as a result of delays associated with the commissioning of a new customer information and billing system.

Loans made under the Keystart program<sup>11</sup> were \$267 million (or 63.6%) higher than originally budgeted. This included loans under the First Start Shared Equity Scheme, which commenced in February 2007, with over 1,000 low income home buyers provided with assistance during 2007-08. Other Keystart low deposit loans were also higher than budgeted due to tightening conditions in the home lending market, which resulted in increased demand for Keystart products.

The following chart provides an overview of infrastructure spending in Western Australia since 1993-94. Over the last five years, the CWP has grown at an average rate of 18.9% per annum. In per capita terms, fixed asset spending in 2007-08 equated to around \$2,327 per person, more than double that of five years ago.

**INFRASTRUCTURE SPENDING**  
Total Public Sector

Figure 7



<sup>11</sup> These loans are historically accounted for as part of the CWP.

## Net Debt

At 30 June 2008, net debt of the total public sector stood at \$3,634 million, \$2,165 million lower than forecast at the time of the 2007-08 Budget, but \$650 million higher than the record low outcome at 30 June 2007.

The variance between the budget forecast and the final outcome for 2007-08 includes the result of a lower than expected net debt outturn for 2006-07 (down \$1,225 million, discussed in the 2006-07 *Annual Report on State Finances*), as well as the stronger than forecast operating surplus result for 2007-08.

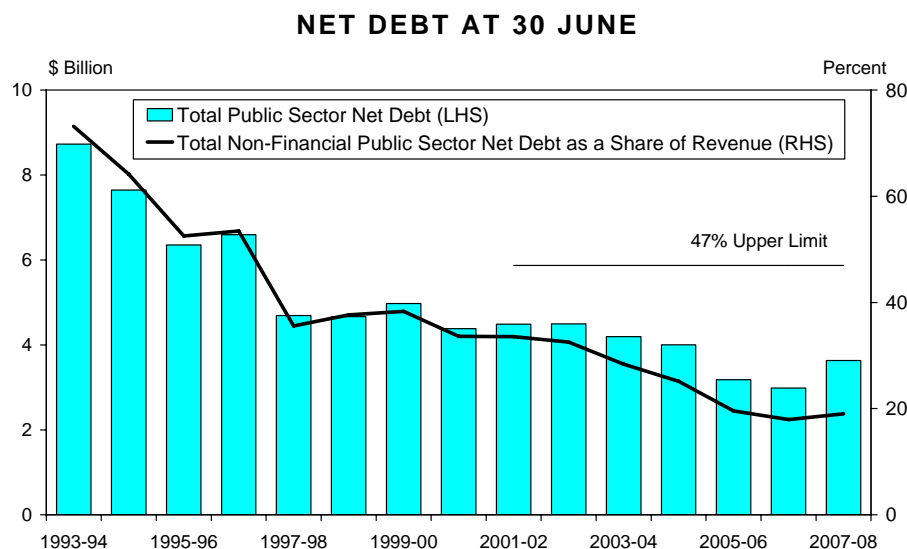
In this regard, the extent to which debt is required to fund infrastructure spending is offset by operating surpluses generated by the public sector. These surpluses provide a key non-debt source of funding for the CWP.

The following table reconciles the net debt position as forecast at the time of the 2007-08 Budget and the final outturn.

Table 7 SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS SINCE THE 2007-08 BUDGET	
	2007-08 \$m
<b>2007-08 BUDGET - NET DEBT AT 30 JUNE 2008</b>	<b>5,799</b>
Plus impact of final 2006-07 outturn	-1,224.5
Less change in net cash flows from operating activities and distributions paid	
- General government	971.5
- Public non-financial corporations	298.2
- Public financial corporations	247.5
<i>Total public sector</i>	<i>1,517.3</i>
Plus purchases of non-financial assets	
Policy decisions <sup>(a)</sup>	280.2
Parameter movements	-13.5
<i>Total purchase of non-financial assets</i>	<i>266.7</i>
Less proceeds from sale of non-financial assets	-1.5
Plus all other financing	
Net acquisition under finance leases and similar arrangements <sup>(b)</sup>	203.0
Retention of Dampier to Bunbury Natural Gas Pipeline loan asset <sup>(c)</sup>	-88.1
All other <sup>(d)</sup>	193.4
<i>Cumulative impact on net debt at 30 June</i>	<i>-2,165.3</i>
<b>2007-08 ANNUAL REPORT ON STATE FINANCES - NET DEBT AT 30 JUNE 2008</b>	<b>3,634</b>
(a) An agency listing of the policy decisions taken since the 2007-08 Budget is provided in Appendix 4: <i>Policy Decisions Affecting Spending</i> .	
(b) Assets acquired under finance leases increase net debt but have no associated cash flow reflected in other items in this table.	
(c) For the GFS presentation of State finances, and under the arrangements at the time, \$88 million of Government assistance was provided to the new owners of the pipeline as a loan. This was budgeted to be expensed (and the loan written off) at the time of completion of the initial expansion commitments (2006-07). However, subsequent advice from the ABS was that for National Accounts purposes, the loan should be maintained until 2015-16 or if and when the company applies to the Minister for conversion of the loan to a grant (whichever occurs first). This advice was received at the time of finalising the 2006-07 <i>Annual Report on State Finances</i> and hence represents a post-budget reduction in net debt at 30 June 2008.	
(d) Mainly the net movement of financial assets/liabilities in the public financial corporations sector.	
Note: Columns may not add due to rounding.	

The net debt to revenue ratio of the total non-financial public sector was 19.0% in 2007-08, down from the 30.0% estimated in the 2007-08 Budget. This outcome reflects both the lower net debt outcome at 30 June 2008, and the impact of higher revenue (discussed earlier in this chapter). Further discussion on the net debt to revenue ratio and other financial targets can be found in Chapter 2: *Financial Strategy and Targets*.

Figure 8



The general government sector is net debt-free for the fifth consecutive year, with financial assets exceeding gross debt liabilities by \$3.4 billion at 30 June 2008.

### Application of the Surplus

The cash impact of higher general government operating surpluses is generally reflected in the closing cash balance of the Consolidated Account. The Consolidated Account ended 2007-08 with a \$705 million cash surplus.

Part of this surplus has been applied to fund cost escalation for the Fiona Stanley Hospital, with \$221 million applied for this purpose in the 2008-09 Budget. In July 2008, most of the remaining Consolidated Account cash surplus was allocated to fund the \$335 million Perth Arena and to repay the following agency borrowings:

- \$97 million in Department of Health borrowings relating to a number of past hospital projects (\$50 million) and the now abolished Metropolitan Health Services Board (\$47 million);
- \$28 million in Fire and Emergency Services Authority debt, largely undertaken for the acquisition of fire-fighting appliances; and
- \$4 million in South West Development Commission borrowings relating to the Commission's land acquisition and development functions.

# Financial Strategy and Targets

## Overview

This chapter compares the 2007-08 financial results discussed in Chapter 1 with the financial targets specified in the 2007-08 Budget Paper No. 3: *Economic and Fiscal Outlook*. These targets were to:

- maintain or increase real net worth of the total public sector;
- achieve an operating surplus for the general government sector;
- retain the State's triple-A credit rating, represented by the following two specific targets:
  - maintain the net debt to revenue ratio for the total non-financial public sector (TNPS) at or below 47%; and
  - ensure that real per capita own-purpose expenses for the general government sector do not increase; and
- maintain Western Australia's tax competitiveness, as measured by maintaining tax revenue as a share of gross State product (GSP) below the other States' average.

The following table outlines compliance with these targets for 2007-08.

<b>COMPLIANCE WITH FINANCIAL TARGETS</b>			Table 1
	2007-08		
	Budget	Actual	
<b>FINANCIAL TARGET</b>			
Real net worth be maintained or increased	Yes	Yes	
General government operating surplus	Yes	Yes	
Triple-A credit rating be maintained:			
- net debt as a share of revenue for the TNPS at or below 47%	Yes	Yes	
- no increase in real per capita own-purpose general government expenses	Yes	No	
Tax revenue as a share of GSP below other States' average	Yes	Yes	

The remainder of this chapter details individual financial target performance for 2007-08.

## Performance against Financial Targets

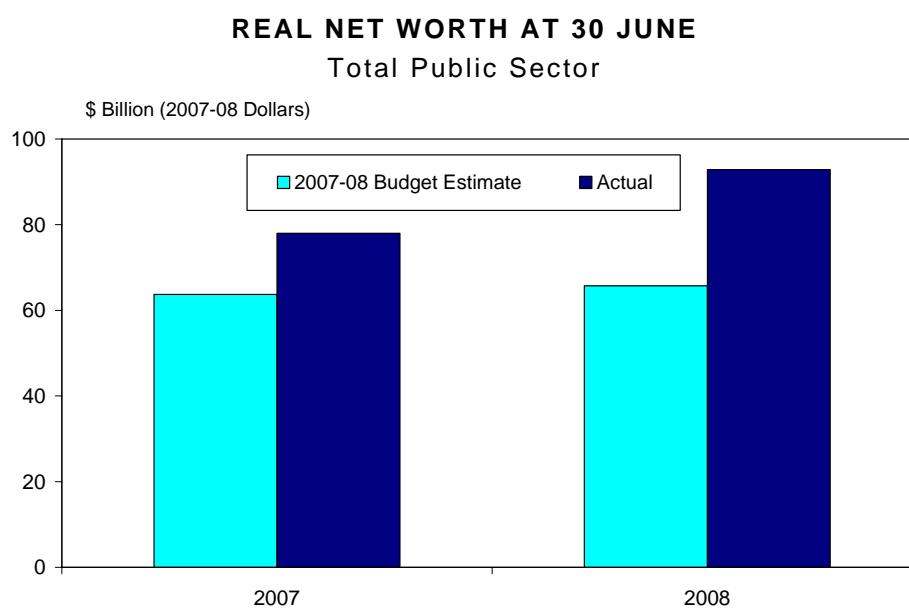
### Net Worth: Maintain Or Increase Real Net Worth Of The Total Public Sector

This target was met in 2007-08.

Net worth is the most comprehensive measure of the strength of the public sector balance sheet, consisting of total assets (financial and non-financial) less total liabilities. The impact of inflation is removed from the net worth target to measure changes excluding the time value of money.

In nominal terms, net worth was \$92.9 billion at 30 June 2008, an increase of \$27.1 billion over the 2007-08 Budget estimate. In real terms, net worth at 30 June 2008 increased by \$14.9 billion (or 19.1%) compared with the level at 30 June 2007.

Figure 1



The increase in net worth at 30 June 2008 reflects the impact of valuation increases in the public sector's land and fixed asset holdings, and the operating surplus results for 2007-08, particularly in the general government sector.

## Operating Result: Achieve An Operating Surplus For The General Government Sector

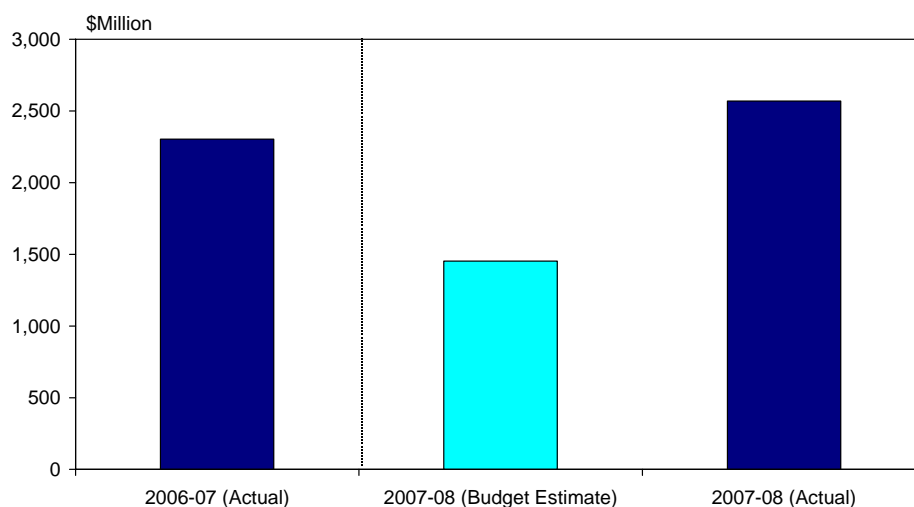
This target was met in 2007-08.

The net operating balance is a measure of the day-to-day operations of the general government sector, and represents the difference between revenue and expense transactions for the year. It excludes the impact of revaluations, gains or losses on asset disposals, and accounting allowances for doubtful debts. It also excludes purchases of non-financial assets (i.e. capital spending) but includes the consumption of capital (i.e. depreciation) through the year.

The general government sector recorded a \$2,569 million operating surplus in 2007-08, up \$1,117 million on the \$1,453 million surplus estimated at the time of the 2007-08 Budget. This follows the \$2,303 million operating surplus outcome for 2006-07, and is the highest surplus result on record.

Figure 2

### NET OPERATING BALANCE General Government



This stronger than expected result reflects higher than forecast revenue (up \$1,688 million), partly offset by higher expenses (up \$572 million). Further detail is provided in Chapter 1: *Financial Results*.



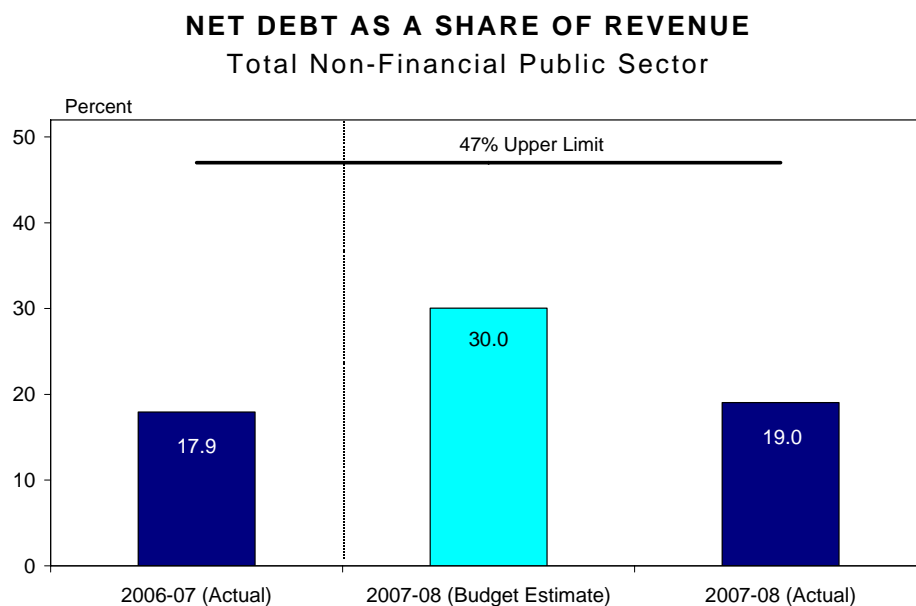
## Retain The State's Triple-A Credit Rating - Maintain Net Debt To Revenue For The Total Non-Financial Public Sector At Or Below 47%

This target was met in 2007-08.

The net debt to revenue ratio is a key measure of the sustainability of public sector net debt. It shows the net debt position of both the general government and public non-financial corporations sectors relative to the revenue available to service that debt. It is a key focus of the credit ratings agencies.

The net debt to revenue ratio was 19.0% in 2007-08, a significant 11.0 percentage points lower than originally forecast in the 2007-08 Budget. This primarily reflects the higher than forecast operating surplus (particularly in the general government sector) and the impact of higher revenue on the denominator of the ratio.

Figure 3



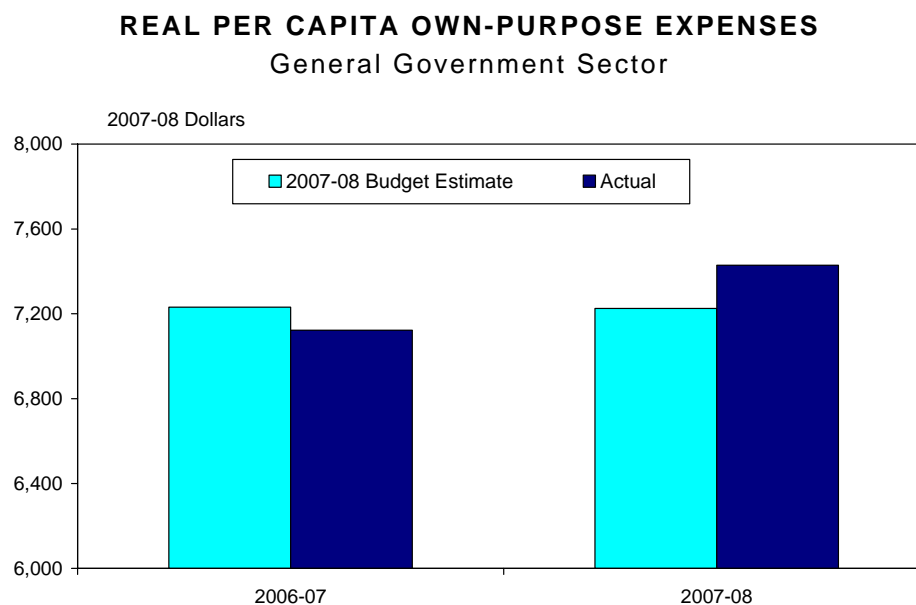
## Retain the State's Triple-A Credit Rating - Ensure That Real Per Capita Own-Purpose Expenses For The General Government Sector Do Not Increase

This target was not met in 2007-08.

The target allows for expenses (excluding Commonwealth specific purpose payments that pass 'through' the State) to increase at a rate up to (but not exceeding) combined growth in the population and inflation<sup>1</sup>.

In 2007-08, nominal expenses increased by 10.3%, which exceeds the 6.0% growth consistent with this target.

Figure 4



Chapter 1: *Financial Results* provides further detail on the factors contributing to the higher than budgeted expense outcome.

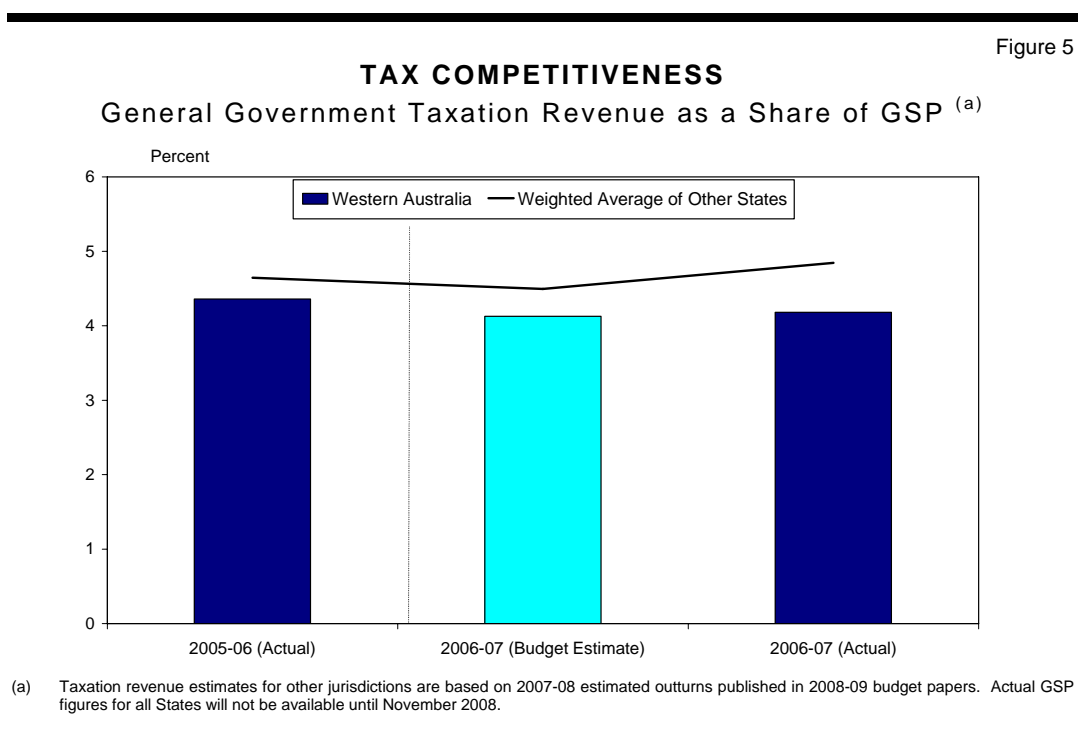
<sup>1</sup> Inflation as measured by growth in the public consumption deflator.

## Tax Competitiveness: Maintain Western Australia's Tax Competitiveness, as Measured by Maintaining Tax Revenue as a Share of GSP Below the Other States' Average

This target was achieved in 2007-08.

Western Australia's taxation revenue as a share of GSP declined slightly in 2007-08 (compared to 2006-07), with growth in tax revenue being more than offset by robust growth in GSP<sup>2</sup>.

As the following chart shows, Western Australia's taxation revenue as a share of GSP remained below the average of the other States in 2007-08, consistent with the target.



<sup>2</sup> GSP is estimated to have grown by \$8.9 billion or 7% in real terms in 2007-08 (relative to 2006-07). Final GSP data for 2007-08 will not be available until November 2008.



# Uniform Presentation of Public Sector Finances - Statistical Tables

This appendix contains details of variations between the 2007-08 Budget estimates and the actual results for various sectors within the total public sector under the accrual GFS framework.

The estimated outturn information which appeared in the 2008-09 Budget Paper 3: *Economic and Fiscal Outlook* and the 2008-09 *Pre-election Financial Projections Statement* have been restated in the Uniform Presentation Framework format used in this publication, to be consistent with the 2007-08 Budget presentation.

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Table 1.1

**GENERAL GOVERNMENT**  
**Operating Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>REVENUE</b>							
Taxation	5,718	5,527	6,368	6,399	6,332	6,339	811
Current grants and subsidies	7,155	7,272	7,362	7,480	7,587	7,800	528
Capital grants	448	513	471	455	619	504	-8
Sales of goods and services	1,229	1,181	1,260	1,272	1,272	1,400	219
Interest Income	246	213	254	256	301	332	119
Revenue from public corporations							
Dividends	421	441	485	491	491	512	71
Tax equivalent payments	311	327	318	328	328	366	39
Royalty income	1,468	1,815	1,668	1,731	1,698	1,665	-151
Other	453	304	329	345	345	364	60
<i>Total</i>	<i>17,451</i>	<i>17,593</i>	<i>18,516</i>	<i>18,757</i>	<i>18,974</i>	<i>19,282</i>	<i>1,688</i>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	6,182	6,436	6,688	6,797	6,776	6,906	470
Depreciation and amortisation	672	710	741	740	741	709	-1
Superannuation	602	625	648	666	657	666	42
Services and contracts	1,663	2,018	1,988	1,966	1,976	1,981	-36
Other gross operating expenses	1,822	1,999	2,056	1,953	1,938	1,835	-163
Nominal superannuation interest	289	279	316	316	316	359	80
Other interest	112	118	113	109	108	120	2
Current transfers	3,392	3,464	3,598	3,556	3,628	3,644	180
Capital transfers	413	492	536	492	456	491	-1
<i>Total</i>	<i>15,147</i>	<i>16,141</i>	<i>16,685</i>	<i>16,596</i>	<i>16,596</i>	<i>16,712</i>	<i>572</i>
<b>NET OPERATING BALANCE</b>	<b>2,303</b>	<b>1,453</b>	<b>1,831</b>	<b>2,161</b>	<b>2,378</b>	<b>2,569</b>	<b>1,117</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>							
Purchases of non-financial assets	1,610	2,070	2,385	2,040	2,028	2,022	-48
Sales of non-financial assets	-169	-202	-213	-212	-271	-244	-42
less depreciation	672	710	741	740	741	709	-1
plus change in inventories	1	-	-	-	-	3	3
plus other movements in non-financial assets	7	-	-78	124	163	-260	-260
<i>Total</i>	<i>777</i>	<i>1,158</i>	<i>1,354</i>	<i>1,212</i>	<i>1,180</i>	<i>813</i>	<i>-345</i>
<b>NET LENDING/BORROWING</b>	<b>1,527</b>	<b>294</b>	<b>477</b>	<b>949</b>	<b>1,198</b>	<b>1,757</b>	<b>1,462</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards</b>							
<b>NET OPERATING BALANCE</b>	<b>2,303</b>	<b>1,453</b>	<b>1,831</b>	<b>2,161</b>	<b>2,378</b>	<b>2,569</b>	<b>1,117</b>
less provisions for doubtful debts	27	-	-	-	29	59	59
plus net gains on assets (including derivatives)	-2	140	253	91	142	179	40
plus capitalised interest	-	-	-	-	-	-	-
less revaluation of superannuation liabilities	51	35	-	-	-	291	256
plus all other adjustments	-50	-75	-68	-68	-73	-62	13
<b>AAS OPERATING RESULT</b>	<b>2,173</b>	<b>1,483</b>	<b>2,015</b>	<b>2,183</b>	<b>2,418</b>	<b>2,337</b>	<b>854</b>

Note: Columns may not add due to rounding.

Table 1.2

**GENERAL GOVERNMENT**  
Balance Sheet at 30 June

	2006-07	2007-08				Actual \$m	Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits	394	442	402	414	412	497	55
Advances paid	840	707	829	829	829	824	117
Investments, loans and placements	3,287	2,678	3,184	3,735	3,711	3,970	1,292
Other non-equity assets	1,295	1,283	1,436	1,682	1,884	1,972	689
Equity	28,553	26,151	30,477	30,309	30,244	31,874	5,723
<b>Total</b>	<b>34,370</b>	<b>31,261</b>	<b>36,327</b>	<b>36,969</b>	<b>37,081</b>	<b>39,137</b>	<b>7,876</b>
<i>Non-financial assets</i>							
Land and fixed assets	51,279	44,502	54,023	53,514	53,543	64,357	19,855
Other non-financial assets	295	294	282	290	291	336	41
<b>Total</b>	<b>51,574</b>	<b>44,796</b>	<b>54,306</b>	<b>53,803</b>	<b>53,834</b>	<b>64,692</b>	<b>19,896</b>
<b>TOTAL ASSETS</b>	<b>85,944</b>	<b>76,057</b>	<b>90,633</b>	<b>90,773</b>	<b>90,915</b>	<b>103,829</b>	<b>27,772</b>
<b>LIABILITIES</b>							
Deposits held	286	253	303	209	209	326	73
Advances received	523	510	510	510	510	510	-
Borrowings	996	1,163	1,178	1,291	1,151	1,046	-116
Unfunded superannuation liabilities	5,498	5,387	5,364	5,366	5,429	5,796	408
Other employee entitlements and provisions	1,636	1,724	1,743	1,744	1,757	1,849	125
Non-equity liabilities	1,297	1,256	1,366	950	1,364	1,429	173
<b>TOTAL LIABILITIES</b>	<b>10,235</b>	<b>10,292</b>	<b>10,464</b>	<b>10,070</b>	<b>10,420</b>	<b>10,955</b>	<b>663</b>
<b>NET WORTH</b>	<b>75,709</b>	<b>65,765</b>	<b>80,169</b>	<b>80,703</b>	<b>80,495</b>	<b>92,874</b>	<b>27,109</b>
<i>Memorandum Item: Net debt</i>	<i>-2,716</i>	<i>-1,903</i>	<i>-2,424</i>	<i>-2,968</i>	<i>-3,082</i>	<i>-3,409</i>	<i>-1,507</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards</b>							
<b>NET WORTH</b>	<b>75,709</b>	<b>65,765</b>	<b>80,169</b>	<b>80,703</b>	<b>80,495</b>	<b>92,874</b>	<b>27,109</b>
<i>less equity (net worth) of PNC and PFC sectors</i>	<i>26,104</i>	<i>23,303</i>	<i>27,516</i>	<i>27,349</i>	<i>27,297</i>	<i>29,077</i>	<i>5,774</i>
<i>less provision for doubtful debts</i>	<i>27</i>	<i>-</i>	<i>-</i>	<i>138</i>	<i>93</i>	<i>183</i>	<i>183</i>
<i>less all other adjustments</i>	<i>-182</i>	<i>-213</i>	<i>-121</i>	<i>303</i>	<i>-56</i>	<i>-114</i>	<i>99</i>
<b>AAS NET ASSETS</b>	<b>49,759</b>	<b>42,675</b>	<b>52,773</b>	<b>52,913</b>	<b>53,162</b>	<b>63,728</b>	<b>21,053</b>

Note: Columns may not add due to rounding.



Table 1.3

**GENERAL GOVERNMENT**  
**Cash Flow Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	5,675	5,556	6,397	6,440	6,213	6,217	661
Receipts from sales of goods and services	1,280	1,215	1,297	1,289	1,265	1,505	291
Grants and subsidies received	7,550	7,721	7,765	7,865	8,151	8,192	470
Other receipts	3,542	3,821	3,743	3,726	3,756	3,876	55
<i>Total</i>	<i>18,046</i>	<i>18,313</i>	<i>19,202</i>	<i>19,320</i>	<i>19,386</i>	<i>19,790</i>	<i>1,477</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-10,541	-11,357	-11,727	-11,712	-11,601	-11,752	-396
Grants and subsidies paid	-3,526	-3,690	-3,810	-3,728	-3,829	-3,767	-77
Interest paid	-112	-115	-116	-113	-111	-112	3
Other payments	-966	-1,063	-1,071	-1,082	-1,055	-1,099	-36
<i>Total</i>	<i>-15,145</i>	<i>-16,225</i>	<i>-16,724</i>	<i>-16,635</i>	<i>-16,596</i>	<i>-16,730</i>	<i>-506</i>
<b>Net cash flow from operating activities</b>	<b>2,901</b>	<b>2,088</b>	<b>2,477</b>	<b>2,684</b>	<b>2,790</b>	<b>3,060</b>	<b>972</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-1,610	-2,070	-2,385	-2,040	-2,028	-2,022	48
Sales of non-financial assets	169	202	213	212	271	244	42
<i>Total</i>	<i>-1,441</i>	<i>-1,868</i>	<i>-2,172</i>	<i>-1,828</i>	<i>-1,757</i>	<i>-1,778</i>	<i>90</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-1,405	-271	-379	-378	-366	-348	-77
Liquidity purposes	31	-5	-9	-8	-7	81	86
<i>Total</i>	<i>-1,374</i>	<i>-276</i>	<i>-388</i>	<i>-386</i>	<i>-373</i>	<i>-267</i>	<i>10</i>
<b>Net cash flow from investing activities</b>	<b>-2,815</b>	<b>-2,144</b>	<b>-2,560</b>	<b>-2,214</b>	<b>-2,130</b>	<b>-2,045</b>	<b>99</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-4	-	-	-	-3	-3	-3
Borrowings (net)	-24	31	-35	78	-62	-144	-176
Deposits received (net)	-	-	-	-	-	-	-
Distributions paid	-	-	-	-	-	-	-
Other financing	16	-10	-17	-18	-18	23	33
<i>Total</i>	<i>-12</i>	<i>21</i>	<i>-52</i>	<i>60</i>	<i>-83</i>	<i>-125</i>	<i>-146</i>
<i>Opening cash balance</i>	<i>4,462</i>	<i>4,009</i>	<i>4,535</i>	<i>3,346</i>	<i>3,346</i>	<i>4,535</i>	<i>526</i>
<b>NET INCREASE IN CASH HELD <sup>(a)</sup></b>	<b>74</b>	<b>-35</b>	<b>-135</b>	<b>530</b>	<b>577</b>	<b>890</b>	<b>925</b>
<i>Closing cash balance</i>	<i>4,535</i>	<i>3,975</i>	<i>4,401</i>	<i>3,876</i>	<i>3,923</i>	<i>5,425</i>	<i>1,451</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>1,460</i>	<i>220</i>	<i>305</i>	<i>857</i>	<i>1,033</i>	<i>1,281</i>	<i>1,061</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>198</i>	<i>198</i>	<i>213</i>	<i>213</i>
<b>Surplus</b>	<b>1,460</b>	<b>220</b>	<b>305</b>	<b>659</b>	<b>836</b>	<b>1,068</b>	<b>848</b>

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.4

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Operating Statement

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>REVENUE</b>							
Current grants and subsidies	1,184	1,174	1,271	1,290	1,280	1,289	114
Capital grants	153	172	119	119	122	120	-51
Sales of goods and services	6,574	6,603	6,886	6,910	6,917	7,471	868
Interest income	152	121	135	139	137	169	48
Other	470	286	469	469	364	431	146
<i>Total</i>	<i>8,533</i>	<i>8,356</i>	<i>8,881</i>	<i>8,927</i>	<i>8,820</i>	<i>9,480</i>	<i>1,124</i>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	611	695	747	752	752	702	8
Depreciation and amortisation	743	829	849	851	851	837	8
Superannuation	60	67	72	72	73	71	4
Services and contracts	357	221	237	243	243	484	264
Other gross operating expenses	4,559	4,502	4,855	4,934	4,889	5,126	625
Nominal superannuation interest	-	-	-	-	-	-	-
Other interest	551	631	632	645	643	672	41
Other property expenses	712	739	779	798	798	822	83
Current transfers	696	630	650	671	665	633	3
Capital transfers	6	45	61	61	61	66	22
<i>Total</i>	<i>8,294</i>	<i>8,358</i>	<i>8,882</i>	<i>9,028</i>	<i>8,975</i>	<i>9,414</i>	<i>1,056</i>
<b>NET OPERATING BALANCE</b>	<b>238</b>	<b>-2</b>	<b>-2</b>	<b>-101</b>	<b>-155</b>	<b>66</b>	<b>68</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>							
Purchases of non-financial assets	2,588	2,716	3,353	3,340	2,625	2,965	249
Sales of non-financial assets	-726	-763	-865	-935	-935	-664	99
less depreciation	743	829	849	851	851	837	8
plus change in inventories	-99	-16	218	202	218	371	388
plus other movements in non-financial assets	-6	-	-	94	94	-248	-248
<i>Total</i>	<i>1,014</i>	<i>1,108</i>	<i>1,858</i>	<i>1,850</i>	<i>1,151</i>	<i>1,588</i>	<i>480</i>
<b>NET LENDING/BORROWING</b>	<b>-776</b>	<b>-1,110</b>	<b>-1,859</b>	<b>-1,951</b>	<b>-1,306</b>	<b>-1,522</b>	<b>-412</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards</b>							
<b>NET OPERATING BALANCE</b>	<b>238</b>	<b>-2</b>	<b>-2</b>	<b>-101</b>	<b>-155</b>	<b>66</b>	<b>68</b>
less provisions for doubtful debts	8	8	8	8	8	11	3
plus net gains on assets (including derivatives)	161	230	258	292	292	227	-4
plus capitalised interest	-	-	-	-	-	30	30
less revaluation of superannuation liabilities	22	-	-	-	-	10	10
plus all other adjustments	-	-	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>370</b>	<b>220</b>	<b>248</b>	<b>183</b>	<b>130</b>	<b>301</b>	<b>81</b>

Note: Columns may not add due to rounding.

Table 1.5

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Balance Sheet at 30 June

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>ASSETS</b>							
Financial assets							
Cash and deposits	552	375	580	508	461	505	131
Advances paid	-	6	-	-	-	7	1
Investments, loans and placements	1,716	1,364	1,673	1,808	2,471	2,007	644
Other non-equity assets	1,811	1,712	1,781	1,787	1,759	2,326	614
Equity	29	34	25	43	40	37	3
<i>Total</i>	<i>4,109</i>	<i>3,491</i>	<i>4,059</i>	<i>4,146</i>	<i>4,730</i>	<i>4,883</i>	<i>1,392</i>
Non-financial assets							
Land and fixed assets	35,431	34,951	39,309	39,294	38,595	40,728	5,777
Other non-financial assets	310	489	303	292	289	390	-99
<i>Total</i>	<i>35,742</i>	<i>35,441</i>	<i>39,612</i>	<i>39,585</i>	<i>38,884</i>	<i>41,118</i>	<i>5,677</i>
<b>TOTAL ASSETS</b>	<b>39,851</b>	<b>38,931</b>	<b>43,671</b>	<b>43,732</b>	<b>43,615</b>	<b>46,001</b>	<b>7,069</b>
<b>LIABILITIES</b>							
Deposits held	6	1	1	1	1	3	2
Advances received	523	510	510	510	510	510	-
Borrowings	8,645	10,167	10,589	10,746	10,696	10,375	208
Unfunded superannuation liabilities	155	145	149	149	150	114	-31
Other employee entitlements and provisions	633	465	536	539	536	606	142
Non-equity liabilities	2,602	2,540	2,763	2,832	2,833	3,831	1,291
<i>TOTAL LIABILITIES</i>	<i>12,564</i>	<i>13,827</i>	<i>14,548</i>	<i>14,778</i>	<i>14,726</i>	<i>15,439</i>	<i>1,612</i>
Shares and other contributed capital	2,449	2,848	2,961	2,961	2,948	2,797	-51
<b>NET WORTH</b>	<b>24,839</b>	<b>22,256</b>	<b>26,162</b>	<b>25,993</b>	<b>25,940</b>	<b>27,765</b>	<b>5,509</b>
<i>Memorandum Item: Net debt</i>	<i>6,904</i>	<i>8,934</i>	<i>8,846</i>	<i>8,941</i>	<i>8,275</i>	<i>8,368</i>	<i>-566</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards</b>							
<b>NET WORTH</b>	<b>24,839</b>	<b>22,256</b>	<b>26,162</b>	<b>25,993</b>	<b>25,940</b>	<b>27,765</b>	<b>5,509</b>
plus shares and other contributed capital	2,449	2,848	2,961	2,961	2,948	2,797	-51
less provision for doubtful debts	8	8	8	12	9	25	16
less all other adjustments	-	-	-	-	3	-	-
<b>AAS net assets</b>	<b>27,280</b>	<b>25,096</b>	<b>29,115</b>	<b>28,942</b>	<b>28,876</b>	<b>30,537</b>	<b>5,442</b>

Note: Columns may not add due to rounding.

Table 1.6

**PUBLIC NON-FINANCIAL CORPORATIONS**  
**Cash Flow Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Receipts from sales of goods and services	6,933	6,661	6,986	6,991	6,902	7,634	973
Grants and subsidies received	1,245	1,254	1,297	1,308	1,300	1,273	19
Other receipts	883	745	718	743	743	942	197
<i>Total</i>	<i>9,061</i>	<i>8,660</i>	<i>9,001</i>	<i>9,043</i>	<i>8,946</i>	<i>9,849</i>	<i>1,189</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-5,674	-5,490	-5,820	-5,991	-5,965	-6,249	-759
Grants and subsidies paid	-475	-588	-630	-651	-647	-579	8
Interest paid	-558	-640	-634	-644	-643	-620	20
Other payments	-1,105	-911	-882	-882	-891	-1,015	-104
<i>Total</i>	<i>-7,813</i>	<i>-7,628</i>	<i>-7,965</i>	<i>-8,168</i>	<i>-8,146</i>	<i>-8,463</i>	<i>-835</i>
<b>Net cash flows from operating activities</b>	<b>1,248</b>	<b>1,031</b>	<b>1,036</b>	<b>875</b>	<b>799</b>	<b>1,385</b>	<b>354</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-2,588	-2,716	-3,353	-3,340	-2,625	-2,965	-249
Sales of non-financial assets	726	763	865	935	935	664	-99
<i>Total</i>	<i>-1,862</i>	<i>-1,953</i>	<i>-2,488</i>	<i>-2,405</i>	<i>-1,690</i>	<i>-2,302</i>	<i>-348</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-	-	-	-	-	-	-
Liquidity purposes	-32	49	70	122	122	-180	-229
<i>Total</i>	<i>-32</i>	<i>49</i>	<i>70</i>	<i>122</i>	<i>122</i>	<i>-180</i>	<i>-229</i>
<b>Net cash flows from investing activities</b>	<b>-1,895</b>	<b>-1,904</b>	<b>-2,418</b>	<b>-2,283</b>	<b>-1,568</b>	<b>-2,482</b>	<b>-578</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-13	-13	-13	-13	-13	-13	-
Borrowings (net)	39	1,316	1,800	1,800	1,749	1,512	196
Deposits received (net)	-	-	-	-	-	-	-
Distributions paid	-687	-746	-773	-778	-778	-802	-56
Other financing	1,394	274	371	370	358	331	57
<i>Total</i>	<i>733</i>	<i>831</i>	<i>1,386</i>	<i>1,379</i>	<i>1,316</i>	<i>1,028</i>	<i>197</i>
<i>Opening cash balance</i>	<i>794</i>	<i>743</i>	<i>880</i>	<i>880</i>	<i>880</i>	<i>880</i>	<i>137</i>
<b>NET INCREASE IN CASH HELD <sup>(a)</sup></b>	<b>87</b>	<b>-42</b>	<b>3</b>	<b>-29</b>	<b>547</b>	<b>-68</b>	<b>-26</b>
<i>Closing cash balance</i>	<i>880</i>	<i>701</i>	<i>884</i>	<i>851</i>	<i>1,427</i>	<i>812</i>	<i>111</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>-1,301</i>	<i>-1,669</i>	<i>-2,225</i>	<i>-2,308</i>	<i>-1,669</i>	<i>-1,719</i>	<i>-50</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>94</i>	<i>94</i>	<i>218</i>	<i>218</i>
<b>Surplus</b>	<b>-1,301</b>	<b>-1,669</b>	<b>-2,225</b>	<b>-2,402</b>	<b>-1,763</b>	<b>-1,936</b>	<b>-268</b>

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.7

**TOTAL NON-FINANCIAL PUBLIC SECTOR****Operating Statement**

	2006-07	2007-08				Actual \$m	Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)		
<b>REVENUE</b>							
Taxation	5,520	5,346	6,168	6,222	6,149	6,136	790
Current grants and subsidies	7,155	7,272	7,362	7,480	7,587	7,800	528
Capital grants	448	513	471	455	619	504	-8
Sales of goods and services	7,612	7,580	7,915	7,927	7,949	8,647	1,067
Interest income	361	288	360	365	410	464	176
Royalty revenue	1,468	1,815	1,668	1,731	1,698	1,665	-151
Other	798	590	782	804	700	825	235
<i>Total</i>	<i>23,363</i>	<i>23,404</i>	<i>24,725</i>	<i>24,984</i>	<i>25,112</i>	<i>26,041</i>	<i>2,637</i>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	6,794	7,130	7,435	7,549	7,528	7,608	478
Depreciation and amortisation	1,415	1,539	1,590	1,591	1,591	1,545	7
Superannuation	662	692	720	738	729	738	45
Services and contracts	2,020	2,238	2,225	2,208	2,219	2,466	227
Other gross operating expenses	6,058	6,184	6,542	6,517	6,464	6,613	429
Nominal superannuation interest	289	279	316	316	316	359	80
Other interest	626	703	715	724	724	756	53
Other property expenses	-	-	1	-	-	-	-
Current transfers	2,698	2,822	2,884	2,856	2,932	2,893	71
Capital transfers	260	366	468	424	385	428	62
<i>Total</i>	<i>20,821</i>	<i>21,953</i>	<i>22,896</i>	<i>22,924</i>	<i>22,888</i>	<i>23,405</i>	<i>1,452</i>
<b>NET OPERATING BALANCE</b>	<b>2,542</b>	<b>1,450</b>	<b>1,829</b>	<b>2,060</b>	<b>2,224</b>	<b>2,635</b>	<b>1,185</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>							
Purchases of non-financial assets	4,162	4,703	5,655	5,295	4,569	4,959	257
Sales of non-financial assets	-859	-881	-994	-1,063	-1,122	-879	2
less depreciation	1,415	1,539	1,590	1,591	1,591	1,545	7
plus change in inventories	-98	-16	218	202	218	374	390
plus other movements in non-financial assets	1	-	-78	218	257	-508	-508
<i>Total</i>	<i>1,791</i>	<i>2,266</i>	<i>3,211</i>	<i>3,062</i>	<i>2,331</i>	<i>2,401</i>	<i>134</i>
<b>NET LENDING/BORROWING</b>	<b>751</b>	<b>-816</b>	<b>-1,382</b>	<b>-1,002</b>	<b>-107</b>	<b>234</b>	<b>1,050</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards</b>							
<b>NET OPERATING BALANCE</b>	<b>2,542</b>	<b>1,450</b>	<b>1,829</b>	<b>2,060</b>	<b>2,224</b>	<b>2,635</b>	<b>1,185</b>
less provisions for doubtful debts	35	9	8	8	37	70	62
plus net gains on assets (including derivatives)	159	370	510	382	433	406	36
plus capitalised interest	-	-	-	-	-	30	30
less revaluation of superannuation liabilities	73	35	-	-	-	301	266
plus all other adjustments	-50	-75	-68	-68	-73	-62	13
<b>AAS OPERATING RESULT</b>	<b>2,543</b>	<b>1,702</b>	<b>2,263</b>	<b>2,366</b>	<b>2,548</b>	<b>2,638</b>	<b>936</b>

Note: Columns may not add due to rounding.

Table 1.8

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Balance Sheet at 30 June

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits	780	768	806	841	791	803	34
Advances paid	317	203	319	319	319	322	118
Investments, loans and placements	5,003	4,031	4,847	5,532	6,172	5,977	1,946
Other non-equity assets	2,686	2,483	2,657	2,898	3,072	3,701	1,218
Equity	1,295	1,081	1,378	1,394	1,393	1,349	268
<b>Total</b>	<b>10,082</b>	<b>8,567</b>	<b>10,007</b>	<b>10,984</b>	<b>11,747</b>	<b>12,152</b>	<b>3,584</b>
<i>Non-financial assets</i>							
Land and fixed assets	86,711	79,454	93,333	92,807	92,138	105,085	25,631
Other non-financial assets	605	783	585	581	581	725	-58
<b>Total</b>	<b>87,316</b>	<b>80,237</b>	<b>93,918</b>	<b>93,388</b>	<b>92,718</b>	<b>105,810</b>	<b>25,573</b>
<b>TOTAL ASSETS</b>	<b>97,398</b>	<b>88,804</b>	<b>103,925</b>	<b>104,373</b>	<b>104,465</b>	<b>117,962</b>	<b>29,158</b>
<b>LIABILITIES</b>							
Deposits held	126	195	118	118	118	129	-66
Advances received	523	510	510	510	510	510	-
Borrowings	9,640	11,330	11,767	12,038	11,847	11,422	92
Unfunded superannuation liabilities	5,652	5,532	5,513	5,516	5,579	5,909	377
Other employee entitlements and provisions	2,269	2,189	2,279	2,282	2,293	2,455	266
Non-equity liabilities	3,479	3,284	3,569	3,206	3,623	4,663	1,379
<b>TOTAL LIABILITIES</b>	<b>21,690</b>	<b>23,039</b>	<b>23,757</b>	<b>23,670</b>	<b>23,970</b>	<b>25,088</b>	<b>2,049</b>
<b>NET WORTH</b>	<b>75,709</b>	<b>65,765</b>	<b>80,169</b>	<b>80,703</b>	<b>80,495</b>	<b>92,874</b>	<b>27,109</b>
<i>Memorandum Item: Net debt</i>	<i>4,189</i>	<i>7,031</i>	<i>6,422</i>	<i>5,973</i>	<i>5,193</i>	<i>4,959</i>	<i>-2,072</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards</b>							
<b>NET WORTH</b>	75,709	65,765	80,169	80,703	80,495	92,874	27,109
<i>less equity (net worth) of the PFC sector</i>	1,266	1,047	1,354	1,356	1,357	1,312	266
<i>less provision for doubtful debts</i>	35	9	8	149	103	208	199
<i>less all other adjustments</i>	-182	-213	-121	291	-66	-114	99
<b>AAS NET ASSETS</b>	<b>74,590</b>	<b>64,923</b>	<b>78,928</b>	<b>78,907</b>	<b>79,102</b>	<b>91,468</b>	<b>26,545</b>

Note: Columns may not add due to rounding.

Table 1.9

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
**Cash Flow Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	5,435	5,379	6,199	6,266	6,031	6,017	638
Receipts from sales of goods and services	8,022	7,674	8,054	8,029	7,931	8,906	1,233
Grants and subsidies received	7,550	7,721	7,765	7,865	8,151	8,192	470
Other receipts	3,425	3,744	3,603	3,616	3,650	3,808	64
<i>Total</i>	<i>24,432</i>	<i>24,517</i>	<i>25,621</i>	<i>25,775</i>	<i>25,763</i>	<i>26,923</i>	<i>2,405</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-15,885	-16,644	-17,318	-17,452	-17,329	-17,625	-981
Grants and subsidies paid	-2,755	-2,998	-3,106	-3,044	-3,150	-3,051	-53
Interest paid	-632	-710	-706	-713	-713	-695	15
Other payments	-1,696	-1,793	-1,751	-1,785	-1,760	-1,909	-116
<i>Total</i>	<i>-20,969</i>	<i>-22,144</i>	<i>-22,881</i>	<i>-22,993</i>	<i>-22,952</i>	<i>-23,280</i>	<i>-1,135</i>
<b>Net cash flow from operating activities</b>	<b>3,462</b>	<b>2,373</b>	<b>2,740</b>	<b>2,781</b>	<b>2,811</b>	<b>3,643</b>	<b>1,270</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of non-financial assets	-4,162	-4,703	-5,655	-5,295	-4,569	-4,959	-257
Sales of non-financial assets	859	881	994	1,063	1,122	879	-2
<i>Total</i>	<i>-3,303</i>	<i>-3,821</i>	<i>-4,660</i>	<i>-4,233</i>	<i>-3,447</i>	<i>-4,080</i>	<i>-259</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-	-	-	-	-	-	-
Liquidity purposes	-1	44	61	113	114	-99	-143
<i>Total</i>	<i>-1</i>	<i>44</i>	<i>61</i>	<i>113</i>	<i>114</i>	<i>-99</i>	<i>-143</i>
<b>Net cash flow from investing activities</b>	<b>-3,304</b>	<b>-3,777</b>	<b>-4,599</b>	<b>-4,119</b>	<b>-3,332</b>	<b>-4,179</b>	<b>-402</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-17	-13	-13	-13	-16	-16	-3
Borrowings (net)	15	1,348	1,765	1,878	1,687	1,368	20
Deposits received (net)	-	-	-	-	-	-	-
Distributions paid	-	-	-	-	-	-	-
Other financing	5	-7	-25	-26	-26	6	13
<i>Total</i>	<i>2</i>	<i>1,327</i>	<i>1,727</i>	<i>1,839</i>	<i>1,646</i>	<i>1,358</i>	<i>31</i>
<i>Opening cash balance</i>	<i>5,255</i>	<i>4,753</i>	<i>5,416</i>	<i>4,226</i>	<i>4,226</i>	<i>5,416</i>	<i>663</i>
<b>NET INCREASE IN CASH HELD <sup>(a)</sup></b>	<b>161</b>	<b>-77</b>	<b>-131</b>	<b>501</b>	<b>1,124</b>	<b>822</b>	<b>898</b>
<i>Closing cash balance</i>	<i>5,416</i>	<i>4,676</i>	<i>5,285</i>	<i>4,727</i>	<i>5,351</i>	<i>6,238</i>	<i>1,562</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>159</i>	<i>-1,448</i>	<i>-1,920</i>	<i>-1,452</i>	<i>-636</i>	<i>-437</i>	<i>1,011</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>292</i>	<i>292</i>	<i>431</i>	<i>431</i>
<b>Surplus</b>	<b>159</b>	<b>-1,448</b>	<b>-1,920</b>	<b>-1,743</b>	<b>-928</b>	<b>-868</b>	<b>580</b>

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.10

**PUBLIC FINANCIAL CORPORATIONS**  
**Operating Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>REVENUE</b>							
Current grants and subsidies	-	-	-	-	-	-	-
Capital grants	1	-	-	-	-	-	-
Sales of goods and services	847	683	711	715	715	459	-224
Interest income	860	964	992	1,000	1,000	977	13
Other	-	-	4	-	-	7	7
<i>Total</i>	<i>1,708</i>	<i>1,648</i>	<i>1,707</i>	<i>1,715</i>	<i>1,715</i>	<i>1,442</i>	<i>-205</i>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	27	29	29	29	29	29	-
Depreciation and amortisation	3	9	13	13	13	3	-5
Superannuation	3	3	3	3	3	3	-
Services and contracts	3	6	9	9	9	7	2
Other gross operating expenses	575	622	662	666	666	574	-48
Nominal superannuation interest	-	-	-	-	-	-	-
Other interest	811	880	908	913	913	925	45
Other property expenses	55	29	24	24	24	79	50
Current transfers	2	2	2	2	2	3	1
Capital transfers	1	1	1	1	1	-	-1
<i>Total</i>	<i>1,478</i>	<i>1,579</i>	<i>1,652</i>	<i>1,660</i>	<i>1,660</i>	<i>1,623</i>	<i>44</i>
<b>NET OPERATING BALANCE</b>	<b>230</b>	<b>69</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>-180</b>	<b>-249</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>							
Purchases of non-financial assets	7	4	8	7	7	14	10
Sales of non-financial assets	-	-	-	-	-	-	-
less depreciation	3	9	13	13	13	3	-5
plus change in inventories	-	-	-	-	-	-	-
plus other movements in non-financial assets	-	-	-	-	-	-	-
<i>Total</i>	<i>4</i>	<i>-5</i>	<i>-5</i>	<i>-5</i>	<i>-5</i>	<i>10</i>	<i>15</i>
<b>NET LENDING/BORROWING</b>	<b>226</b>	<b>73</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>-190</b>	<b>-264</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards</b>							
<b>NET OPERATING BALANCE</b>	<b>230</b>	<b>69</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>-180</b>	<b>-249</b>
less provisions for doubtful debts	-	-	-	-	-	-	-
plus net gains on assets (including derivatives)	78	-	-	-	-	-29	-29
plus capitalised interest	-	-	-	-	-	-	-
less revaluation of superannuation liabilities	-1	-	-	-	-	-1	-1
plus all other adjustments	-	-	-	-	-	-	-
<b>AAS OPERATING RESULT</b>	<b>309</b>	<b>69</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>-208</b>	<b>-277</b>

Note: Columns may not add due to rounding.



Table 1.11

**PUBLIC FINANCIAL CORPORATIONS****Balance Sheet at 30 June**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>ASSETS</b>							
Financial assets							
Cash and deposits	25	49	26	24	24	20	-29
Advances paid	1,253	967	1,283	1,434	1,434	1,512	545
Investments, loans and placements	14,014	13,964	15,598	15,600	15,600	15,925	1,961
Other non-equity assets	423	457	454	452	453	468	11
Equity	1,320	1,265	1,400	1,401	1,400	1,052	-213
<i>Total</i>	<i>17,035</i>	<i>16,702</i>	<i>18,760</i>	<i>18,912</i>	<i>18,912</i>	<i>18,978</i>	<i>2,276</i>
Non-financial assets							
Land and fixed assets	603	469	623	624	624	694	225
Other non-financial assets	15	34	25	25	25	10	-24
<i>Total</i>	<i>618</i>	<i>503</i>	<i>648</i>	<i>649</i>	<i>649</i>	<i>704</i>	<i>201</i>
<b>TOTAL ASSETS</b>	<b>17,653</b>	<b>17,205</b>	<b>19,409</b>	<b>19,561</b>	<b>19,561</b>	<b>19,682</b>	<b>2,477</b>
<b>LIABILITIES</b>							
Deposits held	-	-	-	-	-	-	-
Advances received	3	3	3	3	3	3	-
Borrowings	14,084	13,744	15,644	15,793	15,793	16,129	2,385
Unfunded superannuation liabilities	11	13	12	12	12	10	-2
Other employee entitlements and provisions	169	180	169	169	169	7	-173
Non-equity liabilities	2,120	2,218	2,227	2,228	2,228	2,220	2
<i>TOTAL LIABILITIES</i>	<i>16,387</i>	<i>16,158</i>	<i>18,055</i>	<i>18,205</i>	<i>18,205</i>	<i>18,369</i>	<i>2,211</i>
Shares and other contributed capital	-	-	-	-	-	-	-
<b>NET WORTH</b>	<b>1,266</b>	<b>1,047</b>	<b>1,354</b>	<b>1,356</b>	<b>1,356</b>	<b>1,312</b>	<b>266</b>
<i>Memorandum Item: Net debt</i>	<i>-1,205</i>	<i>-1,232</i>	<i>-1,259</i>	<i>-1,262</i>	<i>-1,262</i>	<i>-1,326</i>	<i>-93</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards</b>							
<b>NET WORTH</b>	<b>1,266</b>	<b>1,047</b>	<b>1,354</b>	<b>1,356</b>	<b>1,356</b>	<b>1,312</b>	<b>266</b>
<i>plus</i> shares and other contributed capital	-	-	-	-	-	-	-
<i>less</i> provision for doubtful debts	-	-	-	-	-	1	1
<i>less</i> all other adjustments	-	-	-	-	1	-	-
<b>AAS net assets</b>	<b>1,266</b>	<b>1,047</b>	<b>1,354</b>	<b>1,356</b>	<b>1,355</b>	<b>1,312</b>	<b>265</b>

Note: Columns may not add due to rounding.

Table 1.12

**PUBLIC FINANCIAL CORPORATIONS**  
**Cash Flow Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Receipts from sales of goods and services	622	644	641	637	637	733	90
Grants and subsidies received	1	-	-	-	-	-	-
Other receipts	993	1,022	1,048	1,061	1,058	1,102	80
<i>Total</i>	<i>1,616</i>	<i>1,666</i>	<i>1,689</i>	<i>1,698</i>	<i>1,695</i>	<i>1,835</i>	<i>169</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-508	-541	-587	-589	-586	-545	-4
Grants and subsidies paid	-1	-	-1	-1	-1	-1	-1
Interest paid	-668	-883	-908	-913	-913	-761	123
Other payments	-119	-88	-110	-111	-111	-126	-38
<i>Total</i>	<i>-1,297</i>	<i>-1,513</i>	<i>-1,606</i>	<i>-1,613</i>	<i>-1,610</i>	<i>-1,432</i>	<i>81</i>
<b>Net cash flows from operating activities</b>	<b>319</b>	<b>153</b>	<b>83</b>	<b>85</b>	<b>85</b>	<b>403</b>	<b>249</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of new non-financial assets	-7	-4	-8	-7	-7	-14	-10
Sales of non-financial assets	-	-	-	-	-	-	-
<i>Total</i>	<i>-7</i>	<i>-4</i>	<i>-8</i>	<i>-7</i>	<i>-7</i>	<i>-13</i>	<i>-9</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-	-	-	-	-	-	-
Liquidity purposes	342	192	-103	-255	-255	-874	-1,065
<i>Total</i>	<i>342</i>	<i>192</i>	<i>-103</i>	<i>-255</i>	<i>-255</i>	<i>-874</i>	<i>-1,065</i>
<b>Net cash flows from investing activities</b>	<b>336</b>	<b>188</b>	<b>-111</b>	<b>-262</b>	<b>-262</b>	<b>-887</b>	<b>-1,075</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-	-	-	-	-	-	-
Borrowings (net)	535	-278	35	185	185	61	339
Deposits received (net)	-	-	-	-	-	-	-
Distributions paid	-46	-43	-8	-8	-8	-45	-2
Other financing	-	-	-	-	-	-2	-2
<i>Total</i>	<i>489</i>	<i>-320</i>	<i>28</i>	<i>178</i>	<i>178</i>	<i>15</i>	<i>336</i>
<i>Opening cash balance</i>	<i>930</i>	<i>943</i>	<i>2,073</i>	<i>2,073</i>	<i>2,073</i>	<i>2,073</i>	<i>1,131</i>
<b>NET INCREASE IN CASH HELD <sup>(a)</sup></b>	<b>1,144</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-469</b>	<b>-490</b>
<i>Closing cash balance</i>	<i>2,073</i>	<i>963</i>	<i>2,074</i>	<i>2,073</i>	<i>2,073</i>	<i>1,604</i>	<i>641</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>267</i>	<i>107</i>	<i>68</i>	<i>70</i>	<i>70</i>	<i>345</i>	<i>238</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Surplus</b>	<b>267</b>	<b>107</b>	<b>68</b>	<b>70</b>	<b>70</b>	<b>345</b>	<b>238</b>

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.13

**TOTAL PUBLIC SECTOR**  
**Operating Statement**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>REVENUE</b>							
Taxation	5,519	5,344	6,167	6,220	6,147	6,134	790
Current grants and subsidies	7,155	7,272	7,362	7,480	7,587	7,800	528
Capital grants	448	513	471	455	619	504	-8
Sales of goods and services	8,323	8,107	8,446	8,462	8,481	8,887	780
Interest income	602	597	649	653	700	757	160
Royalty revenue	1,468	1,815	1,668	1,731	1,698	1,665	-151
Other	738	561	757	779	675	746	185
<i>Total</i>	<i>24,253</i>	<i>24,209</i>	<i>25,520</i>	<i>25,780</i>	<i>25,907</i>	<i>26,492</i>	<i>2,283</i>
<b>EXPENSES</b>							
Gross operating expenses							
Salaries	6,820	7,160	7,465	7,579	7,557	7,637	478
Depreciation and amortisation	1,418	1,548	1,603	1,603	1,604	1,549	1
Superannuation	664	695	723	741	732	740	45
Services and contracts	2,023	2,244	2,233	2,217	2,227	2,473	229
Other gross operating expenses	6,492	6,649	7,025	7,002	6,947	6,961	312
Nominal superannuation interest	289	279	316	316	316	359	80
Other interest	817	928	921	925	927	997	69
Other property expenses	-	-	1	-	-	-	-
Current transfers	2,699	2,822	2,880	2,856	2,932	2,893	71
Capital transfers	260	366	469	425	385	428	61
<i>Total</i>	<i>21,481</i>	<i>22,690</i>	<i>23,635</i>	<i>23,665</i>	<i>23,628</i>	<i>24,037</i>	<i>1,347</i>
<b>NET OPERATING BALANCE</b>	<b>2,772</b>	<b>1,519</b>	<b>1,885</b>	<b>2,115</b>	<b>2,279</b>	<b>2,455</b>	<b>936</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>							
Purchases of non-financial assets	4,169	4,707	5,662	5,303	4,576	4,973	267
Sales of non-financial assets	-859	-881	-994	-1,063	-1,122	-880	1
less depreciation	1,418	1,548	1,603	1,603	1,604	1,549	1
plus change in inventories	-98	-16	218	202	218	374	390
plus other movements in non-financial assets	1	-	-78	218	257	-508	-508
<i>Total</i>	<i>1,794</i>	<i>2,262</i>	<i>3,206</i>	<i>3,057</i>	<i>2,326</i>	<i>2,411</i>	<i>149</i>
<b>NET LENDING/BORROWING</b>	<b>977</b>	<b>-743</b>	<b>-1,322</b>	<b>-942</b>	<b>-47</b>	<b>44</b>	<b>786</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards</b>							
<b>NET OPERATING BALANCE</b>	<b>2,772</b>	<b>1,519</b>	<b>1,885</b>	<b>2,115</b>	<b>2,279</b>	<b>2,455</b>	<b>936</b>
less provisions for doubtful debts	35	9	8	8	37	70	61
plus net gains on assets (including derivatives)	238	370	510	382	433	376	7
plus capitalised interest	-	-	-	-	-	30	30
less revaluation of superannuation liabilities	72	35	-	-	-	300	265
plus all other adjustments	-50	-75	-68	-68	-73	-62	13
<b>AAS operating result</b>	<b>2,852</b>	<b>1,771</b>	<b>2,318</b>	<b>2,421</b>	<b>2,603</b>	<b>2,430</b>	<b>659</b>

Note: Columns may not add due to rounding.

Table 1.14

**TOTAL PUBLIC SECTOR**  
Balance Sheet at 30 June

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits	805	817	832	865	815	822	5
Advances paid	1,567	1,167	1,599	1,750	1,750	1,831	664
Investments, loans and placements	8,567	6,416	8,186	8,426	9,255	9,852	3,435
Other non-equity investments	2,772	2,568	2,716	2,956	3,126	3,908	1,340
Equity	1,350	1,299	1,425	1,440	1,440	1,089	-210
<b>Total</b>	<b>15,060</b>	<b>12,267</b>	<b>14,758</b>	<b>15,436</b>	<b>16,387</b>	<b>17,502</b>	<b>5,235</b>
<i>Non-financial assets</i>							
Land and fixed assets	87,313	79,923	93,956	93,432	92,762	105,779	25,856
Other non-financial assets	621	817	610	606	606	735	-82
<b>Total</b>	<b>87,934</b>	<b>80,740</b>	<b>94,567</b>	<b>94,038</b>	<b>93,368</b>	<b>106,514</b>	<b>25,774</b>
<b>TOTAL ASSETS</b>	<b>102,994</b>	<b>93,007</b>	<b>109,325</b>	<b>109,474</b>	<b>109,755</b>	<b>124,016</b>	<b>31,009</b>
<b>LIABILITIES</b>							
Deposits held	126	195	118	118	118	129	-66
Advances received	523	510	510	510	510	510	-
Borrowings	13,274	13,495	15,152	15,124	15,124	15,500	2,005
Unfunded superannuation liabilities	5,664	5,544	5,525	5,527	5,591	5,920	375
Other employee entitlements and provisions	2,275	2,194	2,285	2,288	2,299	2,462	268
Non-equity liabilities	5,425	5,304	5,565	5,203	5,618	6,622	1,317
<b>TOTAL LIABILITIES</b>	<b>27,285</b>	<b>27,242</b>	<b>29,155</b>	<b>28,770</b>	<b>29,260</b>	<b>31,142</b>	<b>3,900</b>
<b>NET WORTH</b>	<b>75,709</b>	<b>65,765</b>	<b>80,169</b>	<b>80,704</b>	<b>80,495</b>	<b>92,874</b>	<b>27,109</b>
<i>Memorandum Item: Net debt</i>	<i>2,984</i>	<i>5,799</i>	<i>5,163</i>	<i>4,711</i>	<i>3,931</i>	<i>3,634</i>	<i>-2,165</i>
<b>Reconciliation of GFS net worth to net assets result obtained in accordance with Australian Accounting Standards</b>							
<b>NET WORTH</b>	<b>75,709</b>	<b>65,765</b>	<b>80,169</b>	<b>80,704</b>	<b>80,495</b>	<b>92,874</b>	<b>27,109</b>
<i>less provision for doubtful debts</i>	<i>35</i>	<i>9</i>	<i>8</i>	<i>151</i>	<i>101</i>	<i>209</i>	<i>200</i>
<i>less all other adjustments</i>	<i>-182</i>	<i>-213</i>	<i>-120</i>	<i>290</i>	<i>-64</i>	<i>-114</i>	<i>99</i>
<b>AAS NET ASSETS</b>	<b>75,856</b>	<b>65,970</b>	<b>80,281</b>	<b>80,262</b>	<b>80,459</b>	<b>92,780</b>	<b>26,810</b>

Note: Columns may not add due to rounding.

Table 1.15

**TOTAL PUBLIC SECTOR**  
**Cash Flow Statement**

	2006-07 Actual \$m	2007-08					Variation on Budget \$m (5) - (1)
		Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>							
Taxes received	5,396	5,343	6,161	6,227	5,993	5,974	631
Receipts from sales of goods and services	8,510	8,160	8,547	8,516	8,415	9,496	1,336
Grants and subsidies received	7,550	7,721	7,765	7,865	8,151	8,192	470
Other receipts	3,725	4,025	3,925	3,938	3,973	4,163	139
<i>Total</i>	<i>25,180</i>	<i>25,249</i>	<i>26,398</i>	<i>26,546</i>	<i>26,533</i>	<i>27,825</i>	<i>2,576</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>							
Payments for goods and services	-16,258	-17,028	-17,757	-17,890	-17,762	-18,026	-998
Grants and subsidies paid	-2,756	-2,998	-3,106	-3,045	-3,151	-3,051	-54
Interest paid	-662	-901	-901	-904	-905	-761	139
Other payments	-1,769	-1,839	-1,817	-1,849	-1,827	-1,985	-147
<i>Total</i>	<i>-21,444</i>	<i>-22,765</i>	<i>-23,582</i>	<i>-23,688</i>	<i>-23,645</i>	<i>-23,824</i>	<i>-1,059</i>
<b>Net cash flows from operating activities</b>	<b>3,735</b>	<b>2,484</b>	<b>2,816</b>	<b>2,858</b>	<b>2,888</b>	<b>4,001</b>	<b>1,517</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>							
Purchase of new non-financial assets	-4,169	-4,707	-5,662	-5,303	-4,576	-4,973	-267
Sales of non-financial assets	859	881	994	1,063	1,122	880	-1
<i>Total</i>	<i>-3,310</i>	<i>-3,825</i>	<i>-4,668</i>	<i>-4,240</i>	<i>-3,454</i>	<i>-4,094</i>	<i>-268</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>							
Policy purposes	-	-	-	-	-	-	-
Liquidity purposes	341	236	-42	-141	-140	-972	-1,208
<i>Total</i>	<i>341</i>	<i>236</i>	<i>-42</i>	<i>-141</i>	<i>-140</i>	<i>-972</i>	<i>-1,208</i>
<b>Net cash flows from investing activities</b>	<b>-2,968</b>	<b>-3,590</b>	<b>-4,710</b>	<b>-4,382</b>	<b>-3,594</b>	<b>-5,066</b>	<b>-1,477</b>
<b>FINANCING ACTIVITIES</b>							
Advances received (net)	-17	-13	-13	-13	-16	-16	-3
Borrowings (net)	550	1,070	1,801	2,063	1,873	1,429	359
Deposits received (net)	-	-	-	-	-	-	-
Distributions paid	-	-	-	-	-	-	-
Other financing	5	-7	-25	-26	-26	4	11
<i>Total</i>	<i>537</i>	<i>1,050</i>	<i>1,763</i>	<i>2,024</i>	<i>1,831</i>	<i>1,418</i>	<i>368</i>
<i>Opening cash balance</i>	<i>6,185</i>	<i>5,695</i>	<i>7,489</i>	<i>6,299</i>	<i>6,299</i>	<i>7,489</i>	<i>1,794</i>
<b>NET INCREASE IN CASH HELD <sup>(a)</sup></b>	<b>1,304</b>	<b>-56</b>	<b>-131</b>	<b>501</b>	<b>1,124</b>	<b>353</b>	<b>409</b>
<i>Closing cash balance</i>	<i>7,489</i>	<i>5,639</i>	<i>7,358</i>	<i>6,800</i>	<i>7,424</i>	<i>7,842</i>	<i>2,203</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>426</i>	<i>-1,342</i>	<i>-1,852</i>	<i>-1,382</i>	<i>-566</i>	<i>-92</i>	<i>1,249</i>
<i>less finance leases and similar arrangements</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>292</i>	<i>292</i>	<i>431</i>	<i>431</i>
<b>Surplus</b>	<b>426</b>	<b>-1,342</b>	<b>-1,852</b>	<b>-1,674</b>	<b>-858</b>	<b>-523</b>	<b>818</b>

(a) The GFS concept of net increase in cash held is identical to the AAS 31 concept of net increase in cash held.

Note: Columns may not add due to rounding.

Table 1.16  
(a)

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION**  
General Government

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>EXPENSES</b>							
<i>General Public Services</i>	350	597	735	287	250	256	-341
Government superannuation benefits	161					161	
Other general public services	188					95	
<i>Public Order and Safety</i>	1,788	1,841	1,911	1,937	1,963	1,977	136
Police and fire protection services	920					1,020	
Police services	720					820	
Fire protection services	200					200	
Law courts and legal services	345					375	
Prisons and corrective services	421					476	
Other public order and safety	101					107	
<i>Education</i>	3,991	4,186	4,303	4,357	4,399	4,359	173
Primary and secondary education	3,341					3,621	
Primary education	1,752					1,986	
Secondary education	1,570					1,597	
Primary and secondary education nec.	19					38	
Tertiary education	397					424	
University education	23					23	
Technical and further education	374					401	
Tertiary education nec.	-					-	
Pre-school education and education not definable by level	168					225	
Pre-school education	50					61	
Special education	118					164	
Other education not definable by level	-					-	
Transportation of students	84					89	
Transportation of non-urban school children	83					88	
Transportation of other students	1					1	
Education nec.	-					-	
<i>Health</i>	3,721	4,033	3,921	4,126	4,133	4,200	167
Acute care institutions	2,493					2,817	
Admitted patient services in acute care institutions	1,915					2,204	
Non-admitted patient services in acute care institutions	578					613	
Mental health institutions	131					135	
Nursing homes for the aged	46					52	
Community health services	537					610	
Community mental health	171					200	
Patient transport	83					78	
Other community health services	282					332	
Public health services	199					197	
Pharmaceuticals, medical aids and appliances	218					296	
Health research	26					30	
Health administration nec.	71					63	

Note: Columns may not add due to rounding.

Table 1.16 (cont.)  
(a)

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION**  
General Government

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<i>Social Security and Welfare</i>	815	742	902	933	925	925	183
Social security	-					-	
Welfare services	815					925	
Family and child welfare services	217					305	
Welfare services for the aged	198					227	
Welfare services for people with a disability	327					358	
Welfare services nec.	73					35	
Social security and welfare nec.	-					-	
<i>Housing and Community Amenities</i>	1,128	1,356	1,355	1,359	1,355	1,389	33
Housing and community development	527					724	
Housing	227					351	
Aboriginal community development	49					59	
Other community development	250					314	
Water supply	403					438	
Sanitation and protection of the environment	127					160	
Other community amenities	71					67	
<i>Recreation and Culture</i>	443	445	451	466	477	489	44
Recreation facilities and services	301					338	
National parks and wildlife	161					189	
Recreation facilities and services nec.	140					149	
Cultural facilities and services	142					150	
Broadcasting and film production	-					-	
Recreation and culture nec.	-					-	
<i>Fuel and Energy</i>	97	93	119	87	87	91	-1
Fuel affairs and services	-					-	
Gas	-					-	
Fuel affairs and services nec.	-					-	
Electricity and other energy	88					83	
Electricity	88					83	
Other energy	-					-	
Fuel and energy nec.	9					8	
<i>Agriculture, Forestry, Fishing and Hunting</i>	378	403	438	430	433	423	19
Agriculture	303					338	
Forestry, fishing and hunting	75					85	
<i>Mining and mineral resources other than fuels; manufacturing; and construction</i>	196	243	204	245	256	247	5
Mining and mineral resources other than fuels	159					212	
Manufacturing	12					13	
Construction	25					23	

Note: Columns may not add due to rounding.

Table 1.16 (cont.)  
(a)

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION**  
General Government

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<i>Transport and Communications</i>	1,478	1,445	1,533	1,572	1,524	1,503	57
Road transport	860					954	
Road maintenance	358					236	
Road rehabilitation/Aboriginal community							
road transport service	114					84	
Road construction	233					496	
Road transport nec.	155					138	
Water transport	35					21	
Urban water transport services	-					-	
Other water transport services	35					21	
Rail transport	85					111	
Urban rail transport services	-					-	
Non-urban rail transport freight services	44					62	
Non-urban rail transport passenger services	41					49	
Air transport	5					19	
Pipelines	-					-	
Other transport	490					397	
Multi-mode urban transport	490					397	
Other transport nec.	-					-	
Communications	4					-	
<i>Other Economic Affairs</i>	353	359	384	371	369	370	11
Storage, saleyards and markets	2					2	
Tourism and area promotion	100					102	
Labour and employment affairs	221					248	
Vocational training	75					86	
Other labour and employment affairs	145					162	
Other economic affairs	31					19	
<i>Other Purposes</i>	409	398	429	426	425	482	84
Public debt transactions	401					480	
General purpose inter-government							
transactions	6					-	
Natural disaster relief	2					2	
Other purposes nec.	-					-	
<b>TOTAL EXPENSES</b>	<b>15,147</b>	<b>16,141</b>	<b>16,685</b>	<b>16,596</b>	<b>16,596</b>	<b>16,712</b>	<b>572</b>
<b>PURCHASES OF NON-FINANCIAL ASSETS</b>							
General public services	177	197	245	207	208	173	-25
Public order and safety	157	210	258	244	245	177	-33
Education	351	282	391	371	371	335	53
Health	159	314	296	243	253	224	-90
Social security and welfare	19	28	47	45	45	26	-2
Housing and community amenities	128	195	281	239	238	214	20
Recreation and culture	59	107	120	111	109	59	-49
Fuel and energy	5	1	3	2	2	3	1
Agriculture, forestry, fishing and hunting	12	23	26	26	26	18	-5
Mining and mineral resources (other than							
fuels), manufacturing and construction	8	21	16	19	19	15	-5
Transport and communications	509	660	658	791	771	743	82
Other economic affairs	25	32	44	39	39	36	5
Other purposes	-	-	-	-300	-300	-	-
<b>TOTAL PURCHASES OF NON-FINANCIAL</b>							
<b>ASSETS</b>	<b>1,610</b>	<b>2,070</b>	<b>2,385</b>	<b>2,040</b>	<b>2,028</b>	<b>2,022</b>	<b>-48</b>

(a) The accuracy of spending by Government Purpose Classification (GPC) data is subject to ongoing refinement and improvement. Calculation methods and the allocation of spending to the various GPCs are continually being updated based on data availability and correspondence with the Australian Bureau of Statistics and the Commonwealth Grants Commission. Previously published data is not restated for such changes.

Note: Columns may not add due to rounding.



**2007-08 LOAN COUNCIL ALLOCATIONS <sup>(a)</sup>**  
Western Australia

Table 1.17

	Nomination <sup>(b)</sup> \$m	Budget Estimate \$m (1)	Estimated Outturn \$m (2)	Actual \$m (3)	Variation on Budget \$m (3)-(1)
General Government Deficit	-363	-220	-659	-1,068	-848
Public Non-financial Corporations' Net Financing Requirement	778	1,669	2,402	1,936	268
Net Capital Advances	-	-	-	-	-
<i>Total Non-financial Public Sector Deficit</i>	<i>415</i>	<i>1,448</i>	<i>1,744</i>	<i>868</i>	<i>-580</i>
<i>Memorandum Items <sup>(c)</sup></i>	<i>-564</i>	<i>-690</i>	<i>-217</i>	<i>-91</i>	<i>600</i>
<b>Loan Council Allocations</b>	<b>-149</b>	<b>758</b>	<b>1,527</b>	<b>777</b>	<b>19</b>
<i>Tolerance Limit <sup>(d)</sup></i>	<i>455</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

(a) The deficit/surplus data quoted here are consistent with the treatment of net capital advances paid (e.g. loans to private schools) as outlays. This is consistent with Loan Council treatment but differs from the GFS treatment used in the rest of this document (which treats net capital advances as financing transactions).

(b) 2006-07 *Government Mid-Year Financial Projections Statement*, released 21 December 2006.

(c) Memorandum items are used to adjust the ABS deficit/surplus to include in LCAs certain transactions (e.g. operating leases) that have many of the characteristics of public sector borrowings but do not constitute formal borrowings. Where appropriate, they are also used to deduct from the deficit/surplus certain transactions that Loan Council has agreed should not be included in LCAs (e.g. the funding of more than emerging costs under public superannuation schemes).

(d)  $\pm 2\%$  of total non-financial public sector revenue at the time of the original LCA nomination.

Note: Columns may not add due to rounding.

## Loan Council Allocations

The Australian Loan Council oversees State, Territory and Commonwealth governments' public sector borrowings using a system of Loan Council Allocations (LCAs). LCAs are based on net borrowings as indicated by a government's deficit position<sup>1</sup>.

Western Australia recorded an LCA deficit of \$777 million in 2007-08, largely unchanged from the LCA deficit of \$758 million at the time of the 2007-08 Budget.

An \$848 million stronger general government cash surplus was partially offset by a \$268 million increase in the public non-financial corporations (PNC) sector. Driven largely by the general government operating surplus and changes to net investment in infrastructure by the PNC sector, these movements are discussed in more detail in Chapter 1 of this report.

The LCA memorandum items (which take account of cash or similar arrangements that are not captured in the GFS cash surplus/deficit) further offset the stronger general government surplus. A \$600 million change to these items was almost all due to higher home lending by Keystart (see Chapter 1).

<sup>1</sup> For the purposes of LCAs, deficits are positive and surpluses are negative.



## APPENDIX 2

# General Government Operating Revenue

This appendix contains general government revenue estimates and results for 2007-08 on an accrual GFS basis.

The estimated outturn information which appeared in the 2008-09 Budget Paper 3: *Economic and Fiscal Outlook* and the 2008-09 *Pre-election Financial Projections Statement* have been restated in the Uniform Presentation Framework format used in this publication, to be consistent with the 2007-08 Budget presentation.

Table 2.1

**OPERATING REVENUE**  
**General Government**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>TAXATION</b>							
Taxes on employers' payroll and labour force							
<i>Payroll tax</i>	1,607	1,722	1,958	1,958	1,937	1,936	215
Property taxes							
<i>Land tax</i>	386	430	420	415	415	415	-15
Conveyances and transfers	2,037	1,697	2,225	2,267	2,244	2,243	546
Mortgages	121	108	116	116	108	108	-
Other stamp duties	26	1	1	-2	-3	-3	-4
<i>Total stamp duties on financial and capital transactions</i>	2,184	1,806	2,342	2,381	2,349	2,348	543
Metropolitan Region Improvement Tax	65	78	78	78	76	76	-2
Emergency Services Levy	137	152	150	150	150	150	-2
Loan guarantee fees	14	14	16	16	14	14	-1
<i>Total other property taxes</i>	217	244	244	244	240	239	-5
Taxes on provision of goods and services							
Lotteries Commission	112	111	111	111	119	121	10
less rebates	-24	-24	-25	-25	-25	-25	-1
Video lottery terminals	-	1	1	1	1	-	-1
Casino tax	77	70	78	78	78	84	14
less rebates	-40	-36	-42	-42	-45	-43	-7
TAB betting tax	69	29	55	32	32	30	1
less rebates	-30	-5	-6	-6	-5	-5	-
<i>Total taxes on gambling</i>	164	145	172	148	154	162	17
Stamp duty on insurance policies	308	324	341	353	342	342	18
Other	27	23	27	27	27	30	7
<i>Total taxes on insurance</i>	335	347	368	379	369	372	25
<i>Taxes on use of goods and performance of activities</i>							
Stamp duty on vehicle licences	393	367	395	396	393	393	26
Permits - oversize vehicles and loads	4	3	5	4	4	5	1
Motor vehicle recording fee	32	34	34	34	34	34	-
Motor vehicle registrations	396	430	430	439	439	434	5
<i>Total motor vehicle taxes</i>	825	834	864	873	870	866	32
<b>Total Taxation</b>	<b>5,718</b>	<b>5,527</b>	<b>6,368</b>	<b>6,399</b>	<b>6,332</b>	<b>6,339</b>	<b>811</b>

Note: Columns may not add due to rounding.

Table 2.1 (cont)

**OPERATING REVENUE**  
General Government

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>CURRENT GRANTS AND SUBSIDIES</b>							
<i>General Purpose Grants</i>							
GST revenue grants	3,968	3,951	3,963	4,040	3,984	3,984	33
Competition reform	-	-	4	4	4	4	4
Compensation for Condensate Excise	-	-	-	-	71	71	71
<i>Specific Purpose Grants to the State</i>							
Australian Health Care Agreement	869	915	915	965	970	971	56
Other health	301	293	293	339	339	349	56
Schools assistance – government schools	292	271	281	281	281	312	42
Vocational training	98	100	103	103	103	102	2
Roads	39	14	25	24	24	36	21
Other	171	228	256	231	245	364	136
<i>Specific Purpose Grants through the State</i>							
Schools assistance – non-government schools	566	562	566	545	603	603	41
Local government financial assistance grants	116	122	120	122	122	122	-
Local government roads	79	83	82	83	83	83	-
Other	-	33	26	-	-	-	-33
<i>Other grants</i>							
North West Shelf royalties	657	699	726	742	758	798	99
<b>Total Current Grants and Subsidies</b>	<b>7,155</b>	<b>7,272</b>	<b>7,362</b>	<b>7,480</b>	<b>7,587</b>	<b>7,800</b>	<b>528</b>
<b>CAPITAL GRANTS</b>							
<i>Specific Purpose Grants to the State</i>							
Roads	159	190	180	159	279	243	53
Schools assistance – government schools	31	35	32	32	32	32	-2
Vocational training	15	13	19	19	19	26	12
Other	225	255	214	222	258	173	-82
<i>Specific Purpose Grants through the State</i>							
Schools assistance – non-government schools	19	20	26	23	31	31	11
<b>Total Capital Grants</b>	<b>448</b>	<b>513</b>	<b>471</b>	<b>455</b>	<b>619</b>	<b>504</b>	<b>-8</b>

Note: Columns may not add due to rounding.

Table 2.1 (cont)

**OPERATING REVENUE**  
**General Government**

	2006-07	2007-08					Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	PFPS Revision \$m (4)	Actual \$m (5)	
<b>SALES OF GOODS AND SERVICES</b>							
Department for Planning and Infrastructure	116	119	122	123	123	127	7
WA Health	274	256	256	290	290	321	65
Department of Education and Training	159	140	160	162	162	198	58
TAFE Colleges	84	86	85	85	85	91	5
Land Information Authority	86	92	93	93	93	91	-1
Department of the Attorney General	62	58	58	56	56	77	19
Department of Corrective Services	16	12	12	12	12	20	7
Department of Environment and Conservation	59	58	64	65	65	69	11
Department of Consumer and Employment Protection	39	36	40	40	40	43	8
Department of Fisheries	23	24	24	24	24	24	-
Department of Culture and the Arts	24	17	19	19	19	22	4
Western Australia Police	26	20	22	23	23	28	7
All Others	262	262	305	281	280	290	28
<b>Total Sales of Goods and Services</b>	<b>1,229</b>	<b>1,181</b>	<b>1,260</b>	<b>1,272</b>	<b>1,272</b>	<b>1,400</b>	<b>219</b>
<b>INTEREST INCOME</b>	<b>246</b>	<b>213</b>	<b>254</b>	<b>256</b>	<b>301</b>	<b>332</b>	<b>119</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>							
Dividends	421	441	485	491	491	512	71
Tax Equivalent Regime	311	327	318	328	328	366	39
<b>Total Revenue from Public Corporations</b>	<b>733</b>	<b>768</b>	<b>803</b>	<b>819</b>	<b>819</b>	<b>878</b>	<b>111</b>
<b>ROYALTY INCOME</b>							
Revenue from territorial	1,484	1,830	1,683	1,748	1,714	1,680	-150
less petroleum and other refunds	-16	-15	-16	-16	-15	-15	-
<b>Total Royalty Income</b>	<b>1,468</b>	<b>1,815</b>	<b>1,668</b>	<b>1,731</b>	<b>1,698</b>	<b>1,665</b>	<b>-151</b>
<b>OTHER</b>							
Lease rentals	63	43	43	60	60	65	22
Fines	89	122	122	114	114	125	3
Revenue not elsewhere counted	302	140	165	171	171	174	34
<b>Total Other</b>	<b>453</b>	<b>304</b>	<b>329</b>	<b>345</b>	<b>345</b>	<b>364</b>	<b>60</b>
<b>TOTAL REVENUE</b>	<b>17,451</b>	<b>17,593</b>	<b>18,516</b>	<b>18,757</b>	<b>18,974</b>	<b>19,282</b>	<b>1,688</b>

Note: Columns may not add due to rounding.

## Revenue Forecasting Performance

In 2006, the Department of Treasury and Finance (DTF) published a major review of its revenue forecasting<sup>1</sup>, prompted by a period of significant under-estimation of operating revenue and a desire to improve the quality of the forecasts. The review made a number of recommendations in relation to forecasting methodology, governance, resourcing and communication, with the intention of making the forecasting process more informed, systematic and transparent.

The report's recommendations included a more systematic, robust approach to identifying and modelling long-term drivers of revenue growth, the adoption of futures market contract prices as the basis for the oil price assumptions for the petroleum revenue estimates, and an ongoing program of research on specific forecasting issues. Subsequently, the use of futures prices has been extended to other commodities.

Two years of data are now available since the initial recommendations were first implemented as part of the 2006-07 Budget.

### Overall Forecasting Performance

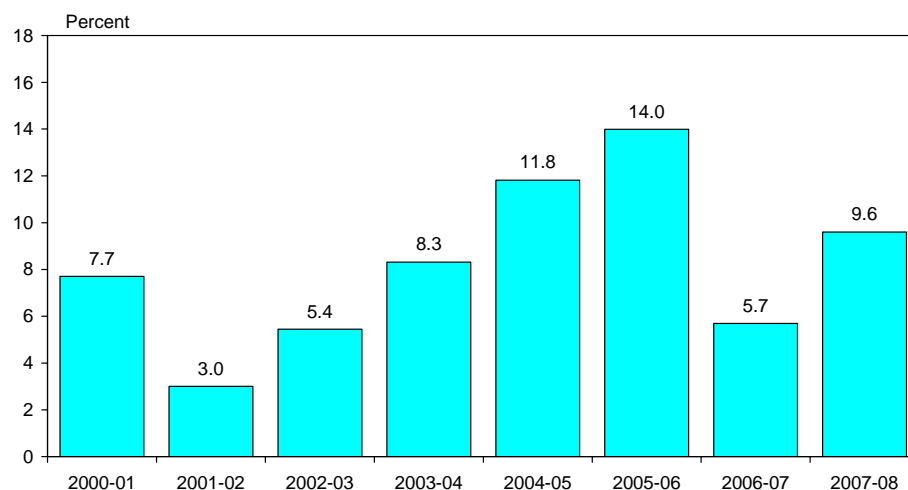
The 2007-08 Budget underestimated total operating revenue in 2007-08 by 9.6% or around \$1.7 billion. This was a deterioration on the revenue forecasting error of 5.7% in 2006-07, but still an improvement on the errors of 14.0% in 2005-06 and 11.8% in 2004-05.

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<sup>1</sup> An electronic copy of the report of the *Review of Revenue Forecasting* is available from the Department of Treasury and Finance website [www.dtf.wa.gov.au](http://www.dtf.wa.gov.au).

Figure 1

**BUDGET FORECASTING ERROR<sup>(a)</sup>**  
General government operating revenue



(a) Calculated relative to the original budget forecast.

As shown in Table 1, the largest source of the forecasting error in 2007-08 was taxation, which was \$811 million or 14.7% higher than originally estimated in the 2007-08 Budget. The forecasting error in 2007-08 was also high for Commonwealth Government specific purpose payments 'to' the State, sales of goods and services revenue, interest income, and revenue from public corporations. Conversely, the budget forecasting error for both GST grant revenue and mining royalties was relatively low.

The variance between the actual outturn for total revenue in 2007-08 and the estimated outturn (as published in the 2008-09 Budget) was \$525 million or 2.8%. The main contributors to this difference were underestimates of Commonwealth grants (\$369 million), sales of goods and services revenue (\$128 million), and interest income (\$76 million).



Table 1

**FORECASTING PERFORMANCE - GENERAL GOVERNMENT  
OPERATING REVENUE VARIANCES, 2007-08**

	Budget Estimate \$m	Estimated Outturn <sup>(c)</sup> \$m	Actual Outturn \$m	Actual Outturn Relative to			
				Budget Estimate		Estimated Outturn <sup>(c)</sup>	
				\$m	%	\$m	%
Taxation	5,527	6,399	6,339	811	14.7	-60	-0.9
GST grant revenue	3,951	4,040	3,984	33	0.8	-56	-1.4
Other grants and subsidies <sup>(a)</sup>	3,134	3,153	3,521	387	12.3	369	11.7
Mining royalties <sup>(b)</sup>	2,514	2,473	2,463	-51	-2.0	-10	-0.4
Sales of goods and services	1,181	1,272	1,400	219	18.6	128	10.0
Interest income	213	256	332	119	55.6	76	29.6
Revenue from public corporations	768	819	878	111	14.4	60	7.3
Other	304	345	364	60	19.6	19	5.6
<b>Total</b>	<b>17,593</b>	<b>18,757</b>	<b>19,282</b>	<b>1,688</b>	<b>9.6</b>	<b>525</b>	<b>2.8</b>

(a) Excludes North West Shelf payments.

(b) Includes North West Shelf payments.

(c) Published in the 2008-09 Budget Papers.

The following section explains the forecasting errors for individual revenue items in more detail.

## Forecast Performance for Selected Revenue Aggregates

### Tax Revenue

Taxation was the largest source of revenue forecasting error in 2007-08, accounting for almost half of the variation between the budget estimate for total revenue and the actual outcome. Underestimation of the conveyance duty and payroll tax components were the main contributors.

Conveyance duty in 2007-08 was \$546 million (or 32.2%) higher than the original budget forecast. This variation alone contributed 3.1 percentage points to the total revenue forecasting error of 9.6% in 2007-08, and was mainly due to an unusually strong volume of high-value non-residential property transactions, including a number of 'one-off' transactions (which by their nature are difficult to predict). These transactions generated \$562 million, accounting for 2.5 percentage points of the total error.

Abstracting from these transactions, the underlying level of conveyance duty was broadly in line with the 2007-08 Budget forecast, reflecting relatively accurate estimates of house price growth and the volume of residential property transactions.

Table 2

**2007-08 FORECASTING PERFORMANCE****Taxation**

	Budget Estimate \$m	Estimated Outturn <sup>(a)</sup> \$m	Actual Outturn \$m	Actual Outturn Relative to			
				Budget Estimate		Estimated Outturn <sup>(a)</sup>	
				\$m	%	\$m	%
Payroll Tax	1,722	1,958	1,936	215	12.5	-22	-1.1
Conveyance Duty	1,697	2,267	2,243	546	32.2	-23	-1.0
Motor vehicle taxes	834	873	866	32	3.8	-7	-0.8
Taxes on insurance	347	379	372	25	7.2	-7	-1.8
Land tax and MRIT	508	493	491	-17	-3.4	-3	-0.5
Other	420	428	430	10	2.4	2	0.5
<b>Total taxes</b>	<b>5,527</b>	<b>6,399</b>	<b>6,339</b>	<b>811</b>	<b>14.7</b>	<b>-60</b>	<b>-0.9</b>

(a) Published in the 2008-09 Budget Papers

The actual outcome for payroll tax in 2007-08 was \$215 million or 12.5% higher than the 2007-08 Budget forecast (the 2007-08 outcome represented growth of 20.5% on the 2006-07 outcome). This was largely due to labour market activity in Western Australia being significantly stronger than expected, with average weekly earnings growing by 9.3% in 2007-08 compared with the budget forecast of 4.75% growth. This was the second-highest annual growth rate (in financial year terms) in the 25-year history of this Australian Bureau of Statistics' data series.

Stronger than expected employment growth (3.6% in 2007-08 compared with a forecast of 2.0%) also contributed to the forecasting error for payroll tax.

## Commonwealth Grants

The 2007-08 Budget forecast for GST grant revenue was relatively accurate (within 1.0% of the actual outturn). However, there were significant forecasting variances in relation to Commonwealth Government specific purpose payments (SPPs). SPPs 'to' the State in 2007-08 were \$293 million higher than expected, mainly due to decisions by the Commonwealth (following the 2007-08 State Budget) to increase funding for health, government schools, and roads.

## Mining Royalties

Mining royalties<sup>2</sup> in 2007-08 were \$51 million (2.0%) lower than the 2007-08 Budget forecast. The major contributing factors to this variance included a higher than assumed \$US/\$A exchange rate<sup>3</sup> (of US89.7 cents, compared to the 2007-08 Budget assumption of US79 cents) offset by higher than expected prices for some commodities, most notably iron ore, liquefied natural gas and oil (of \$US96.80 per barrel, compared to the assumed price of \$US66.40 per barrel).

<sup>2</sup> Including North West Shelf payments.

<sup>3</sup> Holding other factors constant, this reduces the \$A value of mining royalties, since most export contracts are priced in \$US terms.

Other factors included lower than assumed prices and volumes for nickel, and higher than forecast lease rentals revenue.

## Sales of Goods and Services Revenue

The \$219 million (18.6%) variance between the 2007-08 Budget estimate for sales of goods and services revenue and the actual outcome in 2007-08 reflects underestimation of revenue by a large number of agencies across a range of goods or services. In many cases, the demand for goods and services was significantly stronger than agencies providing those goods and services expected.

Table 3

### 2007-08 FORECASTING PERFORMANCE Sales of Goods and Services Revenue Variances

Agency	Budget Estimate	Estimated Outturn <sup>(a)</sup>	Actual Outturn	Actual Outturn Relative to			
				Budget Estimate		Estimated Outturn <sup>(a)</sup>	
				\$m	%	\$m	%
Health	256	290	321	65	25.5	31	10.8
Education and Training	140	162	198	58	41.3	36	22.5
Main Roads	3	24	23	20	581.7	-(b)	-1.4
Attorney General	58	56	77	19	32.6	21	37.8
Industry and Resources	19	16	32	13	65.4	17	106.1
Building and Construction Industry Training Board	13	17	25	12	89.2	8	48.4
Environment and Conservation	58	65	69	11	18.5	4	6.1
Agriculture and Food	11	11	21	10	92.9	9	81.4
Other <sup>(c)</sup>	622	633	634	12	1.9	1	0.2
<b>Total</b>	<b>1,181</b>	<b>1,272</b>	<b>1,400</b>	<b>219</b>	<b>18.6</b>	<b>128</b>	<b>10.0</b>

(a) Published in the 2008-09 Budget Papers.

(b) Amount of -\$324,000.

(c) Across around 100 other general government agencies.

The key variations (relative to the original budget estimates) are:

- Health (up \$65 million), mainly due to stronger than expected revenue from patient fees and facilities usage recovery fees;
- Education and Training (up \$58 million), including increases in international student numbers, higher voluntary contributions from parents, and higher workers compensation recoveries;
- Main Roads (up \$20 million), mainly due to an increase in works completed on behalf of local governments;
- Attorney General (up \$19 million), largely due to higher than expected revenue from criminal property confiscations;

- Industry and Resources (up \$13 million), due to unbudgeted ad valorem registration fees paid in respect of the sale of, or an interest in, petroleum projects;
- Building and Construction Industry Training Board (up \$12 million) due to a stronger than expected construction market, particularly in relation to new home commencements, and a strengthening in major construction projects;
- Environment and Conservation (up \$11 million), including a higher value of works undertaken for organisations outside the general government sector such as the Water Corporation for forest thinning trials in the Wungong Catchment; and
- Agriculture and Food (up \$10 million), reflecting revenue in relation to a range of services, including plant inspection and seed testing services, royalties from grain varieties developed by the Department, as well as small increases in demand across a range of other cost recovery services.

## DTF Forecasting Performance

DTF's revenue forecasting is measured against the following key performance indicator (KPI) targets: (1) that the combined tax and mining revenue actual outcome be within plus or minus five percentage points of the budget estimate; and (2) that the actual GST revenue outcome be within plus or minus three percentage points of the original budget estimate.

These KPIs reflect the allocation of responsibilities for revenue forecasting across the government, with other heads of general government operating revenue being projected by line agencies (e.g. sales of goods and services revenue).

Table 4

### FORECASTING PERFORMANCE KEY PERFORMANCE INDICATORS

Performance Indicator	Target Performance	Actual Outcome	Actual Outturn Relative to					
			Budget Estimate		Mid-year Review Estimate		Estimated Outturn	
		\$m	\$m	%	\$m	%	\$m	%
Tax and Mining Royalty Revenue								
2005-06	±5%	6,989	1,349	23.9	458	7.0	-61	-0.9
2006-07	±5%	7,842	536	7.3	127	1.7	-3	0.0
<b>2007-08</b>	<b>±5%</b>	<b>8,802</b>	<b>760</b>	<b>9.4</b>	<b>39</b>	<b>0.5</b>	<b>-70</b>	<b>-0.8</b>
GST Revenue								
2005-06	±3%	3,816	-3	0.1	13	0.3	51	1.3
2006-07	±3%	3,968	39	1.0	46	1.2	8	0.2
<b>2007-08</b>	<b>±3%</b>	<b>3,984</b>	<b>33</b>	<b>0.8</b>	<b>21</b>	<b>0.5</b>	<b>-56</b>	<b>-1.4</b>

Table 4 indicates that while the GST revenue KPI target was achieved in 2007-08, the forecasting error for tax and mining royalty revenue again exceeded the target. As noted previously, this mainly reflects taxation revenue being higher than forecast, partly due to a number of 'one-off' commercial property transactions that generated significant conveyance duty revenue. These transactions contributed 3.7 percentage points to the forecasting error for tax and mining royalty in 2007-08, leaving an 'underlying' forecast error of 5.7%.



## Policy Decisions Affecting Spending

This appendix provides detail of the impact of policy decisions impacting general government expenses and total public sector infrastructure spending since the 2007-08 Budget cut-off date (10 April 2007).

The policy decisions underlying the data in the following table have been discussed in detail in related publications released since the 2007-08 Budget. These disclosures include:

- Appendix 3 of the 2007-08 *Government Mid-year Financial Projections Statement*, released on 27 December 2007;
- Chapters 4: *General Government Expenses* and 5: *Capital Investment* of the 2008-09 Budget Paper 3: *Economic and Fiscal Outlook*, presented to Parliament on 8 May 2008; and
- Appendix 3 of the 2008-09 *Pre-election Financial Projections Statement*, released by the Under Treasurer on 16 August 2008.

Table 4.1

**SPENDING POLICY DECISIONS TAKEN SINCE  
THE 2007-08 BUDGET**

<b>GENERAL GOVERNMENT EXPENSES</b>	<b>\$m</b>
Armadale Redevelopment Authority <sup>(a)</sup>	0.3
Attorney General	1.6
Child Protection	1.4
Communities	2.9
Consumer and Employment Protection	1.0
Corrective Services	4.6
Culture and the Arts	0.6
Disability Services Commission	0.1
Education and Training	20.9
Environment and Conservation	4.2
Fisheries	2.1
Goldfields-Esperance Development Commission	0.5
Health	18.7
Heritage Council of Western Australia	1.0
Housing and Works	2.7
Indigenous Affairs	12.0
Industry and Resources	5.3
Kimberley Development Commission	0.5
Legal Aid Commission of Western Australia	0.5
Peel Development Commission	2.1
Planning and Infrastructure	5.5
Premier and Cabinet	6.5
Public Transport Authority <sup>(a)</sup>	0.3
Racing, Gaming and Liquor	1.2
Rural Business Development Corporation	13.1
Small Business Development Corporation	1.4
South West Development Commission	2.3
Sport and Recreation	0.3
Treasury and Finance	0.1
Water Corporation <sup>(a)</sup>	3.4
Water	0.3
Water and Rivers Commission	3.0
Western Australia Police	3.9
Western Australian Tourism Commission	0.6
<b>TOTAL EXPENSE POLICY DECISIONS</b>	<b>124.7</b>
<b>TOTAL PUBLIC SECTOR PURCHASE OF NON-FINANCIAL ASSETS</b>	
Armadale Redevelopment Authority	0.8
Corrective Services	4.6
Education and Training	0.5
Environment and Conservation	0.1
Fisheries	- <sup>(b)</sup>
Housing Authority	149.3
Parliamentary Commissioner for Administrative Investigations	0.3
Port Hedland Port Authority	50.0
Public Transport Authority	0.1
Regional Power Corporation (Horizon Power)	8.0
Sport and Recreation	1.9
Verve Energy	- <sup>(b)</sup>
Water Corporation	47.2
Western Australia Police	1.5
Western Australian Land Authority	0.6
Western Australian Tourism Commission	0.2
Western Power (Electricity Networks Corporation)	14.7
Zoological Parks Authority	0.5
<b>TOTAL PURCHASE OF NON-FINANCIAL ASSETS</b>	<b>280.2</b>

(a) Represented as general government expenses by the Department of Treasury and Finance as grants and subsidies from the Consolidated Account to these public corporations.

(b) Amount less than \$50,000.

Note: Columns may not add due to rounding.



# Monthly and Quarterly Financial Results – June 2007-08

This appendix completes the monthly and quarterly GFS series for the 2007-08 year.

June monthly and quarterly data presented in this appendix are subject to year-end finalisation of audited accounts by agencies submitting source data. They may contain re-estimates of year-end accruals which may differ from accruals estimated through the year and reclassifying some aggregates previously reported in unaudited data submitted to the Department of Treasury and Finance through the year. Accordingly, monthly and quarterly outcomes for June 2008 may include one-off movements in items relative to previous reports, to move them into line with final outcomes.

## **General Government**

### ***Month of June 2008***

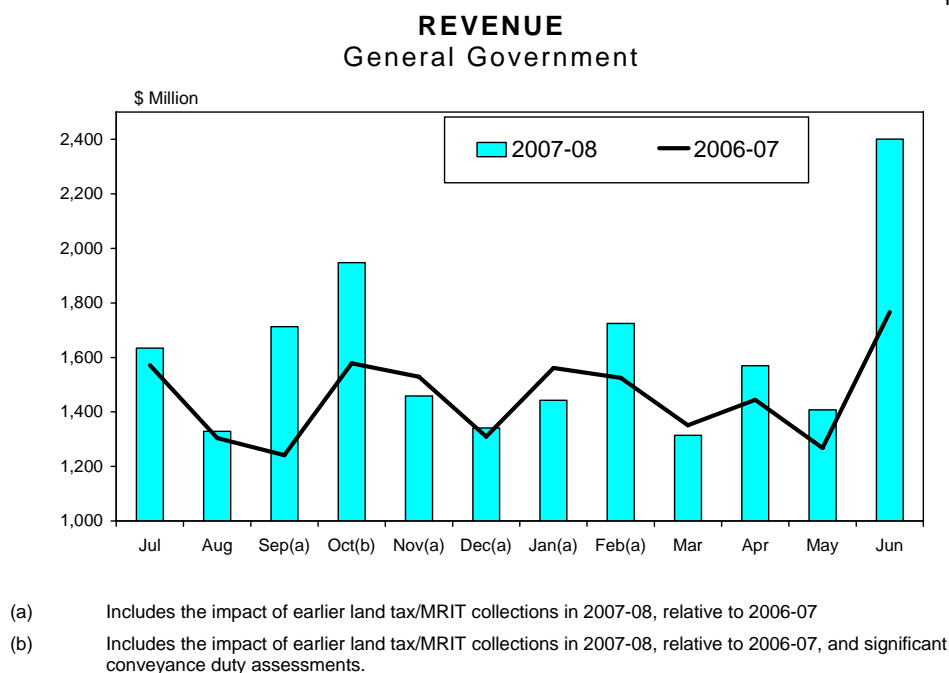
The general government sector recorded an operating surplus of \$784 million for the month of June 2008, an increase of \$506 million on the surplus of \$278 million recorded in June 2007.

Revenue for the month of June 2008 totalled \$2,401 million, up \$634 million on June 2007. The increase in monthly revenue is primarily due to:

- grants and subsidies (up \$255 million), reflecting compensation for reduced royalties due to the removal of the exemption of condensate from excise (\$80 million), higher North West Shelf petroleum royalties (up \$65 million), a one-off Commonwealth hospital support payment (\$50 million), additional funding for the Commonwealth Vaccine Program (up \$17 million), and drought assistance (up \$13 million);
- royalty income (up \$169 million), reflecting higher commodity prices and production volumes (particularly for iron ore), partly offset by a higher \$A/\$US exchange rate;
- revenue from public corporations (up \$108 million), primarily due to the recognition of dividends for the first full year of operations (2006-07) of electricity utilities, higher profitability of the Water Corporation, and higher income tax equivalents from the Insurance Commission of Western Australia resulting from realised gains on investments;
- taxation revenue (up \$59 million), reflecting the impact of unusually large one-off property transfers occurring in June 2008, and the impact of wages growth on payroll tax;
- interest income (up \$23 million), reflecting higher cash holdings and higher interest rates; and
- 'other' revenue (up \$23 million), largely related to grants from sources other than the Commonwealth for road trauma initiatives and the Logue Brook Dam (see also Chapter 1: *Financial Results*).

The following chart shows monthly revenue collections for 2007-08 relative to those recorded through 2006-07, and demonstrates the volatility in revenue accrued through the year.

Figure 1

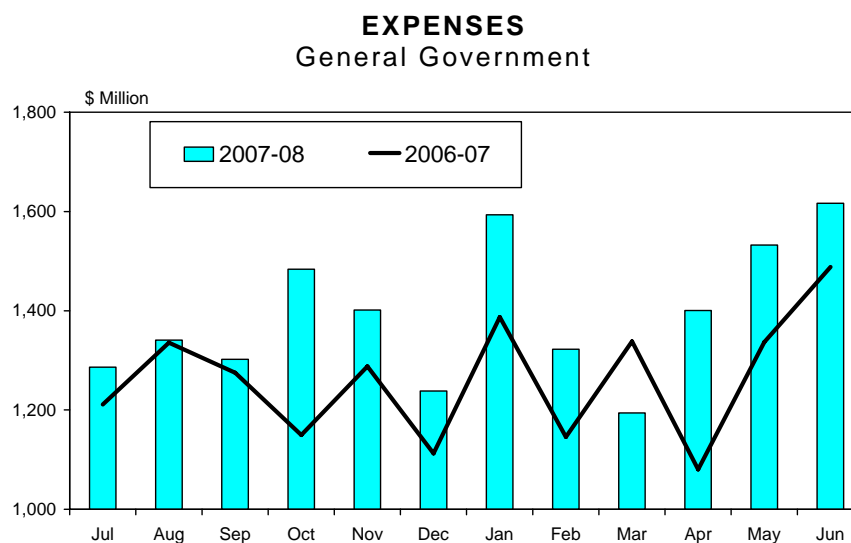


Totalling \$1,617 million, expenses for the month of June 2008 were \$129 million higher than June 2007, largely reflecting:

- lower 'other' gross operating expenses (down \$199 million), reflecting movements in the spending pattern for agency purchases (timing of such purchases on a monthly basis is highly volatile);
- higher current and capital transfers (up \$164 million), due to a change in the classification of assistance provided to the new owners of the Dampier to Bunbury Natural Gas Pipeline (\$88 million), an increase in infrastructure assets (largely roads) transferred to local government (up \$52 million), increased funding for indigenous housing, and higher Community Service Obligation payments (mainly to the Water Corporation);
- higher salaries expenditure (up \$94 million), reflecting higher employee costs for the health, education, and law and order sectors and an accrual for the back-pay associated with the recently negotiated General Agreement 4 (GA4) wage agreement for public servants;
- higher services and contracts (up \$52 million), primarily due to increases in expensed road infrastructure and construction expenditure, and higher recurrent construction and maintenance expenditure in the education and law and order sectors; and
- higher nominal superannuation interest (up \$37 million), reflecting the impact of the year-end actuarial valuation of superannuation liabilities and a higher (actual) discount rate applying to the valuation of superannuation for the year.

Figure 2 shows monthly expenses relative to those recorded last year. Spending patterns typically fluctuate due to timing issues through the year.

Figure 2



A cash surplus of \$173 million was recorded for the month of June 2008, compared to a \$218 million surplus in June 2007. The June 2008 surplus comprises a \$650 million net cash inflow from operating activities (reflecting the cash impact of the items discussed above) and a net cash outflow for capital investment of \$265 million, reflecting the higher levels of Capital Works Program spending for 2007-08 (see Chapter 1: *Financial Results*). The June 2008 cash results include the first time recognition of GFS adjustments to the cash flow statement for assets acquired under finance leases (noted in Chapter 1).

### ***Three Months to 30 June 2008***

The general government sector recorded a \$828 million operating surplus for the three months to 30 June 2008, compared with a \$575 million surplus for the same period in 2006-07.

Revenue for the three months to 30 June 2008 totalled \$5,378 million, up \$899 million (or 20.1%) compared with the same period the previous year, mainly reflecting:

- higher Commonwealth grants (up \$485 million), due to the receipt of the final instalment of grants for the New Perth-Bunbury Highway (up \$135 million), higher North West Shelf petroleum royalties (up \$105 million) largely due to higher oil prices, crude oil excise compensation (\$80 million), a one-off hospital support payment (\$50 million), and specific purpose payments discussed earlier;
- higher royalty income (up \$163 million), largely due to the impact of higher prices and volumes for iron ore and the timing of nickel royalties;
- higher taxation revenue (up \$77 million), primarily due to higher payroll tax collections;
- higher revenue from public corporations (up \$80 million), reflecting the higher dividend revenue discussed above;

- higher sales of goods and services (up \$34 million), reflecting increases in the volume and demand for goods and services across the sector; and
- higher interest income (up \$36 million), due to the impact of higher cash holdings through 2007-08, and upward movements in interest rates over the past year.

Expenses for the three months to 30 June 2008 totalled \$4,550 million, up \$645 million (or 16.5%) compared to the same period last year. This is primarily due to:

- higher salaries (up \$308 million), mainly reflecting higher pay rates and employee numbers in the health, education and law and order sectors, and the impact of back-pay for the recently negotiated GA4 agreement noted above;
- higher current and capital transfers (up \$263 million), due to increased appropriations to the Public Transport Authority (up \$61 million), the transfer of infrastructure assets to local government mentioned earlier (up \$52 million), and higher funding for indigenous housing and health;
- higher services and contracts (up \$114 million), mainly due to higher recurrent construction and maintenance expenditure by the education and health sectors, the magnitude of expensed roadworks, and higher private sector contract expenses in the health sector;
- lower 'other' gross operating expenses (down \$99 million), reflecting changes in timing of purchases by general government agencies; and
- higher nominal superannuation interest (up \$53 million), reflecting the issues noted above.

A cash surplus of \$50 million was recorded for the June 2008 quarter, comprising a net cash inflow from operating activities of \$843 million and a net cash outflow from capital investment of \$580 million, as well as the first-time GFS recognition of assets acquired under finance leases (noted above).

Infrastructure spending (i.e. purchases of non-financial assets) increased by \$100 million (or 18.8%) relative to the same quarter in 2007-08, mainly reflecting higher spending on road and health infrastructure, and construction costs of the Perth Arena project.

## **Total Public Sector**

### ***Three Months to 30 June 2008***

The total public sector recorded a \$368 million operating surplus for the June 2008 quarter, compared to the \$251 million operating surplus for the same quarter in the previous year. Revenue totalled \$6,927 million, up \$1,016 million on the same period in 2006-07, while expenses were up \$898 million at \$6,559 million. This largely reflects the quarterly factors impacting the general government sector noted above, together with the impact of higher costs for the electricity utilities and lower investment returns by the Insurance Commission of Western Australia.

A cash deficit of \$1,239 million was recorded for the three months to 30 June 2008, compared to the \$253 million cash deficit recorded for the same period the previous year. This included a net cash inflow from operating activities of \$697 million (broadly similar to the June 2007 quarter) and a net cash outflow for capital investment of \$1,505 million (substantially higher than the \$870 million in the same period the previous year). This outcome also includes the impact of GFS adjustment for assets acquired under finance leases (see general government discussion above).

In addition to the general government spending movements noted earlier, the increase in infrastructure investment also includes the impact of higher property purchases by the Western Australian Land Authority and Housing Authority, and higher infrastructure spending by the Water Corporation.

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Table 5.1

**GENERAL GOVERNMENT**  
**Operating Statement**

	2007-08			2006-07		
	Month of June \$m	Three Months to 30 June \$m	Actual \$m	Month of June \$m	Three Months to 30 June \$m	Actual \$m
<b>REVENUE</b>						
Taxation	568	1,418	6,339	509	1,341	5,718
Current grants and subsidies	711	2,102	7,800	410	1,691	7,155
Capital grants	-	208	504	46	134	448
Sales of goods and services	147	350	1,400	151	316	1,229
Interest income	51	108	332	28	72	246
Revenue from public corporations						
Dividends	398	405	512	337	352	421
Tax equivalent payments	55	106	366	8	79	311
Royalty income	407	558	1,665	238	395	1,468
Other	63	122	364	40	99	453
<i>Total</i>	<i>2,401</i>	<i>5,378</i>	<i>19,282</i>	<i>1,767</i>	<i>4,479</i>	<i>17,451</i>
<b>EXPENSES</b>						
Gross operating expenses						
Salaries	685	1,956	6,906	591	1,648	6,182
Depreciation and amortisation	66	191	709	102	217	672
Superannuation	63	186	666	57	160	602
Services and contracts	279	624	1,981	227	510	1,663
Other gross operating expenses	53	408	1,835	252	507	1,822
Nominal superannuation interest	71	128	359	34	75	289
Other interest	25	39	120	15	33	112
Other property expenses	-	-	-	-	-	-
Current transfers	302	866	3,644	272	730	3,392
Capital transfers	72	152	491	-62	25	413
<i>Total</i>	<i>1,617</i>	<i>4,550</i>	<i>16,712</i>	<i>1,488</i>	<i>3,905</i>	<i>15,147</i>
<b>NET OPERATING BALANCE</b>	<b>784</b>	<b>828</b>	<b>2,569</b>	<b>278</b>	<b>575</b>	<b>2,303</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	-	631	2,022	-	531	1,610
Sales of non-financial assets	-	-51	-244	-	-40	-169
less depreciation	-	191	709	-	217	672
plus change in inventories	-	-1	3	-	-	1
plus other movements in non-financial assets	-	-259	-260	-	6	7
<i>Total</i>	<i>-</i>	<i>130</i>	<i>813</i>	<i>-</i>	<i>280</i>	<i>777</i>
<b>NET LENDING/BORROWING</b>	<b>-</b>	<b>698</b>	<b>1,757</b>	<b>-</b>	<b>294</b>	<b>1,527</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>						
<b>NET OPERATING BALANCE</b>	-	828	2,569	-	575	2,303
less provisions for doubtful debts	-	59	59	-	27	27
plus net gains on assets (including derivatives)	-	95	179	-	-27	-2
plus capitalised interest	-	-	-	-	-	-
less revaluation of superannuation liabilities	-	291	291	-	51	51
plus all other adjustments	-	-13	-62	-	-110	-50
<b>AAS OPERATING RESULT</b>	<b>-</b>	<b>560</b>	<b>2,337</b>	<b>-</b>	<b>359</b>	<b>2,173</b>

Note: Columns may not add due to rounding.

Table 5.2

**GENERAL GOVERNMENT**  
**Cash Flow Statement**

	2007-08			2006-07		
	Month of June \$m	Three Months to 30 June \$m	Actual \$m	Month of June \$m	Three Months to 30 June \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>						
Taxes received	547	1,397	6,217	626	1,532	5,675
Receipts from sales of goods and services	205	417	1,505	66	267	1,280
Grants and subsidies received	673	2,255	8,192	481	1,802	7,550
Other receipts	849	1,338	3,876	750	1,176	3,542
<i>Total</i>	<i>2,274</i>	<i>5,407</i>	<i>19,790</i>	<i>1,923</i>	<i>4,777</i>	<i>18,046</i>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>						
Payments for goods and services	-1,041	-3,215	-11,752	-908	-2,829	-10,541
Grants and subsidies paid	-452	-1,001	-3,767	-409	-836	-3,526
Interest paid	-31	-49	-112	-23	-40	-112
Other payments	-101	-299	-1,099	-132	-271	-966
<i>Total</i>	<i>-1,624</i>	<i>-4,564</i>	<i>-16,730</i>	<i>-1,472</i>	<i>-3,975</i>	<i>-15,145</i>
<b>Net Cash Flow from Operating Activities</b>	<b>650</b>	<b>843</b>	<b>3,060</b>	<b>451</b>	<b>801</b>	<b>2,901</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>						
Purchase of non-financial assets	-282	-631	-2,022	-251	-531	-1,610
Sales of non-financial assets	17	51	244	18	40	169
<i>Total</i>	<i>-265</i>	<i>-580</i>	<i>-1,778</i>	<i>-233</i>	<i>-491</i>	<i>-1,441</i>
<b>INVESTMENT IN FINANCIAL ASSETS</b>						
Policy purposes	-61	-95	-348	-39	-97	-1,405
Liquidity purposes	11	18	81	2	2	31
<i>Total</i>	<i>-50</i>	<i>-77</i>	<i>-267</i>	<i>-37</i>	<i>-95</i>	<i>-1,374</i>
<b>Net Cash Flow from Investing Activities</b>	<b>-314</b>	<b>-657</b>	<b>-2,045</b>	<b>-270</b>	<b>-587</b>	<b>-2,815</b>
<b>FINANCING ACTIVITIES</b>						
Advances received (net)	-	-	-3	-	-	-4
Borrowings (net)	-74	-34	-144	9	6	-24
Deposits received (net)	-	-	-	-	-	-
Distributions paid	-	-	-	-	-	-
Other financing	-19	-7	23	-35	-34	16
<i>Total</i>	<i>-93</i>	<i>-41</i>	<i>-125</i>	<i>-27</i>	<i>-29</i>	<i>-12</i>
<i>Opening cash balance</i>	<i>5,182</i>	<i>5,279</i>	<i>4,535</i>	<i>4,380</i>	<i>4,350</i>	<i>4,462</i>
<b>NET INCREASE IN CASH HELD</b>	<b>243</b>	<b>146</b>	<b>890</b>	<b>155</b>	<b>186</b>	<b>74</b>
<i>Closing cash balance</i>	<i>5,425</i>	<i>5,425</i>	<i>5,425</i>	<i>4,535</i>	<i>4,535</i>	<i>4,535</i>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<i>386</i>	<i>263</i>	<i>1,281</i>	<i>218</i>	<i>310</i>	<i>1,460</i>
<i>less finance leases and similar arrangements</i>	<i>213</i>	<i>213</i>	<i>213</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Surplus</b>	<b>173</b>	<b>50</b>	<b>1,068</b>	<b>218</b>	<b>310</b>	<b>1,460</b>

Note: Columns may not add due to rounding.



Table 5.3

**GENERAL GOVERNMENT**  
**Taxation Revenue**

	2007-08			2006-07		
	Month of June \$m	Three Months to 30 June \$m	Actual \$m	Month of June \$m	Three Months to 30 June \$m	Actual \$m
<b>TAXATION</b>						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	158	496	1,936	138	416	1,607
Property taxes						
<i>Land tax</i>	-3	-4	415	3	-	386
Conveyances and transfers	269	530	2,243	215	540	2,037
Mortgages	7	25	108	12	31	121
Other stamp duties	-	-	-3	-	1	26
<i>Total stamp duties on financial and capital transactions</i>	277	554	2,348	227	572	2,184
Metropolitan Region Improvement Tax	-	-	76	-	-1	65
Emergency Services Levy	12	13	150	10	11	137
Loan guarantee fees	2	3	14	1	3	14
<i>Total other property taxes</i>	14	15	239	11	13	217
Taxes on provision of goods and services						
Lotteries Commission	19	38	121	15	33	112
less rebates	-4	-8	-25	-2	-6	-24
Video lottery terminals	-	-	-	-	-	-
Casino Tax	4	23	84	15	24	77
less rebates	-4	-15	-43	-5	-13	-40
TAB betting tax	-1	4	30	5	15	69
less rebates	-	-1	-5	-2	-8	-30
<i>Total taxes on gambling</i>	13	41	162	25	44	164
Stamp duty on insurance policies	32	86	342	26	72	308
Other	2	6	30	4	8	27
<i>Total taxes on insurance</i>	34	92	372	30	80	335
Taxes on use of goods and performance of activities						
Stamp duty on vehicle licences	34	101	393	34	102	393
Permits – oversize vehicles and loads	2	2	5	2	2	4
Motor vehicle recording fee	3	9	34	3	8	32
Motor vehicle registrations	37	112	434	36	104	396
<i>Total motor vehicle taxes</i>	75	224	866	75	217	825
<b>Total Taxation</b>	<b>568</b>	<b>1,418</b>	<b>6,339</b>	<b>509</b>	<b>1,341</b>	<b>5,718</b>

Note: Columns may not add due to rounding.

Table 5.4

**TOTAL PUBLIC SECTOR**  
**Operating Statement**

	2007-08		2006-07	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>REVENUE</b>				
Taxation	1,361	6,134	1,286	5,519
Current grants and subsidies	2,102	7,800	1,691	7,155
Capital grants	208	504	134	448
Sales of goods and services	2,263	8,887	2,030	8,323
Interest income	212	757	158	602
Royalty income	558	1,665	395	1,468
Other	222	746	217	738
<i>Total</i>	<i>6,927</i>	<i>26,492</i>	<i>5,911</i>	<i>24,253</i>
<b>EXPENSES</b>				
Gross operating expenses				
Salaries	2,145	7,637	1,813	6,820
Depreciation and amortisation	418	1,549	411	1,418
Superannuation	208	740	178	664
Services and contracts	833	2,473	649	2,023
Other	1,699	6,961	1,724	6,492
Nominal superannuation interest	128	359	75	289
Other interest	290	997	212	817
Other property expenses	-	-	-	-
Current transfers	670	2,893	605	2,699
Capital transfers	166	428	-6	260
<i>Total</i>	<i>6,559</i>	<i>24,037</i>	<i>5,661</i>	<i>21,481</i>
<b>NET OPERATING BALANCE</b>	<b>368</b>	<b>2,455</b>	<b>251</b>	<b>2,772</b>
<b>NET ACQUISITION OF NON-FINANCIAL ASSETS</b>				
Purchase of non-financial assets	1,733	4,973	1,202	4,169
Sales of non-financial assets	-228	-880	-333	-859
less depreciation	418	1,549	411	1,418
plus change in inventories	140	374	-82	-98
plus other movements in non-financial assets	-485	-508	13	1
<i>Total</i>	<i>743</i>	<i>2,411</i>	<i>390</i>	<i>1,794</i>
<b>NET LENDING/BORROWING</b>	<b>-375</b>	<b>44</b>	<b>-139</b>	<b>977</b>
<b>Reconciliation of GFS net operating balance to operating result obtained in accordance with Australian Accounting Standards (AAS)</b>				
<b>NET OPERATING BALANCE</b>	<b>368</b>	<b>2,455</b>	<b>251</b>	<b>2,772</b>
less provisions for doubtful debts	66	70	30	35
plus net gains on assets (including derivatives)	163	376	105	238
plus capitalised interest	9	30	-13	-
less revaluation of superannuation liabilities	300	300	72	72
plus all other adjustments	-13	-62	-110	-50
<b>AAS OPERATING RESULT</b>	<b>160</b>	<b>2,430</b>	<b>130</b>	<b>2,852</b>

Note: Columns may not add due to rounding.

**TOTAL PUBLIC SECTOR**  
**Cash Flow Statement**

Table 5.5

	2007-08		2006-07	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>RECEIPTS FROM OPERATING ACTIVITIES</b>				
Taxes received	1,230	5,974	1,349	5,396
Receipts from sales of goods and services	2,251	9,496	2,026	8,510
Grants and subsidies received	2,255	8,192	1,802	7,550
Other receipts	1,138	4,163	970	3,725
<i>Total</i>	<b>6,874</b>	<b>27,825</b>	<b>6,148</b>	<b>25,180</b>
<b>PAYMENTS FOR OPERATING ACTIVITIES</b>				
Payments for goods and services	-4,631	-18,026	-4,209	-16,258
Grants and subsidies paid	-712	-3,051	-598	-2,756
Interest paid	-303	-761	-264	-662
Other payments	-530	-1,985	-459	-1,769
<i>Total</i>	<b>-6,176</b>	<b>-23,824</b>	<b>-5,531</b>	<b>-21,444</b>
<b>Net Cash Flow from Operating Activities</b>	<b>697</b>	<b>4,001</b>	<b>617</b>	<b>3,735</b>
<b>INVESTMENT IN NON-FINANCIAL ASSETS</b>				
Purchase of non-financial assets	-1,733	-4,973	-1,202	-4,169
Sales of non-financial assets	228	880	333	859
<i>Total</i>	<b>-1,505</b>	<b>-4,094</b>	<b>-870</b>	<b>-3,310</b>
<b>INVESTMENT IN FINANCIAL ASSETS</b>				
Policy purposes	-	-	-	-
Liquidity purposes	-992	-972	82	341
<i>Total</i>	<b>-992</b>	<b>-972</b>	<b>82</b>	<b>341</b>
<b>Net Cash Flow from Investing Activities</b>	<b>-2,497</b>	<b>-5,066</b>	<b>-788</b>	<b>-2,968</b>
<b>FINANCING ACTIVITIES</b>				
Advances received (net)	-13	-16	-13	-17
Borrowings (net)	1,192	1,429	194	550
Deposits received (net)	-	-	-	-
Distributions paid	-	-	-	-
Other financing	2	4	-47	5
<i>Total</i>	<b>1,181</b>	<b>1,418</b>	<b>134</b>	<b>537</b>
<i>Opening cash balance</i>	<b>8,460</b>	<b>7,489</b>	<b>7,526</b>	<b>6,185</b>
<b>NET INCREASE IN CASH HELD</b>	<b>-618</b>	<b>353</b>	<b>-37</b>	<b>1,304</b>
<i>Closing cash balance</i>	<b>7,842</b>	<b>7,842</b>	<b>7,489</b>	<b>7,489</b>
<i>Net cash from operating activities, investments in non-financial assets and distributions paid</i>	<b>-808</b>	<b>-92</b>	<b>-253</b>	<b>426</b>
<i>less finance leases and similar arrangements</i>	<b>431</b>	<b>431</b>	<b>-</b>	<b>-</b>
<b>Surplus</b>	<b>-1,239</b>	<b>-523</b>	<b>-253</b>	<b>426</b>

Note: Columns may not add due to rounding.



## APPENDIX 6

# Consolidated Financial Statements

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## Introduction

Financial information presented in this appendix is prepared in accordance with Australian Accounting Standards (AAS), which include Australian equivalents to International Financial Reporting Standards (AIFRS).

The presentation of information in this appendix differs from the statistical aggregates presented in Chapters 1 and 2, and in Appendices 1, 2, 3, 4 and 5, which are based on Government Finance Statistics (GFS) concepts that are consistent with the Uniform Presentation Framework arrangements applying to all State, Territory and Commonwealth public sector financial disclosures.

Although accrual accounting principles are applied under both the AAS and GFS, and both series share similar terminology in many instances, several GFS definition, measurement, classification and presentation principles and rules differ from those under AAS.

Accordingly, the AAS information in this appendix is not always directly comparable to the GFS statistical presentations disclosed elsewhere in this report.

A reconciliation, by sector, is provided between key operating statement and balance sheet aggregates in the relevant statistical tables in Appendix 1.

Table 6.1

**CONSOLIDATED INCOME STATEMENT<sup>(a)</sup>**

For the year ended 30 June 2008

	Note	2008 \$m	2007 \$m
<b>INCOME</b>			
Taxation	5	6,032	5,449
Territorial revenue	6	2,543	2,204
Regulatory fees and fines		567	477
Sale of goods and services	7	8,231	7,495
Grants and subsidies	8	7,559	7,020
Interest revenue		757	602
Other revenue	9, 10	1,793	1,911
<b>TOTAL INCOME</b>		<b>27,481</b>	<b>25,158</b>
<b>EXPENSES</b>			
Supplies and services		3,320	2,855
Employee benefits	11	9,260	8,044
Finance costs	12	966	817
Depreciation, amortisation and impairment	13	1,552	1,423
Grants and subsidies		3,393	3,067
Other expenses	14	6,560	6,100
<b>TOTAL EXPENSES</b>		<b>25,052</b>	<b>22,306</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>2,430</b>	<b>2,852</b>

(a) The accompanying notes form part of these financial statements.



**CONSOLIDATED BALANCE SHEET<sup>(a)</sup>**

Table 6.2

As at 30 June 2008

	Note	2008 \$m	2007 \$m
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		822	805
Inventories	15	1,505	1,004
Receivables	16	4,087	2,731
Other financial assets	17	9,261	8,668
Biological assets	18	30	60
Non-current assets classified as held for sale	19	53	172
Other non-financial assets/Investment properties	20	96	72
<b>Total current assets</b>		<b>15,855</b>	<b>13,511</b>
<b>NON-CURRENT ASSETS</b>			
Inventories	15	873	783
Receivables	16	302	301
Land	21	48,285	37,434
Buildings	22	16,814	14,354
Infrastructure	23	29,993	25,880
Plant, equipment and other	24, 25	7,634	7,172
Biological assets	18	321	273
Intangible assets	26	434	322
Other financial assets	17	2,709	2,425
Other non-financial assets/Investment properties	20	494	406
<b>Total non-current assets</b>		<b>107,859</b>	<b>89,350</b>
<b>TOTAL ASSETS</b>		<b>123,714</b>	<b>102,861</b>
<b>CURRENT LIABILITIES</b>			
Payables		1,695	996
Borrowings	27	7,069	5,652
Provisions	28	1,792	1,592
Other liabilities	29	1,923	1,661
<b>Total current liabilities</b>		<b>12,479</b>	<b>9,902</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	27	10,136	9,032
Provisions	28	6,586	6,339
Other liabilities	29	1,735	1,733
<b>Total non-current liabilities</b>		<b>18,457</b>	<b>17,104</b>
<b>TOTAL LIABILITIES</b>		<b>30,936</b>	<b>27,006</b>
<b>NET ASSETS</b>		<b>92,780</b>	<b>75,856</b>
<b>EQUITY</b>			
Accumulated funds		28,436	25,784
Reserves		64,343	50,072
<b>TOTAL EQUITY</b>		<b>92,780</b>	<b>75,856</b>

(a) The accompanying notes form part of these financial statements.

Table 6.3

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(a)</sup>**

For the year ended 30 June 2008

	2008	2007
	\$m	\$m
<b>BALANCE OF EQUITY AT START OF PERIOD</b>	<b>75,856</b>	<b>58,156</b>
<b>RESERVES</b>		
Balance at start of period	50,072	36,382
Changes in accounting policy/correction of prior period errors	180	(410)
Restated balance at start of period	<b>50,252</b>	<b>35,972</b>
Gains from asset revaluation and other	14,091	14,100
<b>Balance at end of period</b>	<b>64,343</b>	<b>50,072</b>
<b>ACCUMULATED FUNDS</b>		
Balance at start of period	25,784	21,774
Changes in accounting policy/correction of prior period errors	(256)	860
<b>Restated balance at start of period</b>	<b>25,528</b>	<b>22,634</b>
Surplus for the period	2,430	2,852
Gains recognised directly in equity	479	297
<b>Total income for the period</b>	<b>2,909</b>	<b>3,150</b>
<b>Balance at end of period</b>	<b>28,436</b>	<b>25,784</b>
<b>BALANCE OF EQUITY AT END OF PERIOD</b>	<b>92,780</b>	<b>75,856</b>
Total income and expense for the period <sup>(b)</sup>	17,000	17,250

(a) The accompanying notes form part of these financial statements.

(b) The aggregated net amount attributable to each category of equity is: surplus \$ 2,430 million (2007: \$2,852 million) plus gains recognised directly in equity \$479 million (2007: \$297 million) plus gains from asset revaluation \$14,091 million (2007: \$14,100 million).

**CONSOLIDATED CASH FLOW STATEMENT<sup>(a)</sup>**

Table 6.4

For the year ended 30 June 2008

	Note	2008 \$m	2007 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Receipts</i>			
Taxation		5,840	5,276
Territorial revenue		2,362	2,156
Regulatory fees and fines		577	484
Sale of goods and services		7,891	7,246
Grants and subsidies received		7,554	7,017
Interest received		358	266
GST receipts on sales		640	566
GST receipts from taxation authority		826	748
Other receipts		1,377	1,226
<i>Payments</i>			
Salaries, wages and other benefits		(7,555)	(6,826)
Superannuation paid		(1,119)	(962)
Finance cost paid		(89)	(80)
Grants and subsidies paid		(3,364)	(3,027)
GST payments on purchases		(1,377)	(1,222)
GST payments to taxation authority		(171)	(127)
Contract services paid		(2,378)	(1,926)
Other payments		(7,051)	(6,466)
<b>Net cash flows from operating activities</b>	30	<b>4,322</b>	<b>4,348</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		276	211
Purchase of non-current physical assets		(4,474)	(3,890)
Proceeds from sale of investments		204	158
Purchase of investments		(255)	(153)
Other receipts		(39)	17
Other payments		(62)	(67)
<b>Net cash flows used in investing activities</b>		<b>(4,350)</b>	<b>(3,724)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(14)	(13)
Other proceeds		63	142
Other repayments		(122)	(64)
<b>Net cash flows from financing activities</b>		<b>(73)</b>	<b>65</b>
NET CASH INFLOWS (OUTFLOWS) FROM PUBLIC FINANCIAL CORPORATIONS	31	455	614
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>353</b>	<b>1,304</b>
CASH ASSETS AT THE BEGINNING OF PERIOD		6,299	4,995
<b>CASH ASSETS AT THE END OF PERIOD</b>	32	<b>6,652</b>	<b>6,299</b>

(a) The accompanying notes form part of these financial statements.

## Notes to the Consolidated Financial Statements

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### **NOTE 1: MISSION STATEMENT - THE GOVERNMENT OF WESTERN AUSTRALIA**

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The Government of Western Australia (the reporting entity hereafter referred to as 'the public sector') was effectively created by the Western Australian *Constitution Act 1889*.

The Executive Council is the governing body responsible for the control and management of the operations, affairs, concerns and property of the public sector. The Executive Council consists of the Governor, the Premier, and Ministers of the Crown, and is hereafter referred to as 'the Government'.

The principal office of the Government is situated at Parliament House, Harvest Terrace, West Perth, Western Australia.

The Government's mission is to provide the best opportunities for current and future generations to live better, longer and healthier lives, through the provision of better services, jobs and economic development, protecting and enhancing Western Australia's lifestyle and environment, ensuring regional Western Australia is strong and vibrant, and developing a skilled, diverse and ethical public sector.

The public sector is a not-for-profit entity funded primarily through Commonwealth grants, State taxation and territorial (mining) revenue.

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### **NOTE 2: STATEMENT OF COMPLIANCE**

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#### **Australian equivalents to International Financial Reporting Standards (AIFRS)**

The public sector consolidated financial statements for the year ended 30 June 2008 have been prepared in accordance with AIFRS, which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the public sector has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

#### **Early adoption of standards**

The public sector has not early adopted any Standards and Interpretations that have been issued or amended but are not yet effective for the annual reporting period ended 30 June 2008.

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### NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### (a) General Statement

The financial statements constitute a general purpose financial report.

The financial statements are required for the *Annual Report on State Finances* under section 14A of the *Government Financial Responsibility Act 2000* (GFRA) and the regulations of that Act.

#### (b) Reporting Entity

The reporting entity is the Government of Western Australia (the public sector) and includes entities under its control. These entities are referred to as agencies in these financial statements and are detailed in Note 38.

The control of an agency by the Government is taken to exist where the:

- agency is accountable to the Government;
- Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- Government has the power to govern the financial and operating policies of an agency so as to obtain benefit from its activities.

Where control of an agency is obtained during a financial year, results are included in the Income Statement from the date on which control commenced. Where control of an agency ceased during a financial year, results are included for that part of the year for which control existed.

Specific details of agencies controlled by the Government and consolidated in the public sector are shown in Note 38. A detailed list of other entities, not included in the consolidated financial statements, is also shown in Note 38.

Most agencies have 30 June reporting dates. Where agencies have reporting dates other than 30 June, the data incorporated in this appendix are based on either:

- management accounts to 30 June; or
- the latest financial statements.

The use of management financial data or the latest financial statement does not have a material effect on these consolidated financial statements.

**(c) Basis of Preparation**

The financial statements have been prepared in accordance with applicable Australian Accounting Standards (AAS), which include AIFRS, and in particular AAS 31: *Financial Reporting by Governments*, the Framework and other authoritative pronouncements of the AASB.

The Balance Sheet and Income Statement have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, modified by the revaluation of land, buildings, infrastructure, biological assets and defined benefit superannuation obligations which have been measured at fair value, except where stated.

The accounting policies applied in the preparation of the financial statements have been consistently applied throughout all periods presented.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to or from the reporting entity and the amounts of the assets or liabilities can be reliably measured.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. The judgements made in the process of applying AIFRS accounting policies that had the most significant effect on the amounts recognised in the financial statements are disclosed, where applicable, in the relevant notes to the financial statements.

In the preparation of the consolidated financial statements, public sector entities are required to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at reporting date and the reported revenue and expenses during the reporting period of the consolidated financial statements.

On an ongoing basis, the public sector and its controlled entities evaluate estimates and judgements in relation to assets, liabilities, contingent liabilities, revenue and expenses, based on historical experience and various other factors (such as discount rates used in estimating provisions and estimating the useful life of key assets) that are believed to be reasonable under the circumstance, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Contingent liabilities are not recognised in the Balance Sheet but are discussed in the relevant notes to the consolidated financial statements. They may arise through uncertainty as to the existence, settlement or measurement of a liability or asset and are recognised once this uncertainty is removed.

The consolidated financial statements are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m). As a consequence, columns may not add due to rounding.

**(d) Basis of Consolidation**

The consolidated financial statements of the reporting entity include the assets and the liabilities of the public sector and its controlled agencies at the end of the financial year and the revenue and expenses of the public sector and its controlled agencies during the year.

The consolidated financial statements include the information and results of each controlled agency from the date on which the Government obtained control and until such time as the Government ceased to control the agency.

For the purposes of reporting the public sector as a single economic entity, all material transactions and balances and unrealised gains between Government controlled agencies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, the accounting policies and reporting periods of controlled agencies have been aligned with those adopted by the public sector as a whole, to achieve consistency. This approach has not materially affected the income and expenses or the assets and liabilities at the reporting date.

**(e) Income Recognition****Revenue**

Revenue is measured at the fair value of the consideration received or receivable net of the amount of goods and services tax payable and net of discounts, rebates, concessions and allowances.

The policies adopted for the recognition of significant categories of revenue are as follows.

**Taxation revenue**

Revenue is recognised at the time when tax payments are due and payable, according to taxation law or upon issue of an assessment. The basis of recognition for each major type of taxation revenue, is as follows:

<b>Major Type of Taxation Revenue</b>	<b>Basis of Revenue Recognition</b>
Stamp duty	On receipt of cash (self-assessment method), plus on the issue of an assessment.
Payroll tax and betting taxes	On receipt of cash (self-assessment method), plus on the issue of an assessment to amend self-assessed liability.
Land tax	On issue of assessment.
Motor vehicle and drivers licences	On receipt of cash.

**Territorial revenue**

Mineral and petroleum royalties from companies operating under government legislation are recognised on an accrual basis in accordance with the substance of the relative agreements considering the base on which the royalty is calculated. Under current systems, the base can be production, royalty value, net cash flows or profit.

**Regulatory fees and fines**

This revenue is predominantly received in the form of various registration and licence fees and fines. Revenue is recognised on receipt of cash.

**Sale of goods and services**

Revenue from the sale of goods is recognised (net of returns, discounts, rebates, concessions and allowances) when control of the goods and the significant risks and benefits incidental to ownership have passed to the buyer.

Revenue from rendering of services is recognised upon delivery of the service or on a stage of completion basis. The stage of completion is determined according to the proportion that the contract costs incurred for work performed to-date bear to the estimated total contract costs.

**Grants and subsidies revenue**

Revenue from Commonwealth and other grant contributions, whether for recurrent operational or for capital purposes, are recognised as revenue in the period in which the public sector gains control over the assets, which is usually when cash is received.

**Interest revenue**

Interest revenue is accrued on a time-proportion basis, by reference to the principal outstanding and taking into account the effective yield on the financial asset.

**Rent revenue**

Revenue from rent generated under an operating lease is recognised on a straight-line basis over the term of the relevant rental lease term.

**Gains**

Gains may be realised or unrealised and are usually recognised on a net basis.

The policies adopted for the recognition of significant categories of gains are as follows.

*Realised gains on disposal of non-current assets*

Gains arising on the disposal or retirement of a non-current asset are recognised when control of the asset and the significant risks and benefits incidental to ownership have passed to the buyer.

*Unrealised gains associated with held-for-trading marketable equity securities*

Gains arising from changes in fair value are recognised in the Income Statement for financial assets.

**(f) Expense Recognition**

Expenses are recognised when incurred and are reported in the financial year to which they relate. The policies adopted for the recognition of significant categories of expenses are as follows.



**Depreciation, amortisation and impairment losses**

Depreciation of non-financial physical assets (excluding inventories) is generally provided on a straight-line basis at rates based on the expected useful lives of those assets. The expected useful life for each class of depreciable asset is provided at Note 3(g).

Amortisation is provided on leasehold improvements, intangible assets and on assets held under finance leases and is calculated on a straight-line basis, generally over the expected useful lives.

Impairment losses are recognised as an expense in the Income Statement when an asset's carrying amount exceeds its recoverable amount (unless it is related to a revalued asset where the value changes are recognised directly in equity).

**Grants and subsidies expenses**

Grants and subsidies, which fall under the public sector's funding arrangements with non-government organisations for the delivery of services, are recognised as an expense to the extent that:

- the service required to be performed by the grantee has been performed; or
- the grant eligibility criteria have been satisfied, but payments due have not been made.

**Superannuation expense**

The superannuation expense of the defined benefit plans is made up of the following elements:

- current service cost, interest cost (unwinding of discount), past service cost and the expected return on plan assets; and
- actuarial gains or losses relating to 'experience' adjustments and changes in actuarial assumptions.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the Income Statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

**Borrowing costs**

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

**(g) Property, Plant and Equipment and Infrastructure****Initial recognition and measurement**

All items of property, plant and equipment and infrastructure are initially recognised at cost.

### Subsequent recognition and measurement

After initial recognition, the public sector has adopted the following measurement models:

<b>Class of Asset</b>	<b>Subsequent Measurement</b>
Land (including land under roads)	Fair value
Buildings	Fair value less accumulated depreciation and accumulated impairment losses
Infrastructure – road network	Fair value less accumulated depreciation and accumulated impairment losses
Infrastructure – water storage and distribution	Cost less accumulated depreciation and accumulated impairment losses
– electricity generation and transmission	
– other	
Plant, equipment and other	Cost less accumulated depreciation and accumulated impairment losses

### Land

Land (excluding improvements) is valued at either:

- current market buying price, taking into account the nature of the parcel, any legal restriction on use, the opportunities for or impediments to development that are inherent to the specific parcel of land, any other constraints that exist in respect of that land and any special attributes that the land may possess (value in use); or
- current market value (selling price) based on its feasible alternative use taking account of the cost of achieving the alternative use.

The fair value of land under roads (i.e. land within road reserves) is based on the market value of the land adjoining the road reserve. The land values are provided by geographic location on an annual basis by the Land Information Authority (Valuation Services) as follows:

- Metropolitan area - median value for single residential land for each Local Government Area. Land parcels up to 899 square metres are assumed to have a single residential zoning;
- South West region - nominal unimproved valuation rates covering the south west of the State from Geraldton to Esperance; and
- Balance of State – nominal unimproved valuation rates based on leasehold rates for Crown land.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

### **Buildings**

The fair value of buildings is based on current market buying values determined by reference to recent market transactions. Where market evidence is not available, the fair value of buildings is determined on the basis of existing use where buildings are specialised. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. the depreciated replacement cost).

Building valuations are provided by the Valuation Services, and by other independent professional valuers, with sufficient regularity, such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

### **Infrastructure**

The fair value of Infrastructure - Road Network, has been determined by reference to the current depreciated replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. The replacement cost is determined by Main Roads every three years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index) to ensure asset values do not materially differ from fair value. The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2008 is based on the current depreciated replacement cost determined at 30 June 2008 calculated using current construction unit rates determined by a professional engineering consultancy firm and multiplying these by the units that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index) has been applied to principal shared paths and certain road furniture assets to ensure asset values do not materially differ from fair value.

Buildings and infrastructure in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the asset is ready for their intended use.

### **Plant, Equipment and Other Assets**

Plant, equipment and other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Art collections and artefacts classified as heritage assets are stated at fair value. The revaluation of art works and artefacts is an independent valuation, provided by independent professional valuers, by reference to the current replacement cost as the assets are specialised and no market evidence of value is available.

### **Depreciation**

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is generally calculated using the straight-line method (as adjusted for any impairment), over the estimated useful lives of the assets. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The following are the expected useful lives for each class of depreciable asset in both the current and prior years:

<b>Class of Asset</b>	<b>Depreciation Years</b>
<i>Buildings</i>	20 – 50 years
<i>Infrastructure – Road network</i>	
Roads	40 – 50 years
Bridges	60 – 100 years
Earthworks	Up to 173 years
<i>Infrastructure – Water, storage and distribution</i>	
Pipelines and fittings	30 – 110 years
Dams and reservoirs	30 – 120 years
Drains and channels	20 – 150 years
<i>Infrastructure – Electricity generation and transmission</i>	
Electricity generation and transmission	20 – 45 years
<i>Infrastructure – Other</i>	
Harbour and ports	40 – 100 years
Forestry	20 years
Plant, equipment and other	5 – 15 years

Assets held under finance leases are depreciated over the shorter of the lease term and their expected useful lives on the same basis as owned assets.

### **Disposal**

The gain or loss arising on disposal or retirement of an asset (calculated as the difference between the carrying amount of the asset at the time of disposal and the net disposal proceeds), is included in the income statement in the period the item is disposed.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

### **(h) Private Sector Financed Infrastructure Assets (Service Concession Arrangements)**

Certain private sector financed infrastructure arrangements provide for a private sector entity to design, construct, operate and maintain certain infrastructure assets for a specified concession period, after which the infrastructure is transferred back to the public sector.

There is currently no AAS or Interpretation applicable to the public sector that specifically addresses the accounting for private sector financed infrastructure assets.

Pending the development of an accounting model applicable to the public sector for assets used to provide public services under Service Concession Arrangements, the interest of the public sector in such arrangements is recognised as an asset, being the emerging interest in the remaining service potential to be transferred. The emerging interest is recognised from the date of completion of construction and valued by reference to the written down value of the right to receive the asset at the date of transfer.

**(i) Biological Assets**

Biological assets in the form of standing trees in native and plantation forests are stated at fair value less estimated point-of-sale costs and costs necessary to get the assets to market. Standing trees are physically attached to land located within forest plantations and are recognised and measured separately from land.

The fair value of the biological asset is based on their present location and condition and is measured as the present value of expected net cash flows of the harvest based on the productive forestland, discounted at a current market-determined pre-tax rate.

Gains or losses arising from changes in the fair value of standing trees, (usually as a result of harvesting), are taken to account as gains/losses in the Income Statement.

**(j) Investment Properties**

**Initial recognition and measurement**

Investment properties are held for rental yield and capital appreciation and are initially recognised at cost.

**Subsequent recognition and measurement**

After initial recognition, the public sector has adopted the revaluation model. Land and buildings are carried at fair value and no depreciation is provided in respect of buildings.

The fair value of investment properties is determined by reference to market based evidence, having regard to current economic and market conditions at reporting date. Valuations are performed annually by an independent professional valuer.

Gains and losses arising from changes in the fair value of investment properties are included in the Income Statement in the year in which they arise.

**(k) Intangible Assets**

Acquired and internally developed intangible assets are initially measured at cost. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation is calculated for the period of the expected benefit (estimated useful life) on the straight-line basis using rates, which are reviewed annually. All intangible assets controlled by the Government have a finite useful life and zero residual value.

Expected useful lives for each class of intangible asset are 3 to 5 years for software and all other intangibles.

**(l) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount of the asset is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the public sector is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets not yet available for use or with an indefinite useful life are tested for impairment each reporting period irrespective of whether there is any indication of impairment. Tests are undertaken at each reporting date.

**(m) Non-Current Assets Held for Sale**

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately from other assets in the Balance Sheet. These assets are not depreciated or amortised while they are classified as held for sale.

**(n) Leases**

Finance lease rights and obligations are initially recognised, at the commencement of the lease term as assets and liabilities at amounts equal to the fair value of the leased item or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The assets are disclosed as holdings, infrastructure and/or property, plant and equipment (as applicable), and depreciated over the estimated useful life of the assets.

Lease payments are apportioned between finance charges and reduction of the outstanding lease liability according to the interest rate implicit in the lease. Finance charges are taken to account as finance costs expense in the Income Statement.

**(o) Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

**(p) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned using the weighted average cost or the 'first in first out' method.

Inventories consisting of land held for development and resale are valued at the lower of cost and net realisable value. Costs include the cost of acquisition and development.

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

**(q) Financial Instruments**

Financial assets and liabilities are recognised on the Balance Sheet when the public sector becomes a party to the contractual provisions of the financial instrument. The public sector has the following categories of financial instruments:

- cash and cash equivalents;
- loans and receivables;
- held-for-trading financial assets;
- available for sale financial assets with quoted market price in an active market;
- available for sale without quoted market price in an active market;
- trading financial liabilities;
- non-trading financial liabilities; and
- derivatives.

### **Fair Value of Financial Instruments**

The fair value of financial instruments is determined based on quoted market prices, where available, or on estimates using present values or other valuation techniques. These techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. The principal methods and assumptions used in estimating the fair value of the following financial instruments are outlined below.

### **Receivables**

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectibility of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The provision for uncollectible amount (doubtful debts) is based on objective evidence of impairment. The carrying amount is equivalent to fair value, as it is due for settlement within 30 days. Receivables do not carry any interest.

### **Investments**

Investments in controlled agencies are recorded at cost. The carrying amounts of investments at cost are reviewed annually for impairment. The recoverable amount is assessed from the underlying net assets and the expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

Investments are classified as an available-for-sale investment if that asset can be revalued to fair value where an active market exists. For available-for-sale investments at fair value, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Income Statement for the period.

Other investments are also classified as an available-for-sale investment but are stated at cost where an active market does not exist or when fair value cannot otherwise be determined. For available-for-sale investments at cost, the gains and losses are recognised directly in the Income Statement on disposal or if determined to be impaired.

Dividend revenue is recognised in the Income Statement when the right to receive payment is established.

### **Loans and Advances**

Loans and advances are recognised at the original loan and advance amount at cost less principal repayments and any appropriate allowances and provision for uncollectible amounts (impairment).

Interest revenue is accrued on a time basis, by reference to the principal outstanding and using the effective interest rate yield method.



**Payables**

Payables are recognised when the public sector becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are settled within 30 days. Accounts payable are not interest bearing.

**Borrowings**

Borrowings are predominantly conducted by the Western Australian Treasury Corporation (WATC) which operates within the capital markets as the central financing authority of the public sector. Exposure to market risk for changes in interest rates relates primarily to long-term debt obligations. The risk is managed by WATC through portfolio diversification and maturity spread.

All borrowings are initially recognised at cost, being the fair value of the net proceeds received.

Subsequent fair value measurements are based upon the market value of current lending rates for similar borrowings with remaining maturities consistent with the debt being valued. Unrealised gains or losses arising from changes in fair value are recognised in the Income Statement.

**Derivatives**

The public sector does not speculate on trading of derivatives, but uses appropriate hedging strategies to limit any material currency risk and interest rate risk. Derivatives are used exclusively to hedge interest rate and foreign currency exposures.

All derivative financial instruments are recognised in the Balance Sheet and measured at fair value. The fair values for derivative financial instruments are obtained from quoted market prices. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied. Where hedge accounting cannot be achieved for on-going risk mitigation activity, the changes in the fair value of derivative financial instruments are recognised in the Income Statement as they arise.

**(r) Foreign Currency**

Transactions in currencies other than Australian dollars are recorded at the rates of exchange prevailing on the settlement date of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

In order to hedge its exposure to certain foreign exchange risks, the public sector enters into forward contracts and options (see Derivatives for details of the public sector accounting policies in respect of such derivatives financial instruments).

**(s) Provisions**

Provisions are liabilities of uncertain timing and amounts and are recognised where there is a present legal or equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each reporting date.

## **Provisions – Employee Benefits**

### *Annual Leave and Long Service Leave*

The liability for annual leave and long service leave that will fall due within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual leave and long service leave that will fall due more than 12 months after the end of the reporting date is recognised and measured at the present value of amounts expected to be paid when the liabilities are to be settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as superannuation contributions. In addition, the long service leave liability also considers experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the reporting date on Commonwealth Government bonds with terms to maturity that match the estimated future cash flows.

All annual leave and unconditional long service leave provisions are classified as current liabilities.

### *Other Compensated Absences*

Sick leave is recognised as an expense when paid. A liability for non-vesting sick leave has not been recognised because experience has indicated that it is improbable that existing accumulated benefits will be used by employees, and this experience is expected to occur in future reporting periods.

### *Superannuation*

The public sector provides superannuation benefits under two types of schemes, defined benefit plans and defined contribution plans.

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers the following State plans:

#### **1. Defined Benefit Plans:**

- Pension Scheme;
- Judges' Pension Scheme;
- Parliamentary Superannuation Scheme; and
- Gold State Superannuation Scheme;

## 2. Defined Contribution Plans:

- West State Superannuation Scheme which was closed to all new members on 16 April 2007; and
- GESB Super Scheme which commenced on 16 April 2007 for all new Western Australian Public Sector employees.

The defined benefit plans are superannuation plans that define the benefit amount that an employee will be entitled to receive upon retirement taking into account expected future salary increases and other actuarial assumptions such as mortality and retirement rates. Defined benefit plan contributions are calculated based upon regulatory requirements and/or plan terms. The defined benefit obligations and the related services costs are determined separately for each plan at each reporting date by a qualified actuary, using the Projected Unit Credit method.

The expected future payments are discounted using market yields at the reporting date on Commonwealth Government bonds with a weighted average term consistent with that of the defined benefit obligation. Actuarial gains and losses attributable to defined benefits superannuation plans are immediately recognised in the Income Statement.

The amounts recognised in the Balance Sheet represent the present value of the defined benefit obligations, reduced by the fair value of the plan assets. The assets of these plans are held separately from the public sector's general assets.

The defined contribution plans are superannuation plans in which the employer pays a defined contribution amount into a separate fund. Contributions to defined contribution plans are charged to the Income Statement as incurred. The public sector has no further obligation to the plans if there are insufficient assets to pay employees the benefits relating to their services rendered in current and prior periods except for the unfunded portion of the West State Superannuation Scheme, which is being amortised (funded) over 20 years.

See also Note 3(f), Superannuation Expense.

### **Provisions – Other**

#### *Employment On-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the employee benefits expense and the related on-cost liability is recognised separately from the employee benefit provision.

*Decommissioning, Restoration and Rehabilitation*

A provision is recognised where the public sector has a legal or equitable or constructive obligation in respect of plant decommissioning, restoration and site rehabilitation works. Estimates are based on the present value of expected future cash outflows.

**(t) Initial application of Australian Accounting Standards**

The Public Sector has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007:

1. AASB 7: *Financial Instruments: Disclosures* (including consequential amendments in AASB 2005-10: *Amendment to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]). This standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Public Sector's exposure to risks, including enhanced disclosure regarding components of the Public Sector's financial position and performance, and changes to the way of presenting certain items in the notes to financial statements.

**(u) Future Impact of Australian Accounting Standards not yet operative**

The Public Sector has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 101: *Presentation of Financial Statements* (September 2007). This Standard was revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Public Sector does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009.
2. AASB 123: *Borrowing Costs*. This Standard has been revised to mandate the capitalisation of all borrowing costs attributable to the acquisition, construction or production of qualifying assets. As borrowing costs for qualifying assets are already being capitalised, there will be no impact on the financial statements when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2009.

3. *AASB 1049: Whole of Government and General Government Sector Financial Reporting*. This new Standard sets out requirements for the form and content of whole-of-government and general government sector financial reports. This Standard which is applicable to annual reporting periods beginning on or after 1 July 2008, harmonises Australian Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) reporting in a single set of financial reports. It also includes additional disclosure requirements. The effect of any changes to recognition or measurement requirements as a result of this new standard is being evaluated. The 2008-09 Budget Papers included projections for 2008-09 and beyond on a basis consistent with AASB 1049.
4. Review of AAS 27: *Financial Reporting by Local Governments*, AAS 29: *Financial Reporting by Government Departments* and AAS 31: *Financial Reporting by Governments*. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:
  - AASB 1004: *Contributions*;
  - AASB 1050: *Administered Items*;
  - AASB 1051: *Land Under Roads*;
  - AASB 1052: *Disaggregated Disclosures*;
  - AASB 2007-9: *Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31*[AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AAS 116, AASB 127 & AASB 137]; and
  - Interpretation 1038: *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. The requirements remain substantively unchanged and apart from some additional disclosures, the financial impact is expected to be insignificant. The pronouncements and Interpretation are applicable to reporting periods beginning on or after 1 July 2008.

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**NOTE 4: DISAGGREGATED INFORMATION**


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**(a) Australian Bureau of Statistics Classification of Agencies into Sectors**

The public sector economic entity includes agencies classified into general government, public non-financial corporation and public financial corporation sectors in accordance with the Australian Bureau of Statistics (ABS) coverage for GFS. Details of the classification of State agencies are provided in Note 38, Composition of Sectors.

**General government sector**

The general government sector comprises public sector agencies that are engaged mainly in the production of goods and services outside the normal market mechanism, or that provide for the transfer of income for public policy purposes. Costs are financed predominantly from centrally collected revenue such as taxes, Commonwealth grants and mining royalties.

**Public non-financial corporation sector**

The public non-financial corporation sector comprises those non-financial public sector agencies engaged mainly in the production of goods and services for sale in the market and whose objective is to recover at least a significant proportion of operating costs through charges for their goods and services.

**Public financial corporation sector**

The public financial corporation sector comprises those public sector agencies engaged primarily in financial activities, such as providing banking and insurance services.

**(b) Information by Sectors**

Revenue, expenses, assets and liabilities that are reliably attributable to each of the above sectors are set out in the following tables. For the purpose of this disclosure, effects of transactions and balances between sectors have not been eliminated, but those between agencies within each sector have been eliminated.

Table 6.5

**DISAGGREGATED INFORMATION**  
Income Statement for the year ended 30 June 2008

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Consolidated Whole-of-government	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>INCOME</b>										
Taxation	6,128	5,573	-	-	-	-	(96)	(124)	6,032	5,449
Territorial revenue	2,543	2,204	-	-	-	-	-	-	2,543	2,204
Regulatory fees and fines	569	478	2	2	-	-	(3)	(3)	567	477
Sale of goods and services	640	592	7,378	6,685	535	463	(323)	(246)	8,231	7,495
Grants and subsidies	7,384	6,889	346	279	-	-	(171)	(148)	7,559	7,020
Interest revenue	309	222	169	152	977	860	(698)	(633)	757	602
Tax equivalents	368	319	-	-	-	-	(368)	(319)	-	-
Dividends	512	421	20	27	-	-	(533)	(448)	-	-
Other revenue	981	809	2,242	2,077	(70)	493	(1,359)	(1,467)	1,793	1,911
<b>TOTAL INCOME</b>	<b>19,433</b>	<b>17,508</b>	<b>10,156</b>	<b>9,221</b>	<b>1,442</b>	<b>1,816</b>	<b>(3,550)</b>	<b>(3,387)</b>	<b>27,481</b>	<b>25,158</b>
<b>EXPENSES</b>										
Supplies and services	176	181	3,144	2,674	-	-	-	-	3,320	2,855
Employee Benefits	8,493	7,353	827	725	33	30	(92)	(64)	9,260	8,044
Finance costs	97	88	642	551	925	811	(698)	(633)	966	817
Depreciation and amortisation	712	675	837	745	3	3	-	-	1,552	1,423
Grants and subsidies	2,875	2,657	689	558	-	1	(171)	(148)	3,393	3,067
Tax equivalents	-	-	307	290	53	23	(360)	(312)	-	-
Dividends	-	-	507	416	25	32	(533)	(448)	-	-
Other expenses	4,743	4,380	2,903	2,893	611	608	(1,696)	(1,782)	6,560	6,100
<b>TOTAL EXPENSES</b>	<b>17,096</b>	<b>15,335</b>	<b>9,855</b>	<b>8,851</b>	<b>1,651</b>	<b>1,507</b>	<b>(3,550)</b>	<b>(3,387)</b>	<b>25,052</b>	<b>22,306</b>
<b>SURPLUS FOR PERIOD</b>	<b>2,337</b>	<b>2,173</b>	<b>301</b>	<b>370</b>	<b>(208)</b>	<b>309</b>	<b>-</b>	<b>-</b>	<b>2,430</b>	<b>2,852</b>

Table 6.6

**DISAGGREGATED INFORMATION**

Balance Sheet as at 30 June 2008

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Consolidated Whole-of-government	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>CURRENT ASSETS</b>										
Cash and cash equivalents	497	394	505	552	20	25	(200)	(166)	822	805
Inventories	51	52	1,454	952	-	-	-	-	1,505	1,004
Receivables	1,732	1,229	1,850	1,487	839	389	(334)	(374)	4,087	2,731
Other financial assets	3,644	2,980	418	393	5,704	5,843	(505)	(547)	9,261	8,668
Biological assets	-	-	30	60	-	-	-	-	30	60
Non-current assets classified as held for sale	44	103	10	12	-	57	-	-	53	172
Other non-financial assets/Investment properties	51	43	34	32	12	1	-	(4)	96	72
<b>Total current assets</b>	<b>6,019</b>	<b>4,800</b>	<b>4,300</b>	<b>3,489</b>	<b>6,576</b>	<b>6,314</b>	<b>(1,039)</b>	<b>(1,092)</b>	<b>15,855</b>	<b>13,511</b>
<b>NON-CURRENT ASSETS</b>										
Inventories	100	58	772	725	-	-	-	-	873	783
Receivables	41	22	122	102	232	245	(93)	(69)	302	301
Land	37,624	28,501	10,622	8,917	40	16	-	-	48,285	37,434
Buildings	11,095	9,640	5,457	4,499	261	215	-	-	16,814	14,354
Infrastructure	13,045	10,890	16,948	14,990	-	-	-	-	29,993	25,880
Plant, equipment and other	2,371	2,022	5,258	5,145	5	5	-	-	7,634	7,172
Biological assets	2	2	318	271	-	-	-	-	321	273
Intangible assets	259	216	167	98	8	8	-	-	434	322
Other financial assets	3,161	2,824	1,541	1,266	12,169	10,541	(14,162)	(12,204)	2,709	2,425
Other non-financial assets/Investment properties	65	65	469	341	391	310	(431)	(311)	494	406
<b>Total non-current assets</b>	<b>67,764</b>	<b>54,240</b>	<b>41,676</b>	<b>36,355</b>	<b>13,105</b>	<b>11,339</b>	<b>(14,686)</b>	<b>(12,584)</b>	<b>107,859</b>	<b>89,350</b>
<b>TOTAL ASSETS</b>	<b>73,783</b>	<b>59,040</b>	<b>45,976</b>	<b>39,843</b>	<b>19,681</b>	<b>17,654</b>	<b>(15,725)</b>	<b>(13,676)</b>	<b>123,714</b>	<b>102,861</b>



Table 6.6 (cont.)

**DISAGGREGATED INFORMATION**

Balance Sheet as at 30 June 2008

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Consolidated Whole-of-government	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>CURRENT LIABILITIES</b>										
Payables	381	304	833	574	709	400	(228)	(282)	1,695	996
Borrowings	283	309	2,251	1,563	5,224	4,479	(689)	(699)	7,069	5,652
Provisions	1,475	1,282	310	305	6	5	-	-	1,792	1,592
Other liabilities	471	436	776	566	799	770	(123)	(111)	1,923	1,661
<b>Total current liabilities</b>	<b>2,610</b>	<b>2,330</b>	<b>4,170</b>	<b>3,009</b>	<b>6,739</b>	<b>5,654</b>	<b>(1,040)</b>	<b>(1,092)</b>	<b>12,479</b>	<b>9,902</b>
<b>NON-CURRENT LIABILITIES</b>										
Borrowings	763	687	10,464	8,698	10,274	9,401	(11,365)	(9,755)	10,136	9,032
Provisions	6,169	5,852	406	475	11	12	-	-	6,586	6,339
Other liabilities	513	412	400	381	1,346	1,320	(523)	(380)	1,735	1,733
<b>Total non-current liabilities</b>	<b>7,445</b>	<b>6,951</b>	<b>11,269</b>	<b>9,555</b>	<b>11,631</b>	<b>10,734</b>	<b>(11,888)</b>	<b>(10,135)</b>	<b>18,457</b>	<b>17,104</b>
<b>TOTAL LIABILITIES</b>	<b>10,055</b>	<b>9,281</b>	<b>15,439</b>	<b>12,564</b>	<b>18,369</b>	<b>16,387</b>	<b>(12,928)</b>	<b>(11,227)</b>	<b>30,936</b>	<b>27,006</b>
<b>NET ASSETS</b>	<b>63,728</b>	<b>49,759</b>	<b>30,537</b>	<b>27,280</b>	<b>1,312</b>	<b>1,266</b>	<b>(2,797)</b>	<b>(2,449)</b>	<b>92,780</b>	<b>75,856</b>
<b>EQUITY</b>										
Accumulated surplus/(deficit)	9,413	6,597	17,853	20,356	1,169	1,178	-	(2,347)	28,436	25,784
Share Capital	-	-	2,546	32	-	-	(2,546)	(32)	-	-
Reserves	54,314	43,163	10,138	6,891	142	88	(251)	(70)	64,343	50,072
<b>TOTAL EQUITY</b>	<b>63,728</b>	<b>49,759</b>	<b>30,537</b>	<b>27,280</b>	<b>1,312</b>	<b>1,266</b>	<b>(2,797)</b>	<b>(2,449)</b>	<b>92,780</b>	<b>75,856</b>

**NOTE 5: TAXATION REVENUE**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Stamp duty	3,108	2,927
Payroll tax	1,881	1,559
Motor vehicle and drivers' licences	479	440
Gambling taxes and licences	84	77
Land tax	390	371
Other taxes and licences	89	76
<b>Total</b>	<b>6,032</b>	<b>5,449</b>

**NOTE 6: TERRITORIAL REVENUE**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Petroleum	850	711
Iron Ore	1,131	868
Alumina	79	84
Diamonds	40	26
Mineral sands	21	32
Nickel	130	207
Gold	99	105
Lease and other rentals	128	63
Other	65	110
<b>Total</b>	<b>2,543</b>	<b>2,204</b>

**NOTE 7: SALE OF GOODS AND SERVICES**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Revenue from sale of goods	4,819	4,299
Revenue from provision of services	3,411	3,196
<b>Total</b>	<b>8,231</b>	<b>7,495</b>
Cost of sales relating to goods sold	3,184	2,696

**NOTE 8: GRANTS AND SUBSIDIES**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Commonwealth grants	7,461	6,915
Other grants and subsidies	99	105
<b>Total</b>	<b>7,559</b>	<b>7,020</b>

**NOTE 9: OTHER REVENUE**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Donations	23	28
Rent revenue	259	240
Developers' contributions	406	439
Investment income	(125)	466
Other (includes Gains – see Note 10)	1,230	739
<b>Total</b>	<b>1,793</b>	<b>1,911</b>

**NOTE 10: NET GAINS**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Gain/(loss) on disposal of non-current assets</i>		
Land	82	15
Other	(3)	2
<i>Total</i>	<i>79</i>	<i>16</i>
<i>Gain on revaluation</i>		
Held for trading financial instruments	-	2
<b>Total</b>	<b>79</b>	<b>18</b>

**NOTE 11: EMPLOYEE BENEFITS**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Wages and salaries	7,639	6,821
Superannuation – defined contribution plans	626	530
Superannuation – defined benefits plans	774	495
Other related expenses	222	197
<b>Total</b>	<b>9,260</b>	<b>8,044</b>

**NOTE 12: FINANCE COSTS**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Interest on borrowings	929	830
Finance charges on finance leases	67	9
<b>Total</b>	<b>996</b>	<b>839</b>
Less: Capitalised interest on borrowings	30	22
<b>Total finance costs expenses</b>	<b>966</b>	<b>817</b>

Weighted average rate of capitalisation for 2008 is 6.45% (2007: 6.11%)

**NOTE 13: DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Depreciation</i>		
Buildings	383	357
Infrastructure	652	595
Plant, equipment and other	432	399
<i>Total</i>	<i>1,467</i>	<i>1,351</i>
<i>Amortisation</i>		
Intangible assets	82	67
<i>Total</i>	<i>82</i>	<i>67</i>
<i>Impairment losses</i>		
Plant, equipment and other	-	3
Intangibles	3	2
Other assets	-	-
<i>Total</i>	<i>3</i>	<i>5</i>
<b>Total depreciation, amortisation and impairment expenses</b>	<b>1,552</b>	<b>1,423</b>

**NOTE 14: OTHER EXPENSES**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Betting dividends payouts	1,284	1,234
Health sector specific expenses	922	812
Education sector specific expenses	358	328
Insurance claims expenses	469	478
Contract services expenses	2,269	1,841
Other	1,258	1,408
<b>Total</b>	<b>6,560</b>	<b>6,100</b>

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**NOTE 15: INVENTORIES**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i>		
Inventories held for sale		
Land acquisition and development – at cost	453	324
Land acquisition and development – at net realisable value	2	-
Precious metals – at net realisable value	752	381
Other – at cost	200	212
Inventories held for distribution (not held for sale)		
Power station fuel stocks – at cost	46	38
Other materials and stores – at cost	32	31
Other materials and stores – at net replacement cost	20	18
<b>Total current</b>	<b>1,505</b>	<b>1,004</b>
<i>Non-current</i>		
Inventories held for sale		
Land acquisition and development – at cost	773	725
Land acquisition and development – at net realisable value	93	54
Other – at cost	1	1
Other – at net realisable value	6	3
<b>Total non-current</b>	<b>873</b>	<b>783</b>

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**NOTE 16: RECEIVABLES**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i>		
Receivables	4,295	2,887
Provision for impairment of receivables	(207)	(156)
<b>Total current</b>	<b>4,087</b>	<b>2,731</b>
<i>Non-current</i>		
Receivables	303	302
Provision for impairment of receivables	(1)	(1)
<b>Total non-current</b>	<b>302</b>	<b>301</b>

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**NOTE 16: RECEIVABLES - continued**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
Balance at start of year	157	117
Doubtful debts expense recognised in the income statement	76	64
Amounts written off during the year	(26)	(25)
Amount recovered during the year	2	2
<b>Balance at the end of year</b>	<b>208</b>	<b>157</b>
<i>Ageing of receivables past due but not impaired at the balance sheet date:</i>		
Not more than 3 months	537	421
More than 3 months but less than 6 months	71	39
More than 6 months but less than 1 year	67	63
More than 1 year	119	92
<b>Total</b>	<b>794</b>	<b>615</b>
<i>Receivables individually determined as impaired at the balance sheet date:</i>		
Carrying amount, before deducting any impairment loss	13	11
Impairment loss	(5)	(3)
<b>Carrying amount at the end of year</b>	<b>8</b>	<b>9</b>

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**NOTE 17: OTHER FINANCIAL ASSETS**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<b>Current</b>		
<i>Investments</i>		
Unlisted / listed shares	887	1,161
Term deposits	7,681	6,972
Government securities	224	248
<i>Total</i>	<i>8,793</i>	<i>8,381</i>
<i>Loans and advances</i>		
Homebuyers	412	-
Non-government schools	24	26
Other	33	260
<i>Total</i>	<i>469</i>	<i>287</i>
<b>Total current</b>	<b>9,261</b>	<b>8,668</b>
<b>Non-current</b>		
<i>Investments</i>		
Government securities	154	172
Other investments	437	191
<i>Total</i>	<i>591</i>	<i>363</i>
<i>Loans and advances</i>		
Homebuyers	1,101	1,253
Non-government schools	162	160
Terminating building societies	-	-
GESB	500	523
Other	355	126
<i>Total</i>	<i>2,118</i>	<i>2,062</i>
<b>Total non-current</b>	<b>2,709</b>	<b>2,425</b>

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**NOTE 18: BIOLOGICAL ASSETS**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i> <sup>(a)</sup>		
Native and plantation standing trees	<b>30</b>	<b>60</b>
<i>Non-current</i> <sup>(b)</sup>		
Native and plantation standing trees	318	271
Livestock and other	2	2
<b>Total non-current</b>	<b>321</b>	<b>273</b>

(a) Biological assets (current) consist of mature standing trees. Valuations are provided by Forest Products Commission each financial year with an effective date of 30 June 2008, based on discounted and cash flow models.

(b) Biological assets (non-current) consist of mature and maturing standing trees stated at fair value less estimated selling costs, determined by valuations provided by Forest Products Commission each year, based on discounted cash flow models using a pre-tax weighted average cost of capital, supported by market evidence.

**Reconciliation of Biological Assets**

Reconciliation of changes in the carrying amount of biological assets at the beginning and the end of the year are set out below.

	<b>Standing Trees \$m</b>	<b>Livestock and Other \$m</b>	<b>Total \$m</b>
Carrying amount at beginning of year	331	2	333
Gain/(loss) from changes in fair value	(17)	-	(17)
Purchases	13	-	13
Other	21	-	21
<b>Carrying amount at end of year</b>	<b>348</b>	<b>2</b>	<b>350</b>

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**NOTE 19: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i>		
Land	35	92
Other	18	80
<b>Total current</b>	<b>53</b>	<b>172</b>

Assets held for sale primarily relates to:

- Surplus land expected to be sold within the next reporting period;
- Housing Authority's New Living and Redevelopment properties, which form part of the rental property class that are marketed and available for immediate sale;
- Land and buildings at Waterford held by the Department of Industry and Resources, are available for sale; and
- The Western Australian Police have classified land and buildings as available for sale as these are surplus to their requirements.

**Reconciliation of Non-Current Assets classified as Held For Sale**

Reconciliation of changes in the carrying amount of non-current assets classified as held for sale at the beginning and the end of the year are set out below.

	<b>Land</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount at beginning of year	92	80	172
Assets reclassified as held for sale	12	18	30
Write down from cost to fair value less selling cost	-	-	-
Assets sold	(27)	(28)	(55)
Transfers out/other	(42)	(52)	(94)
<b>Carrying amount at end of year</b>	<b>35</b>	<b>18</b>	<b>53</b>

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**NOTE 20: OTHER NON-FINANCIAL ASSETS/INVESTMENT PROPERTIES**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i>		
Prepayments – gas and coal contracts	-	1
Prepayments – other	84	70
Deferred expenses	12	1
<b>Total current</b>	<b>96</b>	<b>72</b>
<i>Non-current</i>		
Prepayments – other	15	3
Joint Venture – jointly controlled entity	31	29
Service concession arrangements <sup>(a)</sup>	51	51
Investment properties <sup>(b)</sup>	398	322
<b>Total non-current</b>	<b>494</b>	<b>406</b>

(a) Service concession arrangements represents the written down value of the right to receive the Perth Convention and Exhibition Centre at the expiry of the lease agreement in 2039.

(b) Investment properties of freehold land and buildings comprise the Westralia Square land and buildings at 141 St George's Terrace and shopping centre land and buildings at Ellenbrook and Livingston. Revaluations were performed at reporting date by independent professional valuers determined from market based evidence. The reconciliation of investment properties is shown below.

**Reconciliation of Investment Properties**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Carrying amount at beginning of year	322	258
Additions	2	15
Revaluation increments/(decrements)	18	105
Transfers from non-current assets held for sale	56	(56)
<b>Carrying amount at end of year</b>	<b>398</b>	<b>322</b>

**NOTE 21: LAND**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Land, at fair value <sup>(a)</sup>	25,876	21,017
Land under roads, at fair value <sup>(b)</sup>	22,409	16,417
<b>Total</b>	<b>48,285</b>	<b>37,434</b>

(a) Land valuations are provided by the Western Australian Land Information Authority (Valuation Services Branch) each financial year with an effective date of 1 July. The valuation based on information on the stock of land at as 30 June 2008. Land vested in local authorities of \$4,267 million (2007: \$3,753 million) is not recognised in the consolidated Balance Sheet, as it is not under State public sector control.

(b) Land under roads valuations are provided by the Western Australian Land Information Authority Valuation Services Branch each financial year with an effective date of 1 July. The valuation based on information on the stock of land at as 30 June 2008.

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**NOTE 22: BUILDINGS**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Buildings, at fair value <sup>(a)</sup>	17,108	14,844
Accumulated depreciation	(295)	(490)
<b>Total</b>	<b>16,814</b>	<b>14,354</b>

- (a) Building valuations are provided by Western Australian Land Information Authority Valuation Services Branch and by other independent professional valuers. Revaluations are made with sufficient regularity to ensure that the carrying amount does not materially differ from fair value at reporting date.
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**NOTE 23: INFRASTRUCTURE**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Electricity generation and transmission, at cost <sup>(a)</sup>	5,207	4,541
Accumulated depreciation	(455)	(244)
<i>Total</i>	<i>4,752</i>	<i>4,296</i>
Road network, at fair value <sup>(b)</sup>	20,136	17,432
Accumulated depreciation	(7,214)	(6,660)
<i>Total</i>	<i>12,922</i>	<i>10,772</i>
Water storage and distribution, at cost <sup>(c)</sup>	11,113	10,817
Accumulated depreciation	(1,978)	(1,797)
<i>Total</i>	<i>9,135</i>	<i>9,020</i>
Other infrastructure, at cost	4,257	2,310
Accumulated depreciation	(1,072)	(518)
<i>Total</i>	<i>3,185</i>	<i>1,792</i>
<b>Infrastructure Total</b>	<b>29,993</b>	<b>25,880</b>

- (a) Electricity generation and transmission includes the cost of decommissioning of property, plant and equipment including the cost of dismantling and removing the asset and restoring the site on which it is located, to the extent that these costs are also recognised as a provision.
- (b) Road infrastructure comprising roads, bridges and road furniture was valued at fair value by the Commissioner of Main Roads' Engineer at 30 June 2008.
- (c) Water storage and distribution, comprising pipelines, outfalls and fittings, dams, reservoirs, bores and tanks, ocean outfalls, pump stations and treatment plants, drains and channels and other structures, are reported at deemed cost being a revalued amount prior to transition that approximates the fair value as at date of valuation.
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**NOTE 24: PLANT, EQUIPMENT AND OTHER**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Plant, equipment and other at cost	6,526	6,153
Accumulated depreciation	(2,300)	(2,201)
<b>Total</b>	<b>4,226</b>	<b>3,953</b>
Assets under construction	3,408	3,219
<b>Total plant, equipment and other</b>	<b>7,634</b>	<b>7,172</b>

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**NOTE 25: RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT**


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Reconciliation of changes in the carrying amount of property, plant and equipment at the beginning and the end of the year are set out below.

<b>30 June 2008</b>	<b>Land \$m</b>	<b>Buildings \$m</b>	<b>Infra- structure \$m</b>	<b>Plant, equip &amp; other \$m</b>	<b>Fixed Assets under Construction \$m</b>	<b>Total \$m</b>
Carrying amount at beginning of year	37,434	14,354	25,880	3,953	3,219	84,840
Assets classified as NCAHFS	(12)	(18)	-	-	-	(30)
Additions	318	579	2,131	921	1,888	5,836
Disposals	(130)	(30)	(88)	(349)	(285)	(881)
Transfers in/(out)	60	501	675	28	(1,316)	(53)
Revaluation increments/(decrements)	10,615	1,774	2,020	30	-	14,438
Depreciation	-	(383)	(652)	(431)	-	(1,466)
Impairment losses	-	-	-	-	-	-
Accumulated depreciation written back	-	37	5	92	-	134
Other	-	-	22	(17)	(98)	(92)
<b>Carrying amount at end of year</b>	<b>48,285</b>	<b>16,814</b>	<b>29,993</b>	<b>4,226</b>	<b>3,408</b>	<b>102,726</b>

<b>30 June 2007</b>	<b>Land \$m</b>	<b>Buildings \$m</b>	<b>Infra- structure \$m</b>	<b>Plant, equip &amp; other \$m</b>	<b>Fixed Assets under Construction \$m</b>	<b>Total \$m</b>
Carrying amount at beginning of year	26,125	11,167	23,970	3,328	3,030	67,619
Assets classified as NCAHFS	(63)	(43)	-	-	-	(107)
Additions	156	275	1,530	571	1,670	4,202
Disposals	(51)	(56)	(46)	(114)	(69)	(336)
Transfers in/(out)	(10)	522	508	351	(1,418)	(48)
Revaluation increments/(decrements)	11,277	2,500	510	216	1	14,504
Depreciation	-	(357)	(595)	(398)	-	(1,351)
Impairment losses	-	-	-	(3)	-	(3)
Accumulated depreciation written back	-	347	10	41	-	398
Other	-	-	(6)	(39)	5	(40)
<b>Carrying amount at end of year</b>	<b>37,434</b>	<b>14,354</b>	<b>25,880</b>	<b>3,953</b>	<b>3,219</b>	<b>84,840</b>

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**NOTE 26: INTANGIBLE ASSETS**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Non-current</i>		
Computer software	267	215
Software in progress	16	-
Other	151	107
<b>Total non-current</b>	<b>434</b>	<b>322</b>

**Reconciliation of Intangible Assets**

	<b>Other</b>	<b>Software</b>	<b>Computer</b>	<b>Total</b>
	<b>\$m</b>	<b>in</b>	<b>Software</b>	<b>\$m</b>
		<b>progress</b>	<b>\$m</b>	
		<b>\$m</b>		<b>\$m</b>
Carrying amount at beginning of year	107	-	215	322
Additions	30	17	92	139
Assets classified as held for sale	-	-	-	-
Disposals	-	-	(6)	(6)
Transfers in/(out)	33	2	25	60
Revaluation increments/(decrements)	-	-	-	-
Impairment losses	-	(3)	-	(3)
Impairment losses reversed	-	-	-	-
Amortisation	(20)	-	(63)	(83)
Other	1	-	3	4
<b>Carrying amount at end of year</b>	<b>151</b>	<b>16</b>	<b>267</b>	<b>434</b>

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**NOTE 27: BORROWINGS**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i>		
Bank overdrafts	1	78
Finance leases – secured <sup>(a)</sup>	25	22
Liability to the Commonwealth Government	14	13
Domestic and foreign borrowings <sup>(b)</sup>	7,030	5,539
Borrowings <sup>(c)</sup>	7,069	5,652
Unamortised net discounts	-	-
<b>Total current</b>	<b>7,069</b>	<b>5,652</b>
<i>Non-current</i>		
Finance leases – secured <sup>(a)</sup>	788	362
Liability to the Commonwealth Government	496	510
Domestic and foreign borrowings <sup>(b)</sup>	8,852	8,160
Borrowings <sup>(c)</sup>	10,136	9,032
Unamortised net discounts	-	-
<b>Total non-current</b>	<b>10,136</b>	<b>9,032</b>

**(a) Finance leases**

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Amounts payable under finance leases are as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Finance leases due:		
- not later than one year	27	25
- later than one year and not later than five years	91	226
- later than five years	709	151
Minimum lease payments	828	403
Future finance charges	(16)	(19)
<b>Total finance lease liabilities</b>	<b>812</b>	<b>384</b>
Classified as:		
- Current	25	22
- Non-current	788	362
<b>Total</b>	<b>812</b>	<b>384</b>

**(b) Foreign currency borrowings**

The following foreign currency borrowings are reported at Australian dollar equivalents applicable at the reporting date and the amounts in foreign currency included.

<i>2007-08</i>	<i>Current</i>	<i>Non-current</i>
United States Dollars	584	-
Swiss Francs	30	-
	<b>614</b>	<b>-</b>

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**NOTE 27: BORROWINGS - continued**

<i>2006-07</i>	Current	Non-current
United States Dollars	146	-
New Zealand Dollars	58	-

At the reporting date, all foreign currency borrowings have either been hedged, swapped, covered forward specifically or invested in the foreign currency. Consequently, any gain or loss on the transaction of the foreign currency borrowing is matched by a corresponding loss or gain made on the foreign currency contract or the foreign currency investment.

## (c) Borrowings – maturity profile

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	7,069	5,652
- later than one year and not later than five years	6,041	4,871
- later than five years	4,095	4,160
<b>Total</b>	<b>17,205</b>	<b>14,684</b>

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**NOTE 28: PROVISIONS**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<b>Current</b>		
<i>Employee benefit provisions</i>		
Annual leave	728	663
Long service leave	691	652
Other	219	120
Superannuation <sup>(a)</sup>	42	34
<i>Total</i>	<i>1,679</i>	<i>1,469</i>
<i>Other provisions</i>		
Decommissioning costs	27	20
Restoration costs	3	6
Employment on-costs	12	11
Other	70	85
<i>Total</i>	<i>112</i>	<i>123</i>
<b>Total current</b>	<b>1,792</b>	<b>1,592</b>
<b>Non-current</b>		
<i>Employee benefit provisions</i>		
Long service leave	435	400
Other	26	24
Superannuation <sup>(a)</sup>	5,878	5,629
<i>Total</i>	<i>6,339</i>	<i>6,054</i>

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**NOTE 28: PROVISIONS - continued**

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Other provisions</i>		
Decommissioning costs	184	176
Restoration costs	6	7
Employment on-costs	4	3
Other	53	98
<i>Total</i>	<i>246</i>	<i>284</i>
<b>Total non-current</b>	<b>6,586</b>	<b>6,339</b>
(a) Superannuation		
<i>Current</i>		
Defined Benefit superannuation schemes:		
Judges' Pension Scheme	8	6
Parliamentary Superannuation Scheme	5	5
Defined contribution superannuation scheme:		
West State Superannuation Scheme	29	23
<i>Total current</i>	<i>42</i>	<i>34</i>
<i>Non-Current</i>		
Defined Benefit superannuation schemes:		
Pension Scheme	2,211	2,356
Gold State Superannuation Scheme	2,801	2,448
Judges' Pension Scheme	200	188
Parliamentary Superannuation Scheme	111	108
Defined contribution superannuation scheme:		
West State Superannuation Scheme	555	529
<i>Total non-current</i>	<i>5,878</i>	<i>5,629</i>
<b>Total</b>	<b>5,919</b>	<b>5,663</b>

(i) The GESB administers the following superannuation schemes:

Defined Benefit Superannuation Schemes

The defined benefit schemes are:

- Pension Scheme, a defined benefit pension scheme closed to new members;
- Gold State Superannuation Scheme, a defined benefit lump sum scheme closed to new members;
- Judges' Pension Scheme, a defined benefit pension scheme which remains open to new members; and
- Parliamentary Superannuation Scheme, a defined benefit pension scheme closed to new members.



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**NOTE 28: PROVISIONS - continued**


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These benefits are partially unfunded and the liabilities for future payments are provided for at reporting date. The liabilities under these schemes have been calculated annually by Pricewaterhouse Coopers actuaries using the projected unit credit method.

The expected future payments are discounted to present value using market yields at the reporting date on Commonwealth Government bonds with terms to maturity that match, as closely as possible the estimated future cash outflows.

**Defined Contribution Superannuation Schemes**

Employees who do not qualify for membership to the various defined benefit plan schemes become non-contributory members of the defined contribution plan, compliant with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. The West State Superannuation Scheme, an accumulation fund is administered by GESB.

The Government has no further obligation to the plan if there are insufficient assets to pay employees the benefits relating to their services rendered in current and prior periods, except for, the unfunded portion of the West State Superannuation Scheme for which the unfunded benefits are being amortised (funded) over 20 years.

The Government agreed to amortise the unfunded liability over 20 years from 1 July 2001, and the GESB introduced Member Investment Choice from the same date. The liability has been determined as the present value of the amortisation payments discounted at market yields at the reporting date.

- (ii) The Government has applied the following principal assumptions in assessing the defined benefit superannuation liabilities as at balance date and for following year expense:

	2008	2007
	%	%
Discount rate (gross of tax) <sup>(a)</sup>	6.5	6.25
Salary rate <sup>(b)</sup>	4.5	4.5
Expected return on plan assets	7.5	7.5
Inflation (pensions)	3.0	3.0

(a) Discount rate is based on the average term of liabilities.

(b) Assumed rate of salary inflation is 4% pa plus an additional 0.5% for promotional increases.

- (iii) Major categories of defined benefit plan assets as a percentage of total fund assets <sup>(c)</sup> are as follows:

	2008	2007
	%	%
Australian equities	29	33
Overseas equities	34	37
Fixed interest securities	17	17
Property	10	11
Other	3	-
Cash	7	2
<b>Total</b>	<b>100</b>	<b>100</b>

(c) Only the Pension Scheme and Gold State Scheme have plan assets. The Judges' Pension and Parliamentary Superannuation Schemes are totally unfunded.

- (iv) The net liability of defined benefit plans recognised in the balance sheet is as follows:

	2008	2007
	\$m	\$m
Total defined benefit obligations	7,736	7,783
Scheme assets <sup>(d)</sup>	(2,400)	(2,672)
Deficit/(surplus)	5,336	5,111
(d) Based on audited accounts as at 30 June 2008.		
Current net liability	13	11
Non-current net liability	5,323	5,100

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**NOTE 28: PROVISIONS - continued**

- (v) The defined benefit plan funded status and employer funding arrangements of the defined benefit obligation, is shown below: Details of the deficit of the defined benefit plans measured in accordance with AAS 25: *Financial Reporting by Superannuation Plans* as determined from the plans' most recent financial report:

	<b>Pension Scheme</b>	<b>Gold State Super Scheme<sup>(e)</sup></b>	<b>Judges' Pension Scheme</b>	<b>Parliamentary Super Scheme</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Gross accrued benefits	(2,422)	(4,725)	(208)	(116)
Net market value of plan assets	133	2,280	-	-
Deficit	(2,289)	(2,445)	(208)	(116)

- (e) The amounts recorded for the Gold State Superannuation Scheme relate to the scheme as a whole (i.e. the pre-transfer benefit component plus concurrently funded benefit component).  
The funding policy adopted by the Government in respect of the defined benefit plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded at the time the benefits become payable. As such, the actuary has considered long-term trends in such factors as scheme membership, salary growth and average market value of the schemes' assets when advising the Government on employer and employee contribution rates.

- (vi) Reconciliation of the present value of the defined benefit superannuation obligation, at the beginning and the end of the year are set out below.

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Net liability/(asset) in balance sheet at beginning of year	5,111	5,078
Expense recognised in income statement	773	495
Actual employer contributions	(548)	(462)
Net liability/(asset) in balance sheet at end of year	5,336	5,111

- (vii) The amounts recognised in the income statement in respect of the defined benefit plans are as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Total employer service cost	201	209
Interest cost	465	422
Expected return on plan assets	(189)	(174)
Recognised actuarial (gains)/losses	296	38
<b>Total</b>	<b>773</b>	<b>495</b>

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**NOTE 28: PROVISIONS - continued**


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- (viii) Reconciliation of the fair value of defined benefit superannuation assets, at the beginning and at the end of the year are set out below.

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Fair value plan assets at beginning of year <sup>(f)</sup>	2,672	2,482
Employer contributions	559	472
Actual participant contributions	69	70
Actual operating costs	(11)	(11)
Actual benefit payments	(685)	(569)
Expected return on plan assets	189	175
Expected plan assets at end of year	2,793	2,619
Actuarial (gain)/loss on assets	(393)	53
Fair value of plan assets at end of year	2,400	2,672

(f) See below.

- (ix) Reconciliation of the defined benefit superannuation obligations at the beginning and the end of the year are set out below.

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Defined benefit obligation at beginning of year	7,784	7,560
Employer service cost plus operating costs	176	205
Interest cost	413	420
Actual participant contributions	60	68
Actual operating costs	(10)	(11)
Actual benefit payments	(600)	(557)
Expected defined benefit obligations at end of year	7,823	7,686
Actuarial (gain)/loss on liabilities	(88)	98
Defined benefit obligations at end of year	7,735	7,784

- (x) Reconciliation of actuarial (gain)/loss at the beginning and the end of the year are set out below.

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Unrecognised actuarial (gain)/loss at beginning of year	-	-
Actuarial (gain)/loss on assets	398	(43)
Actuarial (gain)/loss on liabilities	(102)	81
Amount recognised during year in the profit and loss	296	38
Unrecognised actuarial (gain)/loss at end of year	-	-

For 2008, the assets were re-instated at 1 July 2007, resulting in a decrease in the assets of \$117 million. For 2007, the assets were re-instated at 1 July 2006, resulting in a decrease in the assets of \$141 million. The decreases were treated as actuarial losses in the respective years.

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**NOTE 28: PROVISIONS - continued**

(xi) Interest costs are as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Defined benefit obligations at the beginning of the year	7,784	7,560
Actual benefit payments	685	557
Weighted for timing	343	278
Average benefit obligations	7,442	7,282
Discount rate	6.25%	5.8%
Calculated interest cost	465	422

(xii) Expected return on assets at the beginning and the end of the year are set out below.

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Fair value plan assets at beginning of year	2,554	2,342
Actual employer contributions	559	472
Weighted for timing	279	236
Actual participant contributions	69	70
Weighted for timing	34	35
Actual operating costs (admin plus insurance)	(11)	(11)
Weighted for timing	(5)	(6)
Actual benefit payments	(685)	(557)
Weighted for timing	(343)	(278)
Average expected assets	2,519	2,329
Assumed rate of return	7.5%	7.5%
Calculated expected return on assets	189	175

(xiii) Net liability

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Total defined benefit obligation	7,735	7,784
Actual assets	(2,400)	(2,672)
Deficit/(surplus)	5,335	5,112

(xiv) Actuarial gain/(loss)

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Defined benefit obligations (prior year assumptions)	7,966	7,768
Defined benefit obligations (current year assumptions)	7,735	7,784
Actuarial (gain)/loss due to assumptions	(231)	16
Actuarial (gain)/loss due to experience	135	75
Actuarial (gain)/loss on assets	393	(53)
<b>Total actuarial (gain)/loss</b>	<b>296</b>	<b>38</b>

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**NOTE 28: PROVISIONS - continued**


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(xv) History summary

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Total defined benefit obligations	7,735	7,784
Actual assets	2,400	2,672
Deficit/(surplus)	5,335	5,112
Experience adjustment on liabilities	135	75
Experience adjustment on assets	393	(53)

**Reconciliation of Other Provisions**

Movements in each class of provisions during the year, other than employee benefits, at the beginning and the end of the year are set out below.

	<b>Decommissioning costs</b>	<b>Restoration costs</b>	<b>Employment on-costs</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount at beginning of year	196	13	15	183	407
Additional provisions recognised	10	1	7	50	69
Amounts used	1	2	6	102	111
Unused amounts reversed	(1)	(3)	-	(9)	(12)
Unwinding of the discount	(1)	-	-	-	(1)
Other	9	-	(1)	-	8
<b>Carrying Amount at end of year</b>	<b>212</b>	<b>9</b>	<b>15</b>	<b>122</b>	<b>358</b>

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**NOTE 29: OTHER LIABILITIES**


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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
<i>Current</i>		
Insurance claims <sup>(a)</sup>	443	454
Interest payable	155	125
Other liabilities and accruals	1,325	1,082
<b>Total</b>	<b>1,923</b>	<b>1,661</b>
<i>Non-current</i>		
Insurance claims <sup>(a)</sup>	1,353	1,286
Other liabilities	382	447
<b>Total</b>	<b>1,735</b>	<b>1,733</b>
(a) Insurance claims		
The liabilities for outstanding insurance claims comprise:		
Third Party Insurance Fund	1,327	1,295
Government Insurance Fund	44	54
RiskCover	336	290
Other	89	101
<i>Total</i>	<i>1,796</i>	<i>1,740</i>
Liability for outstanding claims (undiscounted)	2,365	2,223
Discount to present value	(569)	(483)
<i>Total Liability for outstanding claims (undiscounted)</i>	<i>1,796</i>	<i>1,740</i>
Classified as:		
Current	443	454
Non-Current	1,353	1,286
<i>Total</i>	<i>1,796</i>	<i>1,740</i>
Claims expected to be paid:		
Not later than one year		
Inflation rate	5.10%	5.50%
Discount rate	7.00%	5.90%
Later than one year		
Inflation rate	4.90%	4.88%
Discount rate	6.43%	6.41%

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**NOTE 30: RECONCILIATION OF NET CASH FLOWS FROM OPERATING  
ACTIVITIES TO SURPLUS FOR PERIOD**

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	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Surplus for period	2,430	2,852
Non-cash movements		
Depreciation	1,552	1,423
Actuarial movements for superannuation expense	298	(28)
Assets not previously recognised	(95)	(11)
Retired non-current fixed assets	60	31
Asset revaluation decrement	-	1
(Gain)/loss on disposal of non-current assets	(79)	(38)
Changes in fair value of investments	288	(118)
Premium/discount on amortisation	129	-
(Gain)/Loss from changes in fair value of biological assets	17	53
(Increase)/Decrease in inventories	(591)	(31)
(Increase)/Decrease in receivables	(1,386)	(352)
Increase/(Decrease) in provision for doubtful debts	52	41
(Increase)/Decrease in prepayments and other assets	(112)	(44)
Increase/(Decrease) in payables	694	(160)
Increase/(Decrease) in employee benefits	396	156
Increase/(Decrease) in other liabilities and accruals	436	390
Net GST receipts/(payments)	(104)	(53)
Adjustment for other non-cash items	179	40
<b>Total</b>	<b>4,163</b>	<b>4,152</b>
Net cash flows from operating activities per Consolidated Statement of Cash Flows	4,322	4,348
Public financial corporations per Note 31	(159)	(196)
<b>Total</b>	<b>4,163</b>	<b>4,152</b>

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**NOTE 31: CASH FLOW STATEMENT OF PUBLIC FINANCIAL CORPORATIONS**


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In accordance with AAS 31 *Financial Reporting by Governments*, the net cash flows of the public financial corporation sector are disclosed in the Consolidated Statement of Cash Flows separately to the other cash flows from operating, investing and financing activities of the general government and public non-financial corporation sectors. The net cash flows of the public financial corporation sector comprise:

	<b>2008 Inflows (Outflows) \$m</b>	<b>2007 Inflows (Outflows) \$m</b>
Cash flows from operating activities		
Interest received	404	355
Premiums received	411	383
GST received on sales	55	50
GST received from taxation authority	32	32
Other receipts	210	129
Salaries, wages and other benefits paid	(30)	(27)
Superannuation paid	(3)	(2)
Finance costs	(673)	(580)
Claims paid	(414)	(389)
GST paid on purchases	(31)	(32)
GST paid to taxation authority	(55)	(50)
Other payments	(66)	(65)
<b>Total cash flows from operating activities</b>	<b>(159)</b>	<b>(196)</b>
Cash flows from investing activities		
Purchase of non-current physical assets	(14)	(7)
Proceeds from investments	2,866	3,860
Purchase of investments	(3,740)	(3,528)
<b>Total cash flows from investing activities</b>	<b>(887)</b>	<b>326</b>
Cash flows from financing activities		
Proceeds from borrowings	12,629	8,681
Repayments of borrowings	(11,128)	(8,196)
<b>Total cash flows from financing activities</b>	<b>1,501</b>	<b>485</b>
<b>Total net cash flows from public financial corporations</b>	<b>455</b>	<b>614</b>

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## NOTE 32: CLOSING CASH BALANCES

For the purposes of the consolidated Statement of Cash Flows, cash includes cash on hand, cash at bank and investments in highly liquid money market instruments, net of outstanding bank overdrafts.

	2008	2007
	\$m	\$m
The amount comprises:		
Cash assets as per the Balance Sheet	822	805
Bank overdrafts	(1)	(78)
Investments included as cash on the Statement of Cash Flows	5,831	5,572
<b>Total closing cash balance</b>	<b>6,652</b>	<b>6,299</b>

Note: 'Cash' for the purposes of the consolidated Statement of Cash flows is defined differently to 'Cash' for the purposes of the consolidated Balance Sheet. As a result, the 'Cash' reported on the consolidated Statement of Cash Flows does not equal to 'Cash' in the consolidated Balance Sheet.

## NOTE 33: RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants and advances received and not yet expensed. The restricted financial assets included in Investments total \$122 million (2006-07: \$72 million).

## NOTE 34: MONEYS HELD IN TRUST

Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$240 million was recorded for 2008 in comparison to \$148 million in 2006-07.

## NOTE 35: EXPENDITURE COMMITMENTS

### (a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the consolidated financial statements, are expected to require payment as follows:

	2008	2007
	\$m	\$m
Not later than one year	2,449	2,311
Later than one year and not later than five years	1,128	1,483
Later than five years	69	29
<b>Total</b>	<b>3,645</b>	<b>3,823</b>

The capital commitments include the following material amounts for:

- Southern Seawater Desalination Plant, Alkimos Wastewater Scheme and Water Corporation's capital expenditure program \$471 million (2007: \$324 million);
- Hedland Regional Resource Centre – Replacement Stage 2; PathWest Laboratory Medicine new facilities; Rockingham/Kwinana Hospital and Broome Health Services redevelopment and other redevelopments \$416 million (2007: \$227 million);
- New secondary and primary schools; additions and improvements to secondary, primary and district high schools; additional stages and refurbishment to secondary schools; TAFEWA colleges and miscellaneous projects \$320 million (2007: \$366 Million);
- New Perth Bunbury Highway; Great Northern Highway; Roe Highway; Mitchell Freeway; Gibb River Road and South Western Highway \$314 million (2007: \$663 million);
- Railway and bus infrastructure; railcars and buses and plant, equipment and motor vehicles \$264 million (2007: \$403 million);
- Construction of the Perth Arena \$240 million;

**NOTE 35: EXPENDITURE COMMITMENTS – continued**

- Kimberley Prison Project; additional prison accommodation infrastructure and system upgrade and building infrastructure and maintenance \$233 million (2007: \$230 million);
- Retrospective underground power project and other major capital expenditure programs \$219 million (2007: \$305 million);
- Dwelling construction and upgrades; land development and redevelopment; crisis accommodation program; joint venture land redevelopment; new living and local government and community housing programs \$218 million (2007: \$203 million);
- Development of land; community service obligation and share of joint venture \$189 million (2007: \$190 million); and
- Land and buildings; fire and emergency appliances and other plant and equipment \$184 million (2007: \$60 million).

**(b) Operating leases expenditure commitments**

In addition to the finance leases for which the liabilities are incorporated in the consolidated Statement of Financial Position, the government has non-cancellable operating leases of buildings for office accommodation and motor vehicles, under which the following amounts are payable:

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Not later than one year	542	179
Later than one year and not later than five years	1,366	465
Later than five years	548	298
<b>Total</b>	<b>2,455</b>	<b>943</b>

Operating lease expenses for the year amounted to \$326 million (2006-07: \$284 million).

**(c) Other commitments**

The Government has commitments with private sector contractors for the purchase of electricity and gas, and for the provision of health services and rail and bus operations. These commitments are payable as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Not later than one year	1,390	1,234
Later than one year and not later than five years	4,959	3,201
Later than five years	11,916	3,971
<b>Total</b>	<b>18,265</b>	<b>8,406</b>

**NOTE 36: CONTINGENT LIABILITIES**

In addition to the liabilities incorporated in the consolidated Balance Sheet, the public sector has the following quantified contingent liabilities:

	<b>2008</b>	<b>2007</b>
	<b>\$m</b>	<b>\$m</b>
Contingent liabilities under guarantees, warranties, indemnities and sureties <sup>(a)</sup>	524	519
Contingent liabilities in relation to public universities' superannuation liabilities <sup>(b)</sup>	99	104
Guaranteed obligations of the Bank of Western Australia Ltd at credit risk equivalents <sup>(c)</sup>	40	85
Other contingent liabilities <sup>(d)</sup>	972	680
<b>Total</b>	<b>1,635</b>	<b>1,388</b>

**(a) Contingent liabilities under guarantees, warranties indemnities and sureties.****Public Trustee Common Fund**

Guarantees for the Public Trustee's Common Fund of \$299 million (2006-07: \$289 million).

**Home Indemnity Insurance**

The Treasurer has entered into Deeds of Indemnity that provide catastrophe cover for loss resulting from death, insolvency or disappearance of a builder or building group. The Treasurer's exposure to these indemnities is limited to \$160 million.

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**NOTE 36: CONTINGENT LIABILITIES – continued**


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**Public Transport Authority (PTA)**

The PTA has issued indemnities to parties to cross-border lease transactions for the financial obligations and performance of the lessees and deposit takers. In the event of default by the lessees or deposit takers to pay for obligations when due, or perform functions required of them, the PTA, as issuer of the indemnity, is required to meet the liabilities, losses, costs and charges of the indemnity to other parties to the contracts. In the event of default, the maximum obligation at 30 June 2008 is \$11.6 million for lessee obligations, and \$43.1 million for deposit taker obligations. To date, there have been no notifications of default.

**Insurance Commission of Western Australia**

Indemnities have been issued by the Treasurer to reimburse claims and administration costs incurred by the Government Insurance Fund, Community Insurance Fund and HIH Rescue Package, all maintained and managed by the Insurance Commission of Western Australia.

- (b) Contingent liabilities in relation to public universities' superannuation liabilities.

*The State Superannuation Act 2000 (SSA)*, repealed the *Government Employees Superannuation Act 1987* and the *Superannuation and Family Benefits Act 1938*. The schemes operating under those Acts are continued under the SSA. The State guarantees the benefits payable under those schemes.

The liabilities of \$99 million have been actuarially assessed as at 30 June 2008 (2006-07: \$104 million).

- (c) Guaranteed obligations of the Bank of Western Australia Ltd (BankWest) at credit risk equivalents.

BankWest was privatised on 1 December 1995 with the completion of the sale to the Bank of Scotland and its wholly owned subsidiary Scottish Western Australia Holdings Pty Ltd. The *Bank of Western Australia Act 1985* guarantees financial obligations of BankWest at the time of privatisation subject to phase-out conditions. The guaranteed exposures of BankWest amount to \$40 million at 30 June 2008 (30 June 2007: \$85 million).

- (d) Other contingent liabilities.

Other contingent liabilities include legal and contractual claims against individual agencies as reported in their financial statements.

The consolidated financial statements do not contain any provision in respect of either quantified or unquantified contingencies in respect of the following material contingent liabilities.

**Tipperary Development Pty Ltd**

The claim lodged by Tipperary Development against the State for loss arising from a \$50 million deposit with Rothwells in 1988 was heard in the Supreme Court in July 2005. Judgement was reserved and was ultimately handed down in July 2006. The claim was dismissed. However, Tipperary lodged a Notice of Appeal which is likely to be heard in the Western Australia Court of Appeal during 2008-09. Until this appeal (and any other appeals) are determined, that matter remains unresolved. The quantum of the claim by Tipperary (including interest) is approximately \$80 million plus costs.

**Native Title**

The Commonwealth *Native Title Act 1993 (NTA)*, as amended, creates a liability for the States for any compensation in regard to loss or impairment of native title rights and interests that occurred after 31 October 1975. The Commonwealth has agreed to contribute 75% of the compensation liability arising as a result of the operation of the NTA, complementary State legislation or the *Racial Discrimination Act* for past, intermediate and future acts, although certain conditions are imposed on the extent to which the Commonwealth will reimburse the States/Territories.

A formal financial assistance agreement between the Commonwealth and the States is currently being considered by the States.

Native title compensation is generally the responsibility of governments. In respect of future acts involving mining, the compensation liability has been passed onto the mining industry through legislation. To the extent that responsibility for native title compensation is passed on to another party, these compensation payments will not be covered by any Commonwealth agreement with the State on reimbursement for native title compensation.

**Industry and Resources**

A refund of Royalties of approximately \$17.7 million is payable to a mining company. The refund is contingent on the company commencing underground mining operations by 30 June 2009 or such later date as the Minister may, before that date, approve.

Approximately \$21.4 million plus costs is associated with a litigation matter between a timber company and the State of Western Australia.

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## NOTE 36: CONTINGENT LIABILITIES - continued

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### Commissioner of Main Roads

Claims have been submitted by contractors in relation to services provided under roadwork contracts. The contingent liability of \$9.9 million is the difference between the amount of the claim and the liability estimated by Main Roads based on legal advice.

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability of \$211.0 million is the difference between the owners' claim and the estimated settlement price determined by Main Roads in accordance with an independent valuation.

### Forest Products Commission

The Commission has an embedded derivative which has not been separated from the host contract as a consequence of the IFRIC 9 interpretation. As the Commission is currently in negotiation with parties associated with the contract that may result in a significant modification to the cash flows that otherwise would be expected under the contract, the Commission has a contingent liability of up to \$18.6 million that may arise as consequence of the negotiations.

### Rottneest Island Authority

A claim has been lodged against the Authority alleging a lease was granted to operate the Rottneest Island Hotel. The Authority is defending the claim. A reliable estimate of the quantum of the claim is yet to be determined.

### Planning and Infrastructure

Litigation is in progress for class action for compensation for the widening of the State Corridors Right in respect of the Dampier to Bunbury Natural Gas Pipeline. The maximum financial effect is estimated to be \$9.3 million.

### Western Australian Planning Commission

Under the operation of the Metropolitan and Peel Region Schemes, reservations exist on properties that may result in compensation being paid to the landholder or the property being acquired for the Planning Commission's estate. The Commission on an annual basis sets such compensation and acquisition priorities. In some cases the landholder disputes the compensation/consideration offered by the Commission, either through arbitration or through Court action. Resolving such disputes forms part of the ordinary business of the Planning Commission and any additional payments that arise are managed within the resources of the Metropolitan Region Improvement Fund. It is estimated that the Commission's contingent liabilities at 30 June 2008 are in the order of \$145 million.

### Public Transport Authority

Leighton Contractors Pty Ltd, the contractor engaged by the PTA to design and construct the City portion of the Southern Suburbs Railway, has lodged claims against the PTA totalling \$238 million which have been rejected by PTA.

Leighton Contractors has commenced four Supreme Court actions against the the PTA relating to components of its \$238 million claim, being alleged entitlements under the rise and fall and contaminated material provisions of the contract, concerning PTA's obligation to effect contract works insurance for the project on certain terms and obligations relating to dewatering and recharge of the City Project site. PTA has denied all liability and is vigorously defending the actions. A trial has been held in respect of the rise and fall claim and the parties are waiting for judgement to be delivered. The estimated value of the quantifiable parts of these four claims, as they stand after the trial of the rise and fall claim, is \$49.4 million, plus legal costs of approximately \$8 million.

The amount that has been claimed by RailLink Joint Venture, the contractor engaged by the PTA to construct the civil, rail and structures portion of the Southern Suburbs Railway, but rejected by PTA, is \$102 million. The claims are without basis and a significant number have already been assessed and rejected.

### Contaminated Sites

Under the *Contaminated Sites Act 2003*, agencies are required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of risk to human health, the environment and environmental issues. Where sites are classified as 'contaminated-remediation required', or 'possibly contaminated – investigation required', the agency may have a liability in respect of investigation or remediation expenses.

DEC have not yet finalised the classification of sites that have been reported to them by agencies. As agencies are unable to assess the likely outcome of the classification process, it is not possible to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

Agencies have an on-going management plan to remediate contaminated sites as they are identified.

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## NOTE 37: FINANCIAL INSTRUMENTS

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(a) Financial Risk Management Objectives and Policies

Exposure to credit risk, liquidity risk, interest rate risk and other financial risks arise in the normal course of government activity. Public sector agencies adopt various programs for managing market risk, which include derivative financial instruments. The two main sources of market risk are fluctuations in interest and foreign exchange rates. Derivatives in use include interest rate swaps, interest rate futures, cross-currency swaps and forward foreign exchange contracts. Whenever derivative positions are created, cash or an underlying physical security is held to cover any potential liability.

*Credit risk*

Credit risk in relation to financial assets is the risk that a third party will not meet its obligation in accordance with agreed terms. The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet. Credit risk in relation to cash assets and fixed interest securities is mitigated by investing in counter parties that have acceptable credit ratings. Credit risk concentration is minimised in relation to financial assets and hedging instruments and public sector agencies do not have significant exposures to any concentrations of credit risk. Generally, agencies exposures are to a large number of customers or highly rated counter-parties and their credit risks are very low. There is a high degree of geographically-based concentrations of recognised financial assets in Australia. Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 16, Receivables.

*Liquidity risk*

Liquidity management is undertaken by the Western Australian Treasury Corporation (WATC) on behalf of public sector agencies. WATC maintains a minimum prudent level of highly liquid quality assets at all times to ensure that commitments are met. The risk is minimised through the diversification of its funding activity across domestic and offshore markets and across the maturity spectrum.

*Currency Risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency exposures are managed through the use of foreign exchange contracts and derivatives.

*Interest rate risk*

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The interest rate risk by class of recognised financial asset and financial liability at 30 June 2008 is shown in the table below. The interest rate shown is the effective interest rate or weighted average effective interest rate in respect of a class of assets or liabilities. For floating instruments, the rate is the current market rate. The bands reflect the earlier of the next contractual repricing date or the maturity date of the asset or liability.

(b) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities recorded in the consolidated Balance Sheet are not materially different from their net fair value.

(c) Derivative Financial Instruments

The public sector limits dealings in derivatives to only those counter-parties that are recognised financial intermediaries and possess a credit rating of A or better. The public sector does not have a material exposure to any individual counter party.

The following table provides details of outstanding derivatives used for hedging purposes as at 30 June 2008.

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**NOTE 37: FINANCIAL INSTRUMENTS – continued**

	2008	2007
<i>Categories of Financial Instruments</i>	\$m	\$m
In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:		
<b>Financial Assets</b>		
Cash and cash equivalents	822	805
Loans and receivables	6,976	5,381
Held-to-maturity investments	9,383	8,745
<b>Financial Liabilities</b>		
Bank Overdraft	1	78
Financial Liabilities measured at amortised cost	18,900	15,602
Financial assets and liabilities exclude GST receivable/payable to the ATO but include other statutory receivables relating to taxation and territorial revenue.		

	Notional face value 2008 \$m	Net fair value 2008 \$m	Credit exposure 2008 \$m
<i>Fair Values</i>			
Interest rate contracts	3,763	54	36
Forward exchange contracts	367	1	-
Futures contracts	65	2	-
Commodity contracts	17	-	-
<b>Total</b>	<b>4,212</b>	<b>57</b>	<b>36</b>

	Notional face value 2007 \$m	Net fair value 2007 \$m	Credit exposure 2007 \$m
<i>Fair Values</i>			
Interest rate contracts	3,267	72	59
Forward exchange contracts	269	13	1
Futures contracts	176	3	-
Commodity contracts	1	-	-
<b>Total</b>	<b>3,713</b>	<b>86</b>	<b>60</b>

## NOTE 37: FINANCIAL INSTRUMENTS – continued

### *Interest rate risk exposure*

The public sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2008 are as follows:

	Floating interest rate \$m	Fixed interest rate maturing in:							Non interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
		Up to 3 months \$m	3 to 12 months \$m	1 to 2 years \$m	2 to 3 years \$m	3 to 4 years \$m	4 to 5 years \$m	More than 5 years \$m			
<b>Financial assets</b>											
Cash assets	660	-	136	-	-	-	-	-	26	822	6.2
Receivables	-	-	-	-	-	-	-	12	3,297	3,310	-
Receivables – precious metals	-	-	1,080	-	-	-	-	-	-	1,080	0.5
Investments:	-	-	-	-	-	-	-	-	-	-	-
Term Deposits	487	5,332	1,623	-	14	-	-	89	136	7,681	6.9
Government Securities	-	35	343	-	-	-	-	-	-	378	7.0
Listed Shares	-	-	-	-	-	-	-	-	887	887	-
Other Investments	62	-	142	35	48	39	35	77	-	437	5.5
Loans and advances:	-	-	-	-	-	-	-	-	-	-	-
Homebuyers	1,512	-	-	-	-	-	-	-	-	1,512	8.2
Non-government schools	186	-	-	-	-	-	-	-	-	186	2.3
Other	-	-	2	92	92	92	92	472	47	888	7.0
<b>Total financial assets</b>	<b>2,907</b>	<b>5,368</b>	<b>3,324</b>	<b>127</b>	<b>154</b>	<b>131</b>	<b>127</b>	<b>650</b>	<b>4,393</b>	<b>17,183</b>	
<b>Financial liabilities</b>											
Payables	-	-	-	-	-	-	-	-	1,695	1,695	-
Borrowings:	-	-	-	-	-	-	-	-	-	-	-
Domestic and foreign borrowings	-	2,673	2,969	1,476	1,476	1,476	1,476	2,950	1,388	15,882	5.7
Liability to the Commonwealth Government	-	-	14	36	36	35	35	354	-	510	4.2
Finance Leases	-	-	27	15	20	21	22	706	-	813	9.9
Bank Overdraft	-	1	-	-	-	-	-	-	-	1	6.3
<b>Total financial liabilities</b>	<b>-</b>	<b>2,674</b>	<b>3,010</b>	<b>1,527</b>	<b>1,532</b>	<b>1,532</b>	<b>1,533</b>	<b>4,010</b>	<b>3,083</b>	<b>18,901</b>	

The interest on financial assets and liabilities other than those separately disclosed above is immaterial and does not expose the public sector to any significant interest rate risk.

## NOTE 37: FINANCIAL INSTRUMENTS - continued

### *Interest rate risk exposure*

The public sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2007 are as follows:

	Floating interest rate \$m	Fixed interest rate maturing in:							Non interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
		Up to 3 months \$m	3 to 12 months \$m	1 to 2 years \$m	2 to 3 years \$m	3 to 4 years \$m	4 to 5 years \$m	More than 5 years \$m			
<b>Financial assets</b>											
Cash assets	519	120	159	-	-	-	-	-	7	805	5.5
Receivables	47	-	39	-	-	-	-	12	2,218	2,316	0.5
Receivables – precious metals	-	-	716	-	-	-	-	-	-	716	0.9
Investments:											
Term Deposits	494	4,889	1,258	99	27	36	14	155	-	6,972	6.2
Government Securities	-	48	54	52	95	107	14	50	-	420	5.1
Listed Shares	-	-	-	-	-	-	-	-	1,161	1,161	-
Other Investments	-	-	1	1	14	1	1	14	159	191	7.4
Loans and advances:											
Homebuyers	1,251	-	-	-	-	-	-	-	2	1,253	7.7
Non-government schools	-	-	26	16	16	16	16	96	-	186	2.3
Other	-	107	153	115	100	68	58	307	-	909	6.0
<b>Total financial assets</b>	<b>2,312</b>	<b>5,165</b>	<b>2,405</b>	<b>283</b>	<b>252</b>	<b>228</b>	<b>103</b>	<b>635</b>	<b>3,547</b>	<b>14,930</b>	
<b>Financial liabilities</b>											
Payables	-	-	-	-	-	-	-	-	996	996	-
Borrowings:											
Domestic and foreign borrowings	-	2,842	2,732	1,296	1,874	1,405	1	3,549	-	13,699	5.8
Liability to the Commonwealth Government	-	-	13	14	14	14	14	454	-	523	4.5
Finance Leases	-	-	23	53	40	41	42	186	-	384	7.6
Bank Overdraft	-	78	-	-	-	-	-	-	-	78	8.7
<b>Total financial liabilities</b>	<b>-</b>	<b>2,919</b>	<b>2,768</b>	<b>1,362</b>	<b>1,929</b>	<b>1,460</b>	<b>58</b>	<b>4,188</b>	<b>996</b>	<b>15,680</b>	

The interest on financial assets and liabilities other than those separately disclosed above is immaterial and does not expose the public sector's to any significant interest rate risk.



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**NOTE 37: FINANCIAL INSTRUMENTS - continued**

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	2008					2007				
	Carrying amount	-1% change Profit	+1% change Equity	-1% change Profit	+1% change Equity	Carrying amount	-1% change Profit	+1% change Equity	-1% change Profit	+1% change Equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Interest rate sensitivity analysis</i>										
<b>Financial Assets</b>										
Cash and cash equivalents	822	(7)	(7)	7	7	805	(6)	(6)	6	6
Receivables	4,389	-	-	-	-	3,032	-	-	-	-
Other financial assets	11,971	(63)	(63)	63	63	11,093	(55)	(55)	55	55
<b>Financial Liabilities</b>										
Payables	1,695	-	-	-	-	996	-	-	-	-
Borrowings	17,205	20	20	(20)	(20)	14,684	22	22	(22)	(22)
Total Increase/(Decrease)		(50)	(50)	50	50		(39)	(39)	39	39

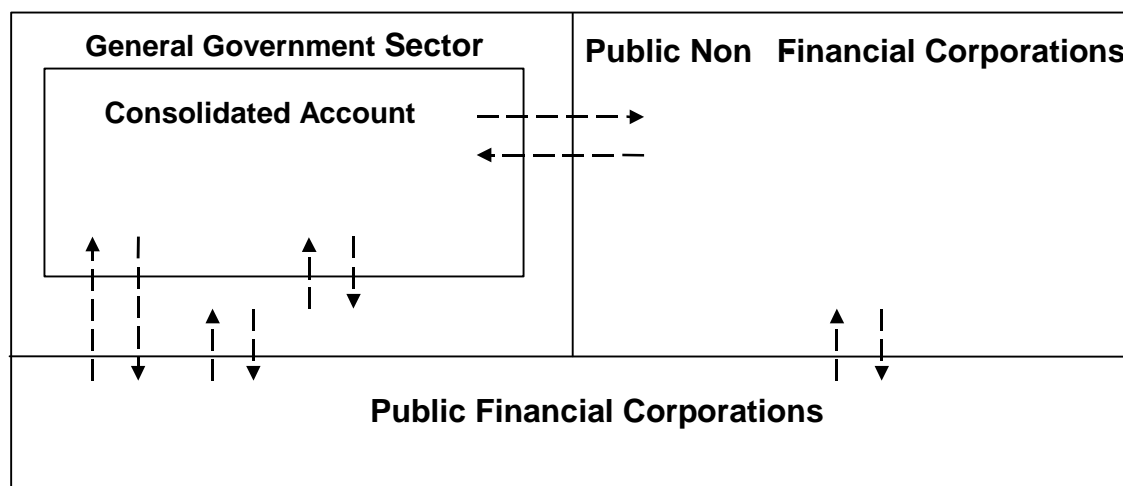
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**NOTE 38: COMPOSITION OF SECTORS**


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The following diagram shows the sectors within which agencies have been classified by the Australian Bureau of Statistics (ABS), which are all embraced in the consolidation.

**TOTAL PUBLIC SECTOR**


Each agency produces its own annual report.

All controlled agencies, regardless of funding source or sector classification, have been included in these consolidated financial statements.

The agencies included within each sector are listed below.

**General Government Sector**

Agricultural Practices Board of Western Australia  
Agricultural Produce Commission

Botanic Gardens and Parks Authority  
Building and Construction Industry Training Board

Central TAFE  
Central West TAFE  
Challenger TAFE  
Chemistry Centre (WA)  
Commissioner for Children and Young People  
Commissioner of Equal Opportunity  
Commissioner of Main Roads  
Corruption and Crime Commission  
Country High School Hostels Authority  
Curriculum Council  
CY O'Connor College of TAFE

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**NOTE 38: COMPOSITION OF SECTORS - continued**


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**General Government Sector - continued**

Department for Child Protection  
 Department for Communities  
 Department for Planning and Infrastructure  
 Department of Agriculture and Food  
 Department of Consumer and Employment Protection  
 Department of Corrective Services  
 Department of Culture and the Arts  
 Department of Education and Training  
 Department of Education Services  
 Department of Environment and Conservation  
 Department of Fisheries  
 Department of Health (including Public Hospitals)  
 Department of Housing and Works  
 Department of Indigenous Affairs  
 Department of Industry and Resources  
 Department of Local Government and Regional Development  
 Department of Racing, Gaming and Liquor  
 Department of Sport and Recreation  
 Department of the Legislative Assembly  
 Department of the Legislative Council  
 Department of the Premier and Cabinet  
 Department of the Attorney General  
 Department of the Registrar, Western Australian Industrial Relations Commission  
 Department of Treasury and Finance  
 Department of Water  
 Disability Services Commission  
  
 Economic Regulation Authority  
  
 Fire and Emergency Services Authority of Western Australia  
  
 Gaming and Wagering Commission of Western Australia  
 Gascoyne Development Commission  
 Goldfields-Esperance Development Commission  
 Governor's Establishment  
 Great Southern Development Commission  
 Great Southern TAFE  
  
 Heritage Council of Western Australia  
  
 Independent Market Operator  
  
 Keep Australia Beautiful Council (W.A.)  
 Kimberley TAFE  
 Kimberley Development Commission  
  
 Law Reform Commission of Western Australia  
 Legal Aid Commission of Western Australia  
 Legal Costs Committee  
 Local Health Authorities Analytical Committee  
  
 Mid-West Development Commission  
 Minerals and Energy Research Institute of Western Australia  
  
 Office of Energy  
 Office of Health Review  
 Office of Native Title  
 Office of the Auditor General  
 Office of the Director of Public Prosecutions  
 Office of the Information Commissioner  
 Office of the Inspector of Custodial Services  
 Office of the Parliamentary Inspector of the Corruption and Crime Commission  
 Office of the Public Sector Standards Commissioner

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**NOTE 38: COMPOSITION OF SECTORS - continued**

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**General Government Sector - continued**

Parliamentary Commissioner for Administrative Investigations  
Parliamentary Services Department  
Peel Development Commission  
Perth Theatre Trust  
Pilbara Development Commission  
Pilbara TAFE  
Police Service  
Professional Combat Sports Commission  
Professional Standards Council

Racing Penalties Appeal Tribunal of Western Australia  
Rural Business Development Corporation

Salaries and Allowances Tribunal  
Screen West (Inc.)  
Small Business Development Corporation  
South West Development Commission  
South West Regional College of TAFE  
State Supply Commission  
Swan River Trust  
Swan TAFE

The Aboriginal Affairs Planning Authority  
The Agriculture Protection Board of Western Australia  
The Anzac Day Trust  
The Board of the Art Gallery of Western Australia  
The Burswood Park Board  
The Coal Miners Welfare Board of Western Australia  
The Library Board of Western Australia  
The National Trust of Australia (W.A.)  
The Queen Elizabeth II Medical Centre Trust  
The Western Australian Museum  
Trustees of the Public Education Endowment

Water and Rivers Commission (abolished 31 January 2008)  
West Coast TAFE  
Western Australian Alcohol and Drug Authority  
Western Australian Building Management Authority  
Western Australian Electoral Commission  
Western Australian Gas Disputes Arbitrator  
Western Australian Greyhound Racing Association  
Western Australian Health Promotion Foundation  
Western Australian Institute of Sport  
Western Australian Land Information Authority  
Western Australian Meat Industry Authority  
Western Australian Planning Commission  
Western Australian Sports Centre Trust  
Western Australian Tourism Commission  
Wheatbelt Development Commission  
WorkCover Western Australia Authority

Zoological Parks Authority

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**NOTE 38: COMPOSITION OF SECTORS - continued**


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**Public Non-Financial Corporation Sector**

Albany Port Authority  
 Animal Resources Authority  
 Armadale Redevelopment Authority  
  
 Broome Port Authority  
 Bunbury Port Authority  
 Bunbury Water Board  
 Busselton Water Board  
  
 Dampier Port Authority  
  
 East Perth Redevelopment Authority  
 Electricity Generation Corporation (Verve Energy)  
 Electricity Networks Corporation (Western Power)  
 Electricity Retail Corporation (Synergy)  
 Esperance Port Authority  
  
 Forest Products Commission  
 Fremantle Port Authority  
  
 Geraldton Port Authority  
 Gold Corporation and its subsidiaries  
  
 Housing Authority  
  
 Lotteries Commission  
  
 Metropolitan Cemeteries Board  
 Midland Redevelopment Authority  
  
 Perth Market Authority  
 Port Hedland Port Authority  
 Potato Marketing Corporation of Western Australia  
 Public Transport Authority of Western Australia  
  
 Racing and Wagering Western Australia (reporting date 31 July)  
 Regional Power Corporation (Horizon Power)  
 Rottnest Island Authority  
  
 Subiaco Redevelopment Authority  
  
 The Eastern Goldfields Transport Board  
  
 Water Corporation  
 Western Australian Coastal Shipping Commission 'Stateships'  
 Western Australian Land Authority

**Public Financial Corporation Sector**

Community Insurance Fund  
 Country Housing Authority  
 Insurance Commission of Western Australia (and subsidiary State Government Insurance Corporation)  
 Keystart Housing Scheme, comprising  
     Keystart Bonds Ltd  
     Keystart Loans Ltd  
     Keystart Support Pty Ltd  
     Keystart Support (Subsidiary) Pty Ltd  
     Keystart Housing Scheme Trust  
     Keystart Support Trust  
 RiskCover  
 Western Australian Treasury Corporation

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## NOTE 38: COMPOSITION OF SECTORS - continued

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### Entities not consolidated

The entities listed below, which administer superannuation and like funds and/or hold private funds in trust or fidelity type funds, have not been included in these consolidated financial statements as the assets are not available for the benefit of the State.

Coal Industry Superannuation Board  
Construction Industry Long Service Leave Payments Board  
Fire and Emergency Services Superannuation Board  
Government Employees Superannuation Board  
Legal Contribution Trust  
Public Trustee  
Real Estate and Business Agents Supervisory Board  
Settlement Agents Supervisory Board

The Australian Bureau of Statistics classifies the activities of public universities to a multi-jurisdictional sector due to the ambiguity of government control as States generally provide the enabling legislation and guarantee some borrowings while the Commonwealth exercises discretion in the distribution of operating grants. Accordingly, they are not consolidated in these consolidated financial statements.

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## Public Ledger

The Public Ledger, established by section 7 of the *Financial Management Act 2006* (FMA), includes those transactions and operations that are conducted through the Consolidated Account, the Treasurer's Advance Account and the Treasurer's Special Purpose Accounts (TSPAs).

Table 7.1 shows that the aggregate balance of the Public Ledger at 30 June 2008 was \$556 million higher than the balance at 30 June 2007. This reflects a \$1,799 million increase in the TSPAs, partially offset by a \$1,243 million increase in the non-cash Consolidated Account deficit.

Table 7.1

### PUBLIC LEDGER BALANCES AT 30 JUNE

	2008 \$m	2007 \$m
<b>THE PUBLIC LEDGER</b>		
Consolidated Account <sup>(a)</sup>	(2,595)	(1,352)
Treasurer's Special Purpose Accounts	4,656	2,857
Treasurer's Advance Account – Net Advances	(6)	(6)
<b>Total</b>	<b>2,055</b>	<b>1,499</b>

(a) The balance of the Consolidated Account at 30 June 2008 includes cash and non-cash balances. Non-cash appropriations of \$3,300 million at 30 June 2008 (30 June 2007: \$2,666 million) represent the balance of non-cash cost of agency services. These appropriations are credited to agency holding accounts that are included in the Treasurer's Special Purpose Accounts balance. In cash terms, the Consolidated Account recorded a surplus of \$705 million at 30 June 2008 (30 June 2007: \$1,314 million).

Information on individual agencies' Special Purpose Accounts, which are not part of the Public Ledger, can be found in the annual reports of those agencies.

## **Consolidated Account**

The *Constitution Act 1889* requires that all revenue of the Crown that is not permanently appropriated by legislation to another entity, shall be credited to the Consolidated Account. The Act also requires that payments out of the Account must be appropriated by Parliament.

Accordingly, Consolidated Account revenue is not available for use by agencies that collect it, and such receipts must be paid directly to the credit of the Account. Expenditure is authorised by Parliament, with both the amount and the expressed purpose of the relevant appropriation clearly specified.

The Consolidated Account recorded an accumulated deficit of \$2,595 million at 30 June 2008, an increase of \$1,243 million on the accumulated deficit a year earlier. This included \$3,300 million in non-cash Holding Account balances for agencies, associated with accrual (non-cash) appropriations for depreciation and leave entitlements.

In cash terms, the Consolidated Account recorded a surplus of \$705 million at 30 June 2008. This compares with the \$1,314 million cash surplus recorded at 30 June 2007.



Table 7.2

**CONSOLIDATED ACCOUNT TRANSACTIONS**

	2007-08 \$m	2006-07 \$m
<b>REVENUE</b>		
<i>Operating Activities</i>		
Taxation	5,423	4,973
Commonwealth Grants	4,214	4,032
Government Enterprises	829	707
Revenue from Other Agencies	4,222	3,850
Other	175	1,312 <sup>(a)</sup>
<i>Total Operating Activities</i>	<b>14,863</b>	<b>14,874</b>
<i>Financing Activities</i>		
Repayments of Recoverable Advances	12	14
Transfers from:		
The Public Bank Account Interest Earned Account	100	100
The Bankwest Pension Trust	2	2
Other Special Purpose Accounts	9	4
<i>Total Financing Activities</i>	<b>123</b>	<b>120</b>
<b>TOTAL REVENUE</b>	<b>14,986</b>	<b>14,994</b>
<b>EXPENDITURE</b>		
<i>Recurrent</i>		
Authorised by Other Statutes	1,180	1,093
Appropriation Act (No. 1)	11,711	11,837 <sup>(a)</sup>
Recurrent Expenditure Authorised Under the Treasurer's Advance	443	299
<i>Total Recurrent Expenditure</i>	<b>13,334</b>	<b>13,229</b>
<i>Investing Activities</i>		
Authorised by Other Statutes	140	70
Appropriation Act (No. 2)	2,590	2,179
Investing Expenditure Authorised Under the Treasurer's Advance	162	44
<i>Total Investing Activities</i>	<b>2,892</b>	<b>2,293</b>
<i>Financing Activities</i>		
Capital Repayments	-	49
Other Financing	3	4
<i>Total Financing Activities</i>	<b>3</b>	<b>53</b>
<b>TOTAL EXPENDITURE</b>	<b>16,229</b>	<b>15,575</b>
<b>NET MOVEMENT - REVENUE LESS EXPENDITURE</b>	<b>(1,243)</b>	<b>(581)</b>
<b>Consolidated Account Balance</b>		
Opening Balance at 1 July	(1,352)	(771)
Closing Balance at 30 June	(2,595)	(1,352)
Of which:		
Appropriations Payable	(3,300)	(2,666)
Cash Balance at 30 June	705	1,314

Note: Columns may not add due to rounding.

(a) Includes Capital User Charges of \$1,148 million which are no longer collected from agencies following enactment of the *Financial Management Act 2006*.

## Treasurer's Special Purpose Accounts

The Treasurer's Special Purpose Accounts (TSPAs) consist of:

- any account established by the Treasurer as a TSPA for the purposes determined by the Treasurer;
- suspense accounts established for the purposes of section 26 of the FMA;
- any account established to hold money transferred under section 39(5) of the FMA;
- the Public Bank Account Interest Earned Account established for the purpose of holding money credited to that account under section 38(9) of the FMA pending its allocation and payment as required or permitted under the FMA or another written law;
- any account established under written law and determined by the Treasurer to be a TSPA; and
- any account established to hold other money and determined by the Treasurer to be a TSPA.

The \$1,799 million increase in the TSPAs largely reflects the establishment of the Fiona Stanley Hospital Construction Account (with a balance of \$1,107 million at 30 June 2008), and an increase of \$634 million in the Holding Account balances for accrual appropriations to agencies (including appropriations payable for depreciation and accrued leave entitlements).

Table 7.3

### TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE

	2008 \$m	2007 \$m
Agency Holding Accounts	3,300	2,666
Fiona Stanley Hospital Construction Account	1,107	-
Other Special Purpose Accounts	249	191
<b>TOTAL TREASURER'S SPECIAL PURPOSE ACCOUNTS</b>	<b>4,656</b>	<b>2,857</b>

## Treasurer's Advance

The Treasurer's Advance allows for repayable advances to agencies for working capital purposes (known as 'net recoverable advances') and the provision of supplementary appropriation funding for unforeseen and/or extraordinary events during the year (known as 'excesses and new items').

A total of \$750 million was authorised by section 29 of the FMA and the *Treasurer's Advance Authorisation Act 2008* for the year ended 30 June 2008. This compares with a \$365 million limit authorised for the preceding year.

Of the \$750 million authorised limit for 2007-08, \$6.1 million was held at 30 June 2008 in the form of net recoverable advances (see Table 7.4) and \$605.5 million against increases in recurrent and capital appropriations and new items (see Table 7.5).

Table 7.4

### TREASURER'S ADVANCE AT 30 JUNE

	2008 \$m	2007 \$m
<b>AUTHORISED LIMIT</b>	<b>750.0<sup>(a)</sup></b>	<b>365.0</b>
Total Drawn Against Treasurer's Advance Account	611.6	349.1
Comprising:		
Net recoverable advances as at 30 June (see below)	6.1	6.3
Excesses and New Items (see Table 7.5)		
- recurrent	443.2	298.8
- capital	162.3	44.0
<b>NET RECOVERABLE ADVANCES</b>		
Appeals Cost Board	-	1.1
Public Sector Standards Commissioner – CEO selection	0.5	0.5
Electoral Distribution Commission	0.3	0.5
Energy Smart Government Program	1.6	1.9
Gas Review Board	0.5	0.5
Planning and Infrastructure	2.0	2.0
Suitors Fund	1.1	-
Sundry Debtors	0.1	(0.1)
<b>TOTAL RECOVERABLE TREASURER'S ADVANCES</b>	<b>6.1</b>	<b>6.3</b>

(a) The original limit for the year ending 30 June 2008, as authorised by section 29 of the FMA, was \$436.5 million. However, this was increased to \$750 million by the *Treasurer's Advance Authorisation Act 2008*, which received Royal Assent on 14 April 2008.

## Transfers, Excesses and New Items

Table 7.5 outlines transfers of appropriations between agencies, authorised under section 25 of the FMA (and which have no impact on the Treasurer's Advance), and excesses and/or new items approved by the Treasurer (under the authority of section 3 of the *Treasurer's Advance Authorisation Act 2008* and section 27 of the FMA).

Table 7.5

## TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2008

		Treasurer's Advance					
Item	Appropriation	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Excesses \$m	Revised Appropriation \$m	Drawn against Treasurer's Advance \$m
Recurrent Appropriations							
Parliamentary Services							
3	Delivery of Services	11.4	-	-	0.1	11.5	0.1
Parliamentary Commissioner for Administrative Investigations							
4	Delivery of Services	2.9	-	-	0.3	3.2	0.3
Premier and Cabinet							
5	Delivery of Services	115.0	-	-	14.3	129.2	14.3
Governor's Establishment							
6	Delivery of Services	1.2	-	-	0.4	1.6	0.4
Salaries and Allowances Tribunal							
8	Delivery of Services	0.5	-	-	0.1	0.6	0.1
Treasury and Finance							
9	Delivery of Services	108.1	0.3	-	16.2	124.5	15.7
12	Regional Power Corporation Horizon Power	23.9	-	-	0.1	24.0	-
13	Water Corporation of Western Australia	385.1	-	-	14.3	399.4	14.3
14	Western Australian Land Authority	34.0	-	-	0.1	34.1	0.1
16	Armadale Redevelopment Authority	1.2	-	-	0.3	1.5	0.3
21	First Home Owners' Assistance	114.5	-	-	4.0	118.5	-
25	Office of Health Review	1.4	-	-	0.2	1.6	0.2
28	Provision for Unfunded Liabilities in the Government Insurance Fund	2.3	-	-	3.7	6.0	0.8
29	Refund of Past Years Revenue Collections – Public Corporations	0.5	-	-	1.5	2.0	-
30	Refunds of Past Years Revenue Collections – All Other	34.0	-	-	13.0	47.0	0.6
32	State Property – Emergency Services Levy	9.0	-	-	3.0	12.0	3.0
...	Matrix Fleet Leasing – Tax Settlement	-	-	14.0	-	14.0	14.0
Office of Native Title							
38	Delivery of Services	30.8	(2.7)	-	-	28.1	-
Office of the Auditor General							
39	Delivery of Services	14.2	-	-	1.9	16.2	1.9
Economic Regulation Authority							
40	Delivery of Services	4.8	-	-	2.2	7.0	2.2
Industry and Resources							
42	Delivery of Services	168.0	(2.7)	-	-	165.3	-
43	Administered Grants, Subsidies and Other Transfer Payments	54.9	-	-	2.2	57.2	2.2
Chemistry Centre							
...	Delivery of Services	-	2.7	-	0.5	3.2	0.5
Agriculture and Food							
44	Delivery of Services	174.6	-	-	2.4	177.1	2.4
Rural Business Development Corporation							
46	Delivery of Services	2.9	-	-	13.1	16.1	13.1

Table 7.5 (cont)

# **TRANSFERS, EXCESSES AND NEW ITEMS** For the twelve months to 30 June 2008

		Treasurer's Advance					
Item	Appropriation	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Excesses \$m	Revised Appropriation \$m	Drawn against Treasurer's Advance \$m
Mid West Development Commission							
47	Delivery of Services	3.5	-	-	2.0	5.5	2.0
Wheatbelt Development Commission							
48	Delivery of Services	1.6	-	-	0.1	1.7	0.1
Racing, Gaming and Liquor							
52	Delivery of Services	3.4	-	-	0.3	3.7	0.3
53	Administered Grants, Subsidies and Other Transfer Payments	65.5	-	-	11.2	76.8	7.8
Goldfields-Esperance Development Commission							
54	Delivery of Services	1.6	-	-	0.5	2.1	0.5
Western Australian Police							
55	Delivery of Services	777.8	-	-	15.1	792.9	15.1
Fire and Emergency Services Authority of Western Australia							
56	Delivery of Services	30.6	0.4	-	15.6	46.6	15.6
Waters and Rivers Commission							
58	Delivery of Services	60.4	(22.4)	-	-	38.0	-
	Salaries and Allowance Act 1975	0.2	(0.1)	-	-	0.1	-
Water							
...	Delivery of Services	-	22.2	-	5.1	27.2	5.1
...	Salaries and Allowances Act 1975	-	0.1	-	-	0.1	-
Sport and Recreation							
60	Delivery of Services	33.4	(0.4)	-	-	33.1	-
Attorney General							
63	Delivery of Services	185.2	(14.6)	-	16.3	187.0	16.3
Commissioner for Children and Young People							
...	Delivery of Services	-	1.4	-	-	1.4	-
Corruption and Crime Commission							
65	Delivery of Services	26.6	-	-	0.8	27.4	-
Office of the Director of Public Prosecutions							
68	Delivery of Services	22.9	-	-	0.9	23.8	0.7
Office of the Information Commissioner							
69	Delivery of Services	1.0	-	-	0.2	1.2	0.2
Health							
70	Delivery of Services	680.4	0.4	-	23.7	704.4	23.6
71	Contribution to Hospital Fund	2,662.0	-	-	142.7	2,804.7	142.7
Western Australian Electoral Commission							
72	Delivery of Services	6.1	-	-	0.1	6.2	-
Consumer and Employment Protection							
73	Delivery of Services	66.3	-	-	4.3	70.6	4.3
Housing and Works							
75	Delivery of Services	19.5	-	-	4.1	23.6	4.1
77	Housing Authority – General Housing Fund	42.8	-	-	0.2	43.0	0.2

Table 7.5 (cont)

# **TRANSFERS, EXCESSES AND NEW ITEMS** For the twelve months to 30 June 2008

Treasurer's Advance							Drawn against Treasurer's Advance \$m
Item	Appropriation	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Excesses \$m	Revised Appropriation \$m	
Indigenous Affairs							
80	Delivery of Services	22.0	-	-	2.5	24.5	2.5
Heritage Council of W.A.							
81	Delivery of Services	4.9	-	-	1.2	6.2	1.2
Western Australian Land Information Authority							
83	Delivery of Services	21.8	-	-	1.1	22.9	1.1
Commissioner of Main Roads							
86	Delivery of Services	166.4	-	-	11.2	177.6	11.2
Public Transport Authority of Western Australia							
87	Delivery of Services	572.8	-	-	26.6	599.4	22.6
Disability Services Commission							
89	Delivery of Services	293.5	(0.4)	-	11.0	304.1	11.0
Western Australian Tourism Commission							
90	Delivery of Services	51.2	-	-	0.9	52.1	0.9
Culture and the Arts							
91	Delivery of Services	53.5	-	-	1.9	55.4	1.9
92	Art Gallery of Western Australia	3.6	-	-	0.1	3.6	0.1
Education and Training							
96	Delivery of Services	2,766.5	-	-	2.9	2,769.3	2.9
Country High School Hostels Authority							
97	Delivery of Services	5.3	-	-	0.1	5.4	0.1
South West Development Commission							
101	Delivery of Services	8.9	-	-	-(b)	9.0	-(b)
Fisheries							
103	Delivery of Services	28.6	-	-	3.1	31.6	3.1
Kimberley Development Commission							
104	Delivery of Services	1.6	2.7	-	-	4.3	-
Pilbara Development Commission							
105	Delivery of Services	2.2	-	-	0.1	2.2	0.1
Corrective Services							
107	Delivery of Services	417.2	13.2	-	27.2	457.5	25.0
Office of the Inspector of Custodial Services							
108	Delivery of Services	2.0	-	-	-(b)	2.0	-(b)
Small Business Development Corporation							
109	Delivery of Services	10.7	-	-	0.9	11.6	0.9
Environment and Conservation							
110	Delivery of Services	182.9	(0.1)	-	5.6	188.5	5.6
Botanic Gardens and Parks Authority							
112	Delivery of Services	12.3	-	-	0.2	12.4	0.2
Swan River Trust							
113	Delivery of Services	12.0	-	-	0.7	12.6	0.7
Zoological Parks Authority							
114	Delivery of Services	8.6	-	-	0.1	8.7	0.1

Table 7.5 (cont)

# **TRANSFERS, EXCESSES AND NEW ITEMS** For the twelve months to 30 June 2008

Item	Appropriation	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance		Revised Appropriation \$m	Drawn against Treasurer's Advance \$m
				New Items \$m	Excesses \$m		
	<i>Peel Development Commission</i>						
115	Delivery of Services	2.8	-	-	2.1	4.9	2.1
	<i>Child Protection</i>						
116	Delivery of Services	241.3	(3.8)	-	22.9	260.4	22.9
117	Contribution to the Western Australian Family Foundation Trust Account	0.6	(0.6)	-	-	-	-
	<i>Communities</i>						
118	Delivery of Services	30.1	3.8	-	2.1	35.9	2.1
...	Contribution to the Western Australian Family Foundation Trust Account	-	0.6	-	-	0.6	-
<b>Total Recurrent</b>			-	14.0	461.6	-	443.2
<b>Capital Appropriations</b>							
	<i>Legislative Council</i>						
119	Capital Contribution	1.0	-	-	0.9	1.9	0.9
	<i>Parliamentary Services</i>						
120	Capital Contribution	0.5	-	-	0.4	0.9	0.4
	<i>Treasury and Finance</i>						
122	Capital Contribution	17.7	-	-	1.8	19.6	1.8
124	Armada Redevelopment Authority	2.0	-	-	2.0	4.0	2.0
128	Electricity Networks Corporation Western Power (Networks)	6.0	-	-	1.6	7.6	-
133	Rottnest Island Authority	1.7	-	-	4.0	5.7	4.0
134	Housing Authority	64.7	-	-	43.3	108.0	43.3
...	Broome Port Authority	-	-	1.6	-	1.6	1.2
	<i>Industry and Resources</i>						
141	Capital Contribution	15.3	(0.4)	-	-	14.9	-
	<i>Chemistry Centre</i>						
...	Capital Contribution	-	0.4	-	-	0.4	-
	<i>Waters and Rivers Commission</i>						
148	Capital Contribution	4.3	(1.7)	-	-	2.6	-
	<i>Water</i>						
...	Capital Contribution	-	1.7	-	-	1.7	-
	<i>Sport and Recreation</i>						
149	Capital Contribution	0.1	-	-	1.9	2.0	1.9
	<i>Attorney General</i>						
151	Capital Contribution	24.5	-	-	0.7	25.2	0.7
	<i>Consumer and Employment Protection</i>						
158	Capital Contribution	4.8	-	-	2.3	7.0	2.3
	<i>Housing and Works</i>						
159	Capital Contribution	95.5	0.8	-	-	96.3	-
	<i>Commissioner of Main Roads</i>						
163	Capital Contribution	322.9	-	-	19.4	342.3	17.6
	<i>Public Transport Authority of Western Australia</i>						
164	Capital Contribution	74.6	-	-	55.1	129.7	55.1

Table 7.5 (cont)

**TRANSFERS, EXCESSES AND NEW ITEMS**

For the twelve months to 30 June 2008

		<u>Treasurer's Advance</u>					Drawn against Treasurer's Advance \$m
Item	Appropriation	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Excesses \$m	Revised Appropriation \$m	
167	<i>Western Australian Tourism Commission</i> Capital Contribution	1.2	-	-	0.2	1.4	0.2
169	<i>Culture and the Arts</i> Art Gallery of Western Australia	1.1	-	-	0.2	1.3	0.2
173	<i>Education and Training</i> Capital Contribution	227.0	-	-	30.7	257.7	30.7
177	<i>Fisheries</i> Capital Contribution	8.5	-	-	-(b)	8.5	.(b)
178	<i>Corrective Services</i> Capital Contribution	54.6	(0.8)	-	-	53.8	-
<i>Total Capital</i>		-	-	1.6	164.4	-	162.3
<b>TOTAL</b>			-	15.6	626.1	-	605.5

(a) Authorised under section 25 of the FMA.

(b) Amount less than \$50,000.

Note: Columns may not add due to rounding.



## Transfers

Transfers of appropriations between agencies (which do not impact the Treasurer's Advance) were for the following purposes:

- \$24.0 million from the recently abolished Waters and Rivers Commission, consisting of unexpended appropriations for the delivery of services (\$22.2 million), *Salaries and Allowances Act 1975* funding (\$0.1 million) and capital appropriations (\$1.7 million), following the creation of the Department of Water;
- \$13.2 million from the Department of the Attorney General to the Department of Corrective Services for the ongoing realignment of funding for the Court Security and Custodial Services contract;
- \$4.4 million from the Department for Child Protection to the Department for Communities reflecting the transfer of responsibility for various functions following on-going implementation of the Ford Review;
- \$3.1 million (consisting of \$2.7 million and \$0.4 million for recurrent and capital purposes respectively) from the Department of Industry and Resources to the Chemistry Centre (WA) for the establishment of the Chemistry Centre as a statutory authority;
- \$2.7 million from the Office of Native Title to the Kimberley Development Commission for administering the Ord Enhancement Scheme;
- \$1.4 million from the Department of the Attorney General to the Commissioner for Children and Young People (CCYP) to facilitate the establishment of the Office of the CCYP;
- \$0.8 million from the Department of Corrective Services to the Department of Housing and Works for the acquisition of service provider premises;
- \$0.4 million from the Department of Sport and Recreation to the Fire and Emergency Services Authority for the transfer of responsibility for support to Surf Life Saving Western Australia;
- \$0.4 million from the Disability Services Commission to the Health Department for the transfer of three Senior Therapists to the WA Country Health Service;
- \$0.3 million from the Department of Environment and Conservation to the Department of Treasury and Finance for the transfer of the operations of the National Emissions Trading Scheme; and
- \$0.2 million from the Waters and Rivers Commission to the Department of Environment and Conservation for the management of wetlands.

## **Excesses and New Items**

Funds drawn against the Treasurer's Advance for excesses and new items were for the purposes outlined below. Further detail is available in the annual reports of the agencies listed.

### *Parliamentary Services*

Item 3: **Net amount appropriated to deliver services** (\$0.1 million), mainly for the removal of under-floor asbestos adjacent to the Legislative Assembly Chamber.

Item 120: **Capital Contribution** (\$0.4 million) for the funding of the Parliamentary Chambers air-conditioning and Legislative Assembly seating upgrade projects.

### *Parliamentary Commissioner for Administrative Investigations*

Item 4: **Net amount appropriated to deliver services** (\$0.3 million) for additional accommodation for the Ombudsman and higher office rental costs.

### *Premier and Cabinet*

Item 5: **Net amount appropriated to deliver services** (\$14.3 million), mainly for underwriting of the Road Trauma Trust Fund due to lower than expected revenue from photographic-based vehicle infringement notices (\$7.8 million), donations to Myanmar (Burma) Cyclone Appeal (\$1.0 million), China Earthquake Appeal (\$1.0 million), Sir Charles Court Memorial Statue project (\$0.5 million), and the assessed liability of State agencies in respect of copyright issues (\$2.3 million).

### *Governor's Establishment*

Item 6: **Net amount appropriated to deliver services** (\$0.4 million) for higher depreciation expenses.

### *Salaries and Allowances Tribunal*

Item 8: **Net amount appropriated to deliver services** (\$0.1 million) for an increase in the fees of members of the Tribunal.

### *Treasury and Finance*

Item 9: **Net amount appropriated to deliver services** (\$15.7 million), primarily for the higher cost of the full Oracle implementation and revised roll-in schedule for the Office of Shared Services (\$11.2 million), and higher rental costs for leased accommodation (\$4.2 million).

Item 13: **Water Corporation of Western Australia** (\$14.3 million) for the impact of increases in pensioner and senior concession volumes, and for higher volumes of concessions for country water, sewerage and drainage operations.

Item 14: **Western Australian Land Authority** (\$0.1 million) for additional funding for the Strategic Asset Management program.

Item 16: **Armada Redevelopment Authority** (\$0.3 million) for higher management costs associated with the Authority's Wungong urban waters land development project.

Item 25: **Office of Health Review** (\$0.2 million) for increased office accommodation costs and an expanded role in handling prisons and disability services complaints.

Item 28: **Provision for Unfunded Liabilities in the Government Insurance Fund** (\$0.8 million) for the reimbursement of unfunded claims by agencies paid by the Insurance Commission of Western Australia.

Item 30: **Refunds of Past Years Revenue Collections – All Other** (\$0.6 million) for an increase in the number and magnitude of eligible refunds of conveyance duty and land tax revenue.

Item 32: **State Property – Emergency Services Levy** (\$3.0 million) for the increase in the Emergency Services Levy assessed on State owned land for 2007-08.

New Item: **Matrix Fleet Leasing – Tax Settlement** (\$14.0 million) for payment to the Australian Taxation Office for the full and final settlement of all tax matters relating to the termination of the Matrix vehicle fleet leasing transaction.

Item 122: **Capital Contribution** (\$1.8 million) for higher costs associated with the implementation of Oracle systems at the Office of Shared Services.

Item 124: **Armada Redevelopment Authority** (\$2.0 million) for the establishment of the Wungong Developer Contribution Scheme Revolving Fund to enable development works to proceed.

Item 133: **Rottnest Island Authority** (\$4.0 million) mainly for the refurbishment of accommodation (\$2.4 million) and heritage works (\$1.2 million).

Item 134: **Housing Authority** (\$43.3 million) for additional public housing, land releases and crisis care initiatives.

New Item: **Broome Port Authority** (\$1.2 million) for the completion of the Port's fender and deck project.

#### *Office of the Auditor General*

Item 39: **Net amount appropriated to deliver services** (\$1.9 million) to cover the cost of additional audit work associated with the June 2007 audit cycle.

*Economic Regulation Authority*

Item 40: **Net amount appropriated to deliver services** (\$2.2 million) to address higher costs associated with regulatory functions.

*Industry and Resources*

Item 43: **Amount provided for Administrative Grants, Subsidies and Other Transfer Payments** (\$2.2 million) for the refund of pre-paid rents for mining tenements.

*Chemistry Centre (WA)*

New Item: **Net amount appropriated to deliver services** (\$0.5 million) to meet wage increases for specialist employees.

*Agriculture and Food*

Item 44: **Net amount appropriated to deliver services** (\$2.4 million) to address additional costs incurred due to delays in rolling into new Shared Services arrangements, higher salaries costs for staff with specialist skills, and State support for the national Equine Influenza initiative.

*Rural Business Development Corporation*

Item 46: **Net amount appropriated to deliver services** (\$13.1 million) for the payment of 2007 Dry Season grants (\$9.1 million) and for the Ord Sugar Industry Assistance Scheme (\$4.0 million).

*Mid West Development Commission*

Item 47: **Net amount appropriated to deliver services** (\$2.0 million) to meet the increased cost of the redevelopment of the Geraldton Foreshore and revitalisation of Geraldton's Central Business District.

*Wheatbelt Development Commission*

Item 48: **Net amount appropriated to deliver services** (\$0.1 million) for the funding of the Commission's relocation to Northam.

*Racing, Gaming and Liquor*

Item 52: **Net amount appropriated to deliver services** (\$0.3 million), mainly for the delay in the transition to Shared Services.

Item 53: **Amount Provided for Administered Grants, Subsidies and Other Transfer Payments** (\$7.8 million) to meet GST rebates relating to higher collections of casino tax, Lottery West revenue, Bookmakers and Racing Clubs revenue, and Racing and Wagering WA turnover tax.

*Goldfields-Esperance Development Commission*

Item 54: **Net amount appropriated to deliver services** (\$0.5 million) for the Esperance Recovery Campaign.

*Western Australia Police*

Item 55: **Net amount appropriated to deliver services** (\$15.1 million), primarily for the increase in rental costs associated with housing staff in regional areas (\$3.5 million), additional implementation costs for the Indigenous Safety Taskforce (\$2.5 million), higher leave liabilities following the last Enterprise Bargaining Agreement (\$2.4 million), and other operational costs.

*Fire and Emergency Services Authority of Western Australia*

Item 56: **Net amount appropriated to deliver services** (\$15.6 million), mainly for expenditure for the Loan Interest Subsidy Scheme, personal hardship and distress, cyclones, bush fires and floods.

*Water*

New Item: **Net amount appropriated to deliver services** (\$5.1 million), primarily for the establishment of the Water Efficiency Measures program.

*Attorney General*

Item 63: **Net amount appropriated to deliver services** (\$16.3 million), mainly for delays in transitioning to Shared Services arrangements (\$6.9 million), for higher specialist staff salaries (\$3.1 million), and additional funding to cover higher accommodation lease costs (\$2.6 million).

Item 151: **Capital Contribution** (\$0.7 million) for additional costs associated with the completion of the new District Court complex.

*Office of the Director of Public Prosecutions*

Item 68: **Net amount appropriated to deliver services** (\$0.7 million) to meet wage increases for specialist staff.

*Office of the Information Commissioner*

Item 69: **Net amount appropriated to deliver services** (\$0.2 million) for higher accommodation costs.

### *Health*

Item 70: **Net amount appropriated to deliver services** (\$23.6 million), mainly for mental health initiatives announced since the budget (\$11.4 million), funding provided to implement the health components of the response to the WA Illicit Amphetamine Summit (\$2.2 million), and additional funding to meet wage increases for specialist staff (\$2.1 million).

Item 71: **Contribution to Hospital Fund** (\$142.7 million), primarily for wage increases for Registered Nurses (\$64.6 million), Medical Practitioners (\$39.7 million) and Health Support Workers (\$16.8 million) under new Enterprise Bargaining Agreements.

### *Consumer and Employment Protection*

Item 73: **Net amount appropriated to deliver services** (\$4.3 million), mainly to meet higher costs in a number of operational areas such as information systems and office accommodation (\$1.8 million), delays associated with transitioning to the Shared Services arrangements (\$1.5 million), and the undertaking of the Residential Gas Survey (\$1.0 million).

Item 158: **Capital Contribution** (\$2.3 million) for the relocation of the Energy Safety and Resources Safety Divisions to new premises.

### *Housing and Works*

Item 75: **Net amount appropriated to deliver services** (\$4.1 million) for the creation of the Office of Strategic Projects (\$2.5 million), increased depreciation costs as a result of asset revaluations (\$1.4 million), and settlement of a compensation claim (\$0.2 million).

Item 77: **Housing Authority – General Housing Fund** (\$0.2 million) for a pilot program to offer up to 100 tenants incentives in exchange for relocation to a smaller property.

### *Indigenous Affairs*

Item 80: **Net amount appropriated to deliver services** (\$2.5 million), mainly for implementation of the Ashburton/Roebourne Regional Partnership Agreement on Indigenous Employment (\$0.6 million), assistance to community organisations in providing safety services (\$0.5 million), the cost of delays in implementing Shared Services arrangements (\$0.5 million), and increased rental costs for the Department's accommodation (\$0.2 million).

### *Heritage Council of Western Australia*

Item 81: **Net amount appropriated to deliver services** (\$1.2 million) for the restoration of St Mary's Cathedral (\$1.0 million) and for an ex-gratia payment (\$0.2 million).

*Western Australian Land Information Authority*

Item 83: **Net amount appropriated to deliver services** (\$1.1 million) for delays in moving to Shared Services arrangements.

*Commissioner of Main Roads*

Item 86: **Net amount appropriated to deliver services** (\$11.2 million), primarily for the impact of higher oil prices on Term Network contracts for regional roads maintenance (\$8.0 million), and increases in construction costs associated with roadwork and transfers of roads from local government (\$3.8 million).

Item 163: **Capital Contribution** (\$17.6 million) for the cost increases on a number of road projects.

*Public Transport Authority of Western Australia*

Item 87: **Net amount appropriated to deliver services** (\$22.6 million), mainly for the impact of higher oil prices on operating costs of the bus fleet (\$12.7 million), and additional depreciation expenses resulting from a revaluation of the Authority's fixed assets (\$11.3 million).

Item 164: **Capital Contribution** (\$55.1 million) for the completion of the New MetroRail project (\$50.4 million), and for spending on the Welshpool Bus Depot (\$4.7 million).

*Disability Services Commission*

Item 89: **Net amount appropriated to deliver services** (\$11.0 million) for the indexation of the Non-Government Human Services Sector (\$8.3 million), increased salary costs (\$1.7 million), and the impact of delays in implementing Shared Service arrangements (\$1.0 million).

*Western Australian Tourism Commission*

Item 90: **Net amount appropriated to deliver services** (\$0.9 million) for delays in commencing Shared Service arrangements (\$0.6 million), and funding to bid for the 2011 International Sailing Federation World Championships (\$0.3 million).

Item 167: **Capital Contribution** (\$0.2 million) to complete works associated with the Gormley Collection of statues at Lake Ballard.

*Culture and the Arts*

Item 91: **Net amount appropriated to deliver services** (\$1.9 million) for higher salaries for specialist staff (\$0.9 million), delays in Shared Services arrangements (\$0.3 million), a grant to the Fremantle Centre Arts Press to payout its outstanding creditors (\$0.3 million), and to cover the projected 2007-08 operating deficit of the Swan Bells Foundation (\$0.3 million).

Item 92: **Art Gallery of Western Australia** (\$0.1 million) to undertake conservation and curatorial works associated with the Gormley Collection of statues at Lake Ballard.

Item 169: **Art Gallery of Western Australia Capital** (\$0.2 million) to enable completion of capital works associated with the Gormley Collection of statues at Lake Ballard.

*Education and Training*

Item 96: **Net amount appropriated to deliver services** (\$2.9 million) for an increase in depreciation charges as a result of higher asset values and additional capital works, and costs associated with higher demand for apprenticeship and trainee places.

Item 173: **Capital Contribution** (\$30.7 million) for higher construction costs and the land acquisition program for new schools.

*Country High School Hostels Authority*

Item 97: **Net amount appropriated to deliver services** (\$0.1 million) for higher salaries costs for cleaners and gardeners.

*South West Development Commission*

Item 101: **Net amount appropriated to deliver services** for higher salaries for employees covered by the Public Service General Agreement (\$32,000).

*Fisheries*

Item 103: **Net amount appropriated to deliver services** (\$3.1 million), mainly for research into the sustainability and sharing of demersal scalefish stocks off the West and Gascoyne coast (\$1.3 million), and for delays in Shared Services arrangements (\$1.2 million).

Item 177: **Capital Contribution** for infrastructure to manage the Walpole and Nornalup Inlets Marine Park (\$16,000).

*Pilbara Development Commission*

Item 105: **Net amount appropriated to deliver services** (\$0.1 million) for higher Government Regional Officers housing rental costs.



*Corrective Services*

Item 107: **Net amount appropriated to deliver services** (\$25.0 million), mainly for higher wage costs for Prison Officers and Nurses, approved under respective Enterprise Bargaining Agreements (\$13.4 million), and additional costs associated with increased prisoner population (\$10.7 million).

*Office of the Inspector of Custodial Services*

Item 108: **Net amount appropriated to deliver services** for costs associated with the employment of an Environmental Health Officer (\$36,000).

*Small Business Development Corporation*

Item 109: **Net amount appropriated to deliver services** (\$0.9 million) for the continuation of the *Go West Now* skills attraction campaign (\$0.7 million), and to provide advice to small business as part of the Dry Season assistance package (\$0.2 million).

*Environment and Conservation*

Item 110: **Net amount appropriated to deliver services** (\$5.6 million) for additional wildfire suppression costs.

*Botanic Gardens and Parks Authority*

Item 112: **Net amount appropriated to deliver services** (\$0.2 million) to meet increased salary costs for specialist staff.

*Swan River Trust*

Item 113: **Net amount appropriated to deliver services** (\$0.7 million) for higher office rental costs.

*Zoological Parks Authority*

Item 114: **Net amount appropriated to deliver services** (\$0.1 million) to meet higher specialist staff salary costs.

*Peel Development Commission*

Item 115: **Net amount appropriated to deliver services** (\$2.1 million) for repairs to the infrastructure of the Hotham Valley Tourist Railway between Alumina Junction and Dwellingup.

*Child Protection*

Item 116: **Net amount appropriated to deliver services** (\$22.9 million), primarily to fund an increase in the growth and demand for core child protection and care services (\$10.0 million), additional indexation for the Non-Government Human Services Sector (\$2.8 million), the costs of delays in the Shared Services arrangements (\$2.7 million), and the continuation of initiatives recommended by the Gordon Inquiry (\$2.5 million).

*Communities*

Item 118: **Net amount appropriated to deliver services** (\$2.1 million), mainly for compensation for people abused while in the care of the State (\$1.1 million), the cost of delays in Shared Services arrangements (\$0.4 million), and an advertising campaign highlighting State government concessions for a range of people living on low incomes (\$0.3 million).

*Legislative Council*

Item 119: **Capital Contribution** (\$0.9 million) for the fit-out of the new Legislative Council Committee offices.

*Sport and Recreation*

Item 149: **Capital Contribution** (\$1.9 million) to meet initial planning and consultancy costs for the New Major Stadium at Kitchener Park, Subiaco.

# Acronyms

<i>Acronym</i>	<i>Meaning</i>
AASB	Australian Accounting Standards Board
AAS	Australian Accounting Standards
ABS	Australian Bureau of Statistics
AGAAP	Australian Generally Accepted Accounting Principles
AIFRS	Australian equivalents to International Financial Reporting Standards
ARSF	Annual Report on State Finances
CFS	Consolidated Financial Statements
CWP	Capital Works Program
FMA	<i>Financial Management Act 2006</i>
GFS	Government Finance Statistics
GSP	Gross State Product
GFRA	<i>Government Financial Responsibility Act 2000</i>
IASB	International Accounting Standards Board
LCA	Loan Council Allocations
nec	Not elsewhere classified
UIG	Urgent Issues Group
UPF	Uniform Presentation Framework