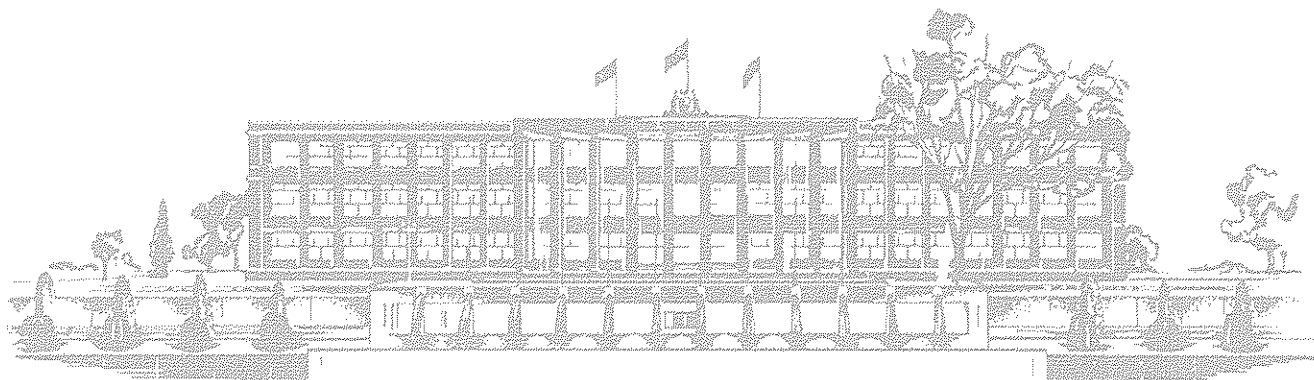




2008-09

QUARTERLY FINANCIAL  
RESULTS REPORT

DECEMBER 2008





2008–09 Quarterly Financial Results Report  
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2008-09

**QUARTERLY FINANCIAL RESULTS REPORT**  
**Six Months Ended 31 December 2008**

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# Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the six months to 31 December 2008.

Care should be exercised in extrapolating the likely outcome for the 2008-09 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, revenue is typically stronger in the first half of the financial year, with full-year land tax revenue usually recognised in the first or second quarters (when land tax assessments are issued), while expenses typically accelerate in the latter months of the financial year as programs with a 30 June completion date come to conclusion. The timing of grant revenue (from the Commonwealth) and grant payments can also be volatile, making comparisons between monthly and quarterly reporting periods difficult.

The focus of the State budget is the net operating balance for the general government sector. The presentation in this report is consistent with the presentation of public sector financial projections reflected in the 2008-09 Budget Papers and the 2008-09 *Government Mid-year Financial Projections Statement* (released on 8 May and 18 December 2008 respectively).

This quarterly report has been prepared in accordance with applicable accounting standards including AASB 134: *Interim Financial Reporting* and AASB 1049: *Whole of Government and General Government Sector Financial Reporting*. AASB 1049 was issued in October 2007 and applies to annual reporting periods beginning on or after 1 July 2008. Comparative information for prior periods have been adjusted to be consistent with the AASB 1049 presentation format used in this report and the 2008-09 Budget Papers.

The 2007-08 annual results have also been adjusted to be consistent with AASB 1049 for comparative purposes. That is, data from the audited 2007-08 *Annual Report on State Finances* (released on 26 September 2008) has been restated to the new AASB 1049 format. The new standard, which harmonises Government Finance Statistics and Australian Accounting Standards financial presentations, is described in the 2008-09 Budget Paper Number 3: *Economic and Fiscal Outlook*, Appendix 4: *Changes to Whole-of-Government Financial Reporting and Presentation*.

This report also includes Appendix 4: *Public Ledger* which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance.

Information presented in this QFRR, including the revised comparative data, is not audited.



# Overview

## Summary

The Western Australian public sector recorded positive financial results in the first half of 2008-09, with the general government and public non-financial corporation sectors recording operating surpluses for the six months to 31 December 2008, more than offsetting a public financial corporation deficit.

Nevertheless, a softening revenue performance and strong expense growth observed in previous monthly and quarterly reports this year continued in December 2008, delivering lower results for the quarter relative to the same period in 2007-08. The general government sector recorded an operating surplus of \$806 million for the six months to 31 December 2008, which is \$532 million lower than the surplus for the same period in 2007-08.

Total public sector spending on fixed assets was \$394 million (or around 18%) higher in the six months to December 2008 relative to the same period last year. This reflects the impact of the State's substantial Capital Works Program for 2008-09, with significant spending in the period on the AK Reserve sporting facilities, roads and health projects as well as electricity, housing and water projects.

Total public sector net worth increased by \$1.5 billion to stand at \$94.2 billion at 31 December 2008. This largely reflects the impact of the operating surpluses noted above. At \$4.7 billion, total public sector net debt at 31 December 2008 was \$1.1 billion higher than the \$3.6 billion recorded at 30 June 2008.

## General Government Sector

The general government sector is the focus of the State's financial management, and the general government net operating balance is the headline measure of budget performance in Western Australia. The general government sector is responsible for the collection of central revenue such as taxation, mining royalties and Commonwealth grants, and for the provision of key services to the community such as health, education and law and order.

The general government sector recorded an operating surplus of \$806 million for the six months to 31 December 2008. This is \$532 million lower than the surplus for the same period in 2007-08, due mainly to strong expense growth.

Table 1

### SUMMARY OF GENERAL GOVERNMENT FINANCES Western Australia

	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn <sup>(a)</sup>	Three Months to 31 Dec	Six Months to 31 Dec	Actual <sup>(b)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m
Net operating balance	586	806	1,186	605	1,338	2,507
Net worth		94,242	960,163		78,172	92,780
Increase in cash balances	-161	-158	-655	459	444	890
<i>Memorandum items</i>						
Net lending	284	288	-568	392	922	1,268
Net debt		-3,139	-2,519		-3,201	-3,409
Cash surplus	-100	-32	-401	553	669	1,281

(a) Consistent with the revised outturn published in the *Mid-year Financial Projections Statement*, released 18 December 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

## Revenue

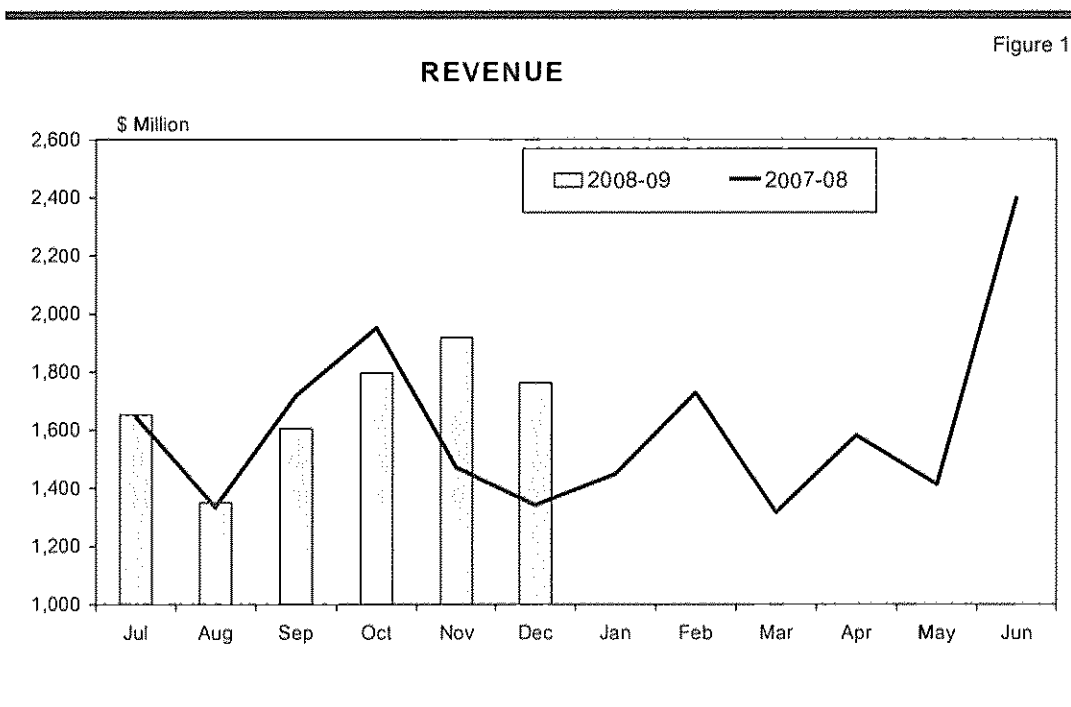
Revenue in the six months to 31 December 2008 totalled \$9,992 million, or 49.5% of the full-year budget estimate for 2008-09. This was \$530 million (or 5.6%) higher than the same period in 2007-08 and primarily reflects:

- higher royalty income (up \$503 million), largely from higher contract prices and volumes for iron ore this year, partially offset by the impact of a higher exchange rate (which has since reduced significantly) and lower nickel prices;
- lower taxation (down \$314 million), mainly due to:
  - lower transfer duty (down \$610 million), primarily due to ongoing weakness in the property market, with the residential market in particular, experiencing lower sales volumes and prices relative to last year;
  - higher payroll tax collections (up \$196 million), reflecting private sector employment and wage growth during early 2008-09 relative to conditions a year ago;



- higher land tax revenue (up \$142 million), due primarily to the impact of higher land value assessments by the Valuer General, partially offset by adjustments to land tax scales which took effect this year; and
- lower 'other' property taxes (down \$57 million), primarily due to the abolition of mortgage duty from 1 July 2008;
- higher recurrent grants and subsidies from the Commonwealth (up \$208 million), mainly due to:
  - higher North West Shelf petroleum royalties (up \$121 million), reflecting higher oil prices during the first quarter of 2008-09;
  - higher Commonwealth funding for elective surgery, home and community care and vaccines, and the timing of other health sector grants (up \$90 million);
  - higher funding for non-government schools reflecting indexation and higher enrolment numbers (up \$27 million); and
  - lower GST grants (down \$72 million), due to a lower share of national GST revenue.
- higher capital grants and subsidies (up \$71 million), mainly due to accelerated Commonwealth funding for the New Perth-Bunbury Highway.

The following chart shows revenue collections over the first six months of 2008-09, relative to monthly revenue recorded through 2007-08.

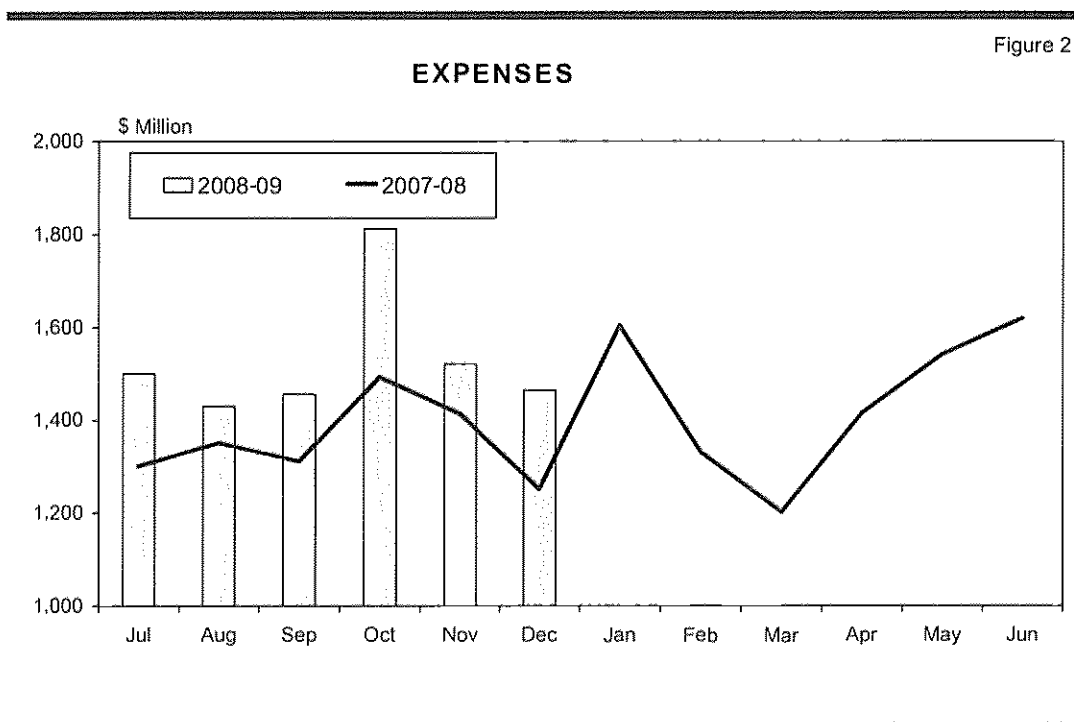


## Expenses

Expenses for the six months to 31 December 2008 totalled \$9,186 million, or 48.7% of the full-year estimate for 2008-09. This was \$1,062 million (or 13.1%) higher than the same period in 2007-08, and reflects:

- higher salaries (up \$480 million, or 14.6%), mainly due to:
  - higher employee numbers and pay rates in the health sector (up \$180 million), as a result of general demand, the cost of increasing hospital staff numbers (particularly for mental health and other health services) and the impact of significant Enterprise Bargaining Agreements (EBAs) settled during the last year;
  - higher teaching and non-teaching staff numbers and pay rates in the education sector (up \$146 million);
  - the impact of EBAs and employee numbers in the law and order sector (up \$65 million); and
  - higher pay rates for general public servants following settlement of a new Public Sector General Agreement in July 2008;
- higher current transfers (up \$291 million), largely reflecting:
  - higher payments to the Housing Authority for maintenance in remote indigenous communities and for expensed construction of community housing (up \$72 million);
  - higher health sector grants (up \$51 million) reflecting increases for disability services, patient transport, home and community care, and mental health services;
  - higher appropriation funding to the Public Transport Authority for increases in rail and bus service costs (up \$30 million);
  - higher on-passing of Commonwealth grants to non-government schools (up \$27 million); and
  - higher Community Services Obligation payments to the Water Corporation (up \$26 million) for water services;
- higher services and contract expenses (up \$152 million), mainly due to higher recurrent construction costs for the Rockingham/Kwinana hospital, State Theatre Centre and AK Reserve, and higher property lease expenses for commercial property.

Figure 2 shows that relative to monthly expenses in 2008-09, general government spending is tracking consistently above 2007-08 performance.



### Balance Sheet

The net worth of the general government sector increased by \$1,462 million in the six months to 31 December 2008, to stand at \$94.2 billion. This increase largely reflects operating surplus results discussed above and higher land and fixed asset holdings.

The general government sector continued to be net debt free during the first half of 2008-09, with financial assets exceeding borrowings and other debt liabilities by \$3.1 billion at 31 December 2008.

Further detail on balance sheet aggregates is available below (see Total Public Sector).

### Cash Flow

A cash deficit of \$32 million was recorded for the six months ended 31 December 2008. This was \$701 million lower than the cash surplus for the same period the previous year.

Reflecting the impact of the operating surplus (discussed above), net cash inflows from operating activities totalled \$853 million for the six months ended 31 December 2008 (down \$572 million on the same period a year earlier). Net cash outflows for capital investment (i.e. investment in non-financial assets such as infrastructure and land) increased to \$886 million (up \$129 million from the same period in 2007-08), mainly reflecting the impact of the State's substantial Capital Works Program for 2008-09, particularly for AK Reserve sporting facilities, roads and health projects, and lower levels of asset sales during the first half of the year.

## Total Public Sector<sup>1</sup>

The total public sector consolidates the general government sector (discussed in the previous section), the public non-financial corporations (PNC) sector (which includes entities such as the electricity utilities, Water Corporation, ports and the Public Transport Authority), and the public financial corporations (PFC) sector (including agencies such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

### SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

Table 2

	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn <sup>(a)</sup>	Three Months to 31 Dec	Six Months to 31 Dec	Actual <sup>(b)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m
Net operating balance	460	819	896	685	1,744	2,423
Net worth		94,242	96,013		78,172	92,780
Increase in cash balances	-340	227	-466	99	480	337
<i>Memorandum items</i>						
Net lending	-519	-908	-2,976	958	652	-849
Net debt		4,702	6,921		2,587	3,634
Cash surplus	-848	-890	-3,157	314	505	-92

(a) Consistent with the revised outturn published in the *Mid-year Financial Projections Statement*, released 18 December 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

### Operating Statement

A total public sector operating surplus of \$819 million was recorded for the first six months of 2008-09, down \$925 million on the surplus recorded for the same period in 2007-08. This includes the \$806 million operating result for the general government sector, \$532 million lower than the same time last year (see above).

The PNC sector recorded an operating surplus of \$212 million for the six months ended 31 December 2008, \$72 million lower than the surplus recorded for the same period in 2007-08. This is mainly due to lower profitability of Verve Energy (the State's public sector electricity generator), due mainly to lower sales revenue and higher fuel costs for generation plant.

The PFC sector recorded an operating deficit of \$199 million for the six months ended 31 December 2008, a \$320 million turnaround on the \$121 million surplus recorded in the same period last year. This was mainly due to lower investment revenue reported by the Insurance Commission of Western Australia, reflecting the impact of international financial market volatility on investment returns.

<sup>1</sup> Also known as the whole-of-government.

## Balance Sheet

The net worth of the general government sector includes the net worth of the public corporations sectors as an equity asset. Thus, total public sector net worth is identical to that of the general government sector (discussed above).

Net debt of the total public sector increased by \$1.1 billion during the first six months of 2008-09, standing at \$4.7 billion at 31 December 2008.

Total assets increased by \$5.3 billion during the six months, mainly due to:

- higher holdings of land, infrastructure and other non-financial assets (up \$2.5 billion), largely reflecting spending on the State's substantial Capital Works Program; and
- higher financial asset holdings (up \$2.8 billion), due mainly to higher investments, loans and placements (mainly for increased investment activity by the Western Australian Treasury Corporation) and cash and receivables across the sector as a result of the year-to-date surplus.

Liabilities increased \$3.8 billion during the six months to 31 December 2008, primarily due to higher borrowings for the Capital Works Program.

## Cash Flow

A cash deficit of \$890 million was recorded for the six months ended 31 December 2008 (compared with a \$505 million surplus for the same period in 2007-08). This reflects the cash impact of the lower operating surplus outlined above, and net cash outflows for infrastructure spending of \$2.3 billion.

Spending on fixed assets was \$394 million (or around 18%) higher relative to the same time in 2007-08, and included the general government sector investment noted earlier, and higher spending on electricity, housing and water projects. Sales of fixed assets was down by more than 50% compared to the same period last year, due largely to lower land sales by the Western Australian Land Authority and the Housing Authority, and the disposal of sale yards in 2007-08 by the Meat Industry Authority.



## Interim Financial Statements

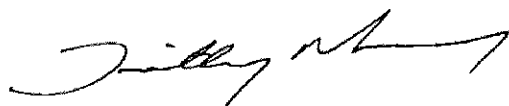
### Statement of Responsibility

The following Interim Financial Statements and accompanying notes for the general government sector and whole-of-government have been prepared by the Department of Treasury and Finance from information provided by agencies.

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2008 and of the balance sheets of these reporting entities at 31 December 2008. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*.

Differences between accounting and economic aggregates are detailed in the notes as Convergence Differences, consistent with the requirements of AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

In each of the following financial statement disclosures, the 2008-09 annual estimate is consistent with the revised outturn published in the 2008-09 *Government Mid-year Financial Projections Statement*, released 18 December 2008. Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.



TIMOTHY MARNEY  
UNDER TREASURER



MAGDALENA WITTEK  
A/ASSISTANT DIRECTOR  
FINANCIAL REPORTING

25 February 2009

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Table 1.1

## GENERAL GOVERNMENT Operating Statement

	Note	2008-09			2007-08		
		Three Months to	Six Months to	Annual	Three Months to	Six Months to	Actual
		31 Dec	31 Dec	Estimate	31 Dec	31 Dec	
		\$m	\$m	\$m	\$m	\$m	\$m
<b>Revenue</b>							
Taxation		1,920	3,306	5,896	1,742	3,620	6,447
Current grants and subsidies		1,985	3,898	7,817	1,936	3,690	7,800
Capital grants		132	240	440	86	169	436
Sales of goods and services		343	715	1,484	348	678	1,407
Interest Income		86	180	208	74	143	332
Revenue from public corporations		-	-	-	-	-	-
Dividends		21	58	495	47	96	512
Tax equivalent payments		90	169	332	83	153	368
Royalty income		726	1,254	3,037	365	751	1,680
Other		82	173	331	83	162	364
<b>Total revenue</b>	2	<b>5,384</b>	<b>9,992</b>	<b>20,039</b>	<b>4,764</b>	<b>9,462</b>	<b>19,345</b>
<b>Expenses</b>							
Salaries		1,959	3,757	7,383	1,694	3,277	6,906
Superannuation		-	-	-	-	-	-
Concurrent costs		192	366	709	164	318	666
Superannuation interest cost		82	159	341	75	145	359
Other employee costs		79	148	282	66	120	276
Depreciation and amortisation		183	370	787	170	341	709
Services and contracts		595	1,065	2,334	499	913	1,981
Other gross operating expenses		475	892	1,770	453	874	1,560
Other interest		40	67	128	26	51	120
Other property expenses		-	-	-	-	-	-
Current transfers	3	1,079	2,153	4,482	905	1,862	3,769
Capital transfers	3	116	209	638	107	222	491
<b>Total expenses</b>		<b>4,798</b>	<b>9,186</b>	<b>18,853</b>	<b>4,159</b>	<b>8,124</b>	<b>16,837</b>
<b>NET OPERATING BALANCE</b>	4	<b>586</b>	<b>806</b>	<b>1,186</b>	<b>605</b>	<b>1,338</b>	<b>2,507</b>
<b>Other economic flows</b>							
Net gains on sale of non-financial assets		-23	-8	119	78	73	179
Net actuarial gains		-	-	74	-	-	-291
Provision for doubtful debts		-	-	-	-	-	-59
All other		-	-	-	-	-	-
<b>Total other economic flows</b>		<b>-23</b>	<b>-8</b>	<b>193</b>	<b>78</b>	<b>73</b>	<b>-170</b>
<b>OPERATING RESULT</b>		<b>563</b>	<b>797</b>	<b>1,379</b>	<b>683</b>	<b>1,411</b>	<b>2,337</b>
<b>All other movements in equity</b>							
Revaluations		388	430	1,064	166	262	11,296
Gains recognised directly in equity		-	-6	-1	-10	-15	8
Changes in accounting policy/correction of prior period errors		-	-	-	-	-	328
Change in net worth of the public corporations sectors		52	241	791	176	658	2,955
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>439</b>	<b>665</b>	<b>1,854</b>	<b>332</b>	<b>905</b>	<b>14,587</b>
<b>TOTAL CHANGE IN NET WORTH</b>		<b>1,003</b>	<b>1,462</b>	<b>3,234</b>	<b>1,015</b>	<b>2,316</b>	<b>16,924</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>	4	<b>586</b>	<b>806</b>	<b>1,186</b>	<b>605</b>	<b>1,338</b>	<b>2,507</b>
Less Net acquisition of non-financial assets		-	-	-	-	-	-
Purchase of non-financial assets		503	969	2,743	504	919	2,022
Changes in inventories		3	2	-	-2	1	3
Other movement in non-financial assets		-	-	-41	-	-	167
less:		-	-	-	-	-	-
Sales of non-financial assets		22	84	161	120	163	244
Depreciation		183	370	787	170	341	709
<b>Total net acquisition of non-financial assets</b>		<b>302</b>	<b>518</b>	<b>1,755</b>	<b>212</b>	<b>416</b>	<b>1,239</b>
<b>NET LENDING/-BORROWING</b>	4	<b>284</b>	<b>288</b>	<b>-569</b>	<b>392</b>	<b>922</b>	<b>1,268</b>

Note: Columns may not add due to rounding. The accompanying notes form part of these statements.



Table 1.2

**GENERAL GOVERNMENT**  
Balance Sheet at End of Period

	Note	2008-09		2007-08	
		31-Dec \$m	Annual Estimate \$m	31-Dec \$m	Actual \$m
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		490	405	486	497
Advances paid		736	638	744	736
Investments, loans and placements	5	3,774	3,353	3,683	3,970
Receivables	6	1,938	1,698	1,440	1,734
Investment property		9	9	-	9
Equity					
Investments in other public sector entities - equity method		29,292	29,843	26,755	29,052
Investments in other public sector entities - direct injections		2,960	3,298	2,654	2,797
Investments in external entities - shareholdings		-	-	-	-
Other financial assets		-	-	-	-
<b>Total financial assets</b>		<b>39,200</b>	<b>39,244</b>	<b>35,761</b>	<b>38,795</b>
<i>Non-financial assets</i>					
Land		38,025	38,389	28,805	37,624
Property, plant and equipment		27,175	28,840	23,086	26,603
Biological assets	2	2	2	2	2
Inventories					
Land inventories		113	73	55	93
Other inventories		61	59	57	59
Intangibles		260	242	209	259
Non-current assets held for sale		30	49	67	44
Other		87	-	58	54
<b>Total non-financial assets</b>		<b>65,753</b>	<b>67,704</b>	<b>52,338</b>	<b>64,737</b>
<b>TOTAL ASSETS</b>		<b>104,953</b>	<b>106,949</b>	<b>88,099</b>	<b>103,533</b>
<b>LIABILITIES</b>					
Deposits held		229	325	381	326
Advances received		510	496	523	510
Borrowings	7	1,210	1,144	896	1,046
Unfunded superannuation		5,790	5,610	5,503	5,796
Other employee benefits		1,864	1,966	1,644	1,848
Payables		270	469	290	381
Other liabilities		838	924	690	846
<b>TOTAL LIABILITIES</b>		<b>10,711</b>	<b>10,935</b>	<b>9,927</b>	<b>10,753</b>
<b>NET ASSETS</b>		<b>94,242</b>	<b>96,013</b>	<b>78,172</b>	<b>92,780</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		9,731	10,313	8,008	8,934
Other reserves		84,511	85,700	70,164	83,846
<b>NET WORTH</b>	4	<b>94,242</b>	<b>96,013</b>	<b>78,172</b>	<b>92,780</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		28,489	28,309	25,834	28,042
<i>Net financial liabilities</i>		3,764	4,832	3,575	3,807
<i>Net debt</i>					
Gross debt liabilities		1,949	1,966	1,800	1,882
less: liquid financial assets		5,001	4,397	4,913	5,203
less: convergence differences impacting net debt		88	88	88	88
<b>Net debt</b>		<b>-3,139</b>	<b>-2,519</b>	<b>-3,201</b>	<b>-3,409</b>

Note: Columns may not add due to rounding. The accompanying notes from part of these statements

Table 1.3

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

	2008-09			2007-08			
	Note	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate	Three Months to 31 Dec	Six Months to 31 Dec	Actual
		\$m	\$m	\$m	\$m	\$m	\$m
<b>OPERATING ACTIVITIES</b>							
<i>Receipts from operating activities</i>							
Taxes received		1,360	2,842	6,014	1,970	3,402	6,294
Grants and subsidies received		2,118	4,134	8,227	2,025	3,860	8,192
Receipts from sales of goods and services		374	809	1,533	344	703	1,505
Interest receipts		83	171	216	75	137	314
Dividends and tax equivalents		274	352	850	209	273	827
Other receipts		1,016	1,902	4,140	639	1,312	2,736
<i>Total receipts from operating activities</i>		5,225	10,210	20,980	5,263	9,687	19,867
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-2,273	-4,245	-8,376	-1,959	-3,745	-7,684
Payments for goods and services		-1,152	-2,396	-4,376	-1,053	-2,051	-4,068
Interest paid		-33	-58	-149	-27	-53	-112
Grants and subsidies paid		-1,108	-2,063	-4,444	-1,019	-1,888	-3,844
Dividends and tax equivalents		0	0	0	0	0	0
Other payments		-278	-595	-1,453	-266	-524	-1,099
<i>Total payments for operating activities</i>		-4,844	-9,356	-18,799	-4,325	-8,261	-16,807
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		381	853	2,182	937	1,425	3,060
<b>INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-503	-969	-2,743	-504	-919	-2,022
Sales of non-financial assets		22	84	161	120	163	244
<i>Total cash flows from investments in non-financial assets</i>		-481	-886	-2,583	-384	-757	-1,778
<i>Cash flows from investments in financial assets</i>							
Receipts from investing activities:							
For policy purposes		-	1	-	-	-	1
For liquidity purposes		8	25	-	30	51	83
Payments for investing activities:							
For policy purposes		-113	-166	-358	-107	-206	-349
For liquidity purposes		-4	-7	-8	-0	-20	-1
<i>Total cash flows from investments in financial assets</i>		-108	-148	-366	-77	-175	-267
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-589	-1,034	-2,948	-461	-932	-2,045
<b>FINANCING ACTIVITIES</b>							
<i>Receipts from financing activities</i>							
Advances received		-	-	14	-	-	13
Borrowings		34	167	338	-14	7	45
Deposits received		-	-	-	-	-	-
Other financing receipts		8	13	27	34	41	54
<i>Total receipts from financing activities</i>		41	180	379	21	48	111
<i>Payments for financing activities</i>							
Advances paid		-4	-4	-17	-3	-3	-16
Borrowings repaid		24	-128	-201	-29	-86	-189
Deposits paid		-	-	-	-	-	-
Other financing payments		-14	-26	-49	-6	-8	-31
<i>Total payments for financing activities</i>		6	-158	-267	-38	-98	-236
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		47	23	112	-17	-50	-125
<b>Net increase in cash and cash equivalents</b>		-161	-158	-655	459	444	890
Opening balance		4,240	4,236	4,236	3,331	3,346	3,346
Closing balance		4,078	4,078	3,581	3,790	3,790	4,236
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		381	853	2,182	937	1,425	3,060
Net cash flows from investing in non-financial assets		-481	-886	-2,583	-384	-757	-1,778
Cash surplus/deficit	4	-100	-32	-401	553	669	1,281

Note: Columns may not add due to rounding. The accompanying notes form part of these statements.

Table 1.4

**TOTAL PUBLIC SECTOR OPERATING STATEMENT**  
For the six months ended 31 December 2008

	Note	2008-09			2007-08		
		Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate	Three Months to 31 Dec	Six Months to 31 Dec	Actual
			\$m	\$m		\$m	\$m
<i>Revenue</i>							
Taxation		1,840	3,172	5,650	1,687	3,508	6,214
Current grants and subsidies		1,985	3,898	7,817	1,936	3,690	7,800
Capital grants		132	240	440	86	169	436
Sales of goods and services		2,378	4,741	10,120	2,270	4,379	8,894
Interest Income		205	486	645	146	336	757
Royalty income		726	1,254	3,037	365	751	1,680
Other		271	471	789	188	357	746
<b>Total revenue</b>	2	<b>7,536</b>	<b>14,261</b>	<b>28,497</b>	<b>6,679</b>	<b>13,189</b>	<b>26,525</b>
<i>Expenses</i>							
Salaries		2,188	4,186	8,231	1,882	3,642	7,637
Superannuation							
Concurrent costs		213	407	791	183	354	740
Superannuation interest cost		82	159	341	75	145	359
Other employee costs		61	113	216	54	97	228
Depreciation and amortisation		422	842	1,748	372	748	1,549
Services and contracts		729	1,319	2,763	618	1,128	2,473
Other gross operating expenses		2,159	4,016	8,251	1,780	3,242	6,733
Other interest		276	549	1,120	226	445	966
Other property expenses		-	-	-	-	-	-
Current transfers	3	839	1,676	3,592	722	1,491	2,988
Capital transfers	3	105	174	549	80	154	428
<b>Total expenses</b>		<b>7,076</b>	<b>13,442</b>	<b>27,602</b>	<b>5,994</b>	<b>11,446</b>	<b>24,101</b>
<b>NET OPERATING BALANCE</b>	4	<b>460</b>	<b>819</b>	<b>896</b>	<b>685</b>	<b>1,744</b>	<b>2,423</b>
<i>Other economic flows</i>							
Net gains on sale of non-financial assets		-4	34	386	101	143	376
Net actuarial gains		-	-	74	-	-	-300
Provision for doubtful debts		-2	-5	-8	-2	-3	-70
All other		-	-	-	-	-	-
<b>Total other economic flows</b>		<b>-6</b>	<b>30</b>	<b>452</b>	<b>99</b>	<b>140</b>	<b>6</b>
<b>OPERATING RESULT</b>		<b>454</b>	<b>849</b>	<b>1,347</b>	<b>784</b>	<b>1,883</b>	<b>2,430</b>
<i>All other movements in equity</i>							
Revaluations		516	219	1,929	273	38	14,439
Gains recognised directly in equity		34	394	-43	-42	395	479
Changes in accounting policy/correction of prior period errors		-	-	-	-	-	-76
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>549</b>	<b>613</b>	<b>1,886</b>	<b>230</b>	<b>433</b>	<b>14,494</b>
<b>TOTAL CHANGE IN NET WORTH</b>		<b>1,003</b>	<b>1,462</b>	<b>3,234</b>	<b>1,015</b>	<b>2,316</b>	<b>16,924</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>	4	<b>460</b>	<b>819</b>	<b>896</b>	<b>685</b>	<b>1,744</b>	<b>2,423</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,384	2,561	6,393	1,147	2,167	4,973
Changes in inventories		136	258	114	-789	159	374
Other movement in non-financial assets		-11	-22	-57	-14	-14	354
<i>less:</i>							
Sales of non-financial assets		107	227	829	264	474	880
Depreciation		422	842	1,748	372	748	1,549
<b>Total net acquisition of non-financial assets</b>		<b>979</b>	<b>1,726</b>	<b>3,871</b>	<b>-272</b>	<b>1,091</b>	<b>3,273</b>
<b>NET LENDING/-BORROWING</b>	4	<b>-519</b>	<b>-908</b>	<b>-2,976</b>	<b>958</b>	<b>652</b>	<b>-849</b>

Note: Columns may not add due to rounding. The accompanying notes form part of these statements.

Table 1.5

**TOTAL PUBLIC SECTOR BALANCE SHEET**

As at 31 December 2008

	Note	2008-09		2007-08	
		31-Dec \$m	Annual Estimate \$m	31-Dec \$m	Actual \$m
<b>ASSETS</b>					
<i>Financial assets</i>					
Cash and deposits		925	757	817	822
Advances paid		2,193	2,218	1,523	1,743
Investments, loans and placements	5	11,672	9,143	9,695	9,852
Receivables	6	4,175	3,564	3,329	3,599
Investment property		417	428	368	398
Equity - investments in external entities - shareholdings		880	1,176	1,356	1,089
Other financial assets		19	12	11	12
<i>Total financial assets</i>		<i>20,282</i>	<i>17,299</i>	<i>17,100</i>	<i>17,515</i>
<i>Non-financial assets</i>					
Land		48,963	49,583	37,984	48,285
Property, plant and equipment		55,921	59,661	48,731	54,614
Biological assets		360	379	339	351
Inventories					
Land inventories		1,501	1,523	1,189	1,320
Other inventories		1,316	1,171	843	1,058
Intangibles		437	421	318	434
Non-current assets held for sale		38	61	76	55
Other		172	80	133	88
<i>Total non-financial assets</i>		<i>108,707</i>	<i>112,879</i>	<i>89,613</i>	<i>106,205</i>
<b>TOTAL ASSETS</b>		<b>128,989</b>	<b>130,178</b>	<b>106,713</b>	<b>123,719</b>
<b>LIABILITIES</b>					
Deposits held		105	141	115	129
Advances received		510	496	523	510
Borrowings	7	18,966	18,490	14,073	15,500
Unfunded superannuation		5,907	5,709	5,639	5,920
Other employee benefits		2,138	2,232	1,902	2,119
Payables		3,381	3,183	2,609	2,890
Other liabilities		3,740	3,914	3,680	3,872
<b>TOTAL LIABILITIES</b>		<b>34,747</b>	<b>34,165</b>	<b>28,541</b>	<b>30,940</b>
<b>NET ASSETS</b>		<b>94,242</b>	<b>96,013</b>	<b>78,172</b>	<b>92,780</b>
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		29,063	29,561	27,667	28,214
Other reserves		65,179	66,452	50,504	64,566
<b>NET WORTH</b>	4	<b>94,242</b>	<b>96,013</b>	<b>78,172</b>	<b>92,780</b>
<b>MEMORANDUM ITEMS</b>					
<i>Net financial worth</i>		<i>-14,465</i>	<i>-16,866</i>	<i>-11,441</i>	<i>-13,425</i>
<i>Net financial liabilities</i>		<i>15,345</i>	<i>18,042</i>	<i>12,797</i>	<i>14,515</i>
<i>Net debt</i>					
Gross debt liabilities		19,581	19,127	14,711	16,139
less: liquid financial assets		14,791	12,118	12,036	12,417
less: convergence differences impacting net debt		88	88	88	88
<i>Net debt</i>		<i>4,702</i>	<i>6,921</i>	<i>2,587</i>	<i>3,634</i>

Note: Columns may not add due to rounding. The accompanying notes form part of these statements

Table 1.6

**TOTAL PUBLIC SECTOR CASH FLOW STATEMENT**  
For the six months ended 31 December 2008

	2008-09			2007-08			
	Note	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate	Three Months to 31 Dec	Six Months to 31 Dec	Actual
		\$m	\$m	\$m	\$m	\$m	\$m
<b>OPERATING ACTIVITIES</b>							
<i>Receipts from operating activities</i>							
Taxes received		1,301	2,751	5,734	1,932	3,324	6,023
Grants and subsidies received		2,118	4,134	8,227	2,025	3,860	8,192
Receipts from sales of goods and services		2,632	5,586	10,629	2,432	4,875	9,496
Interest receipts		233	455	613	216	379	762
Other receipts		1,220	2,280	6,498	814	1,661	3,401
<i>Total receipts from operating activities</i>		<i>7,504</i>	<i>15,214</i>	<i>31,700</i>	<i>7,419</i>	<i>14,098</i>	<i>27,874</i>
<i>Payments for operating activities</i>							
Wages, salaries and supplements, and superannuation		-2,526	-4,717	-9,373	-2,186	-4,168	-8,500
Payments for goods and services		-2,913	-6,885	-11,297	-2,547	-4,858	-9,526
Interest paid		-338	-467	-1,114	-272	-365	-761
Grants and subsidies paid		-778	-1,612	-3,636	-745	-1,524	-3,100
Other payments		-520	-1,088	-3,874	-471	-985	-1,985
<i>Total payments for operating activities</i>		<i>-7,074</i>	<i>-13,770</i>	<i>-29,294</i>	<i>-6,222</i>	<i>-11,900</i>	<i>-23,872</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>429</b>	<b>1,444</b>	<b>2,406</b>	<b>1,197</b>	<b>2,199</b>	<b>4,001</b>
<b>INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-1,384	-2,561	-6,393	-1,147	-2,167	-4,973
Sales of non-financial assets		107	227	829	264	474	880
<i>Total cash flows from investments in non-financial assets</i>		<i>-1,277</i>	<i>-2,333</i>	<i>-5,564</i>	<i>-883</i>	<i>-1,694</i>	<i>-4,094</i>
<i>Cash flows from investments in financial assets</i>							
<i>Receipts from investing activities:</i>							
For policy purposes		-2	-2	-17	-2	-2	-15
For liquidity purposes		1,426	2,159	1,150	720	1,345	3,074
<i>Payments for investing activities:</i>							
For policy purposes		-2	-2	-	-1	-1	-1
For liquidity purposes		-1,492	-2,311	-1,745	-1,193	-1,770	-4,046
<i>Total cash flows from investments in financial assets</i>		<i>-70</i>	<i>-156</i>	<i>-611</i>	<i>-476</i>	<i>-428</i>	<i>-988</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-1,347</b>	<b>-2,490</b>	<b>-6,175</b>	<b>-1,358</b>	<b>-2,122</b>	<b>-5,082</b>
<b>FINANCING ACTIVITIES</b>							
<i>Receipts from financing activities</i>							
Advances received		0	0	1	0	0	0
Borrowings		5,392	8,252	19,701	4,397	6,206	12,629
Deposits received		0	0	-	0	0	0
Other financing receipts		18	24	27	20	27	62
<i>Total receipts from financing activities</i>		<i>5,410</i>	<i>8,276</i>	<i>19,728</i>	<i>4,418</i>	<i>6,233</i>	<i>12,691</i>
<i>Payments for financing activities</i>							
Advances paid		-4	-4	-17	-3	-3	-16
Borrowings repaid		-4,794	-6,942	-16,322	-4,138	-5,806	-11,200
Deposits paid		0	0	-	0	0	0
Other financing payments		-34	-57	-86	-17	-21	-58
<i>Total payments for financing activities</i>		<i>-4,832</i>	<i>-7,003</i>	<i>-16,426</i>	<i>-4,157</i>	<i>-5,830</i>	<i>-11,273</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>578</b>	<b>1,273</b>	<b>3,303</b>	<b>260</b>	<b>403</b>	<b>1,418</b>
<b>Net increase in cash and cash equivalents</b>		<b>-340</b>	<b>227</b>	<b>-466</b>	<b>99</b>	<b>480</b>	<b>337</b>
Opening balance		7,204	6,636	6,636	6,681	6,299	6,299
Closing balance		6,864	6,864	6,171	6,779	6,779	6,636
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		429	1,444	2,406	1,197	2,199	4,001
Net cash flows from investing in non-financial assets		-1,277	-2,333	-5,564	-883	-1,694	-4,094
<b>Cash surplus/-deficit</b>	<b>4</b>	<b>-848</b>	<b>-890</b>	<b>-3,157</b>	<b>314</b>	<b>505</b>	<b>-92</b>

Note: Columns may not add due to rounding. The accompanying notes form part of these statements.

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## Notes to the Financial Statements

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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*(a) General Statement*

The financial statements constitute general purpose financial reports for the general government and total public sectors. The total public sector is also known as the whole-of-government.

The financial statements are a requirement of the *Government Financial Responsibility Act 2000*.

*(b) The reporting entities*

The reporting entities are the Government of Western Australia (the public sector) and includes entities under its control.

The general government sector consists of those agencies and Crown entities that provide services that are predominantly funded from central revenue. The total public sector includes the general government sector and the public corporations sector (which seek to recover the majority of costs of their operations through user charges and other revenue sources).

*(c) Basis of Preparation*

The financial statements for the six months ended 31 December 2008 have been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*, AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2008, presented in Appendix 6 of the *2007-08 Annual Report on State Finances (ARSF)* released on 26 September 2008. The accounting policies adopted in this publication are consistent with those outlined in the 2007-08 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 6 of the 2007-08 ARSF.

The Interim 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) Unaudited data*

The Interim Financial Statements are not subject to audit.

(e) *Comparative figures*

Comparative information has been restated to the presentation format consistent with AASB 1049. Key differences between this format and previous disclosures can be found in the 2008-09 Budget Paper Number 3: *Economic and Fiscal Outlook* Appendix 4: *Changes to Whole-of-Government Financial Reporting and Presentation*.

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**NOTE 2: OPERATING REVENUE**

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A detailed dissection of general government and total public sector operating revenue is included in Appendix 2: *Operating Revenue*.

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**NOTE 3: TRANSFER EXPENSES**

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Transfer expenses are defined as the provision of something of value for no specific return or consideration and include grants, subsidies, donations, transfers of assets free of charge, etc.

The following tables provide detail of current and capital transfer expenses of the general government sector and total public sector.

## TRANSFER EXPENSES <sup>(a)</sup>

General Government						
	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate <sup>(b)</sup>	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<b>CURRENT TRANSFERS</b>						
Local Government	19	44	216	17	44	85
Local Government on-passing	33	66	130	30	61	122
Private and Not-for-profit sector	453	944	1,890	356	797	1,607
Private and Not-for-profit sector on-passing	189	336	609	173	309	603
Other sectors of Government	385	764	1,637	329	651	1,351
<b>Total Current Transfers</b>	<b>1,079</b>	<b>2,153</b>	<b>4,482</b>	<b>905</b>	<b>1,862</b>	<b>3,769</b>
<b>CAPITAL TRANSFERS</b>						
Local Government	20	34	139	20	33	141
Local Government on-passing	22	44	88	20	41	83
Private and Not-for-profit sector	46	74	290	31	66	117
Private and Not-for-profit sector on-passing	6	11	12	9	14	31
Other sectors of Government	22	46	108	28	69	120
<b>Total Capital Transfers</b>	<b>116</b>	<b>209</b>	<b>638</b>	<b>107</b>	<b>222</b>	<b>491</b>
<b>Total Public Sector</b>						
	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate <sup>(b)</sup>	Three Months to 31 Dec	Six Months to 31 Dec	Actual
	\$m	\$m	\$m	\$m	\$m	\$m
<b>CURRENT TRANSFERS</b>						
Local Government	25	47	217	20	44	87
Local Government on-passing	33	66	130	30	61	122
Private and Not-for-profit sector	586	1,215	2,527	489	1,062	2,145
Private and Not-for-profit sector on-passing	189	336	609	173	309	603
Other sectors of Government	6	12	109	9	13	31
<b>Total Current Transfers</b>	<b>839</b>	<b>1,676</b>	<b>3,592</b>	<b>722</b>	<b>1,491</b>	<b>2,988</b>
<b>CAPITAL TRANSFERS</b>						
Local Government	31	45	151	20	33	160
Local Government on-passing	22	44	88	20	41	83
Private and Not-for-profit sector	46	74	297	31	66	154
Private and Not-for-profit sector on-passing	6	11	12	9	14	31
Other sectors of Government	-	-	-1	-	-	-
<b>Total Capital Transfers</b>	<b>105</b>	<b>174</b>	<b>549</b>	<b>80</b>	<b>154</b>	<b>428</b>

(a) Includes grants, subsidies and other transfer expenses.

(b) Consistent with the revised outturn published in the *Mid-year Financial Projections Statement*, released 18 December 2008.

### NOTE 4: CONVERGENCE DIFFERENCES

Where possible, AASB 1049 harmonises GFS and accounting concepts into a single presentation. Where harmonisation cannot be achieved (e.g. the recognition of a doubtful debts provision is excluded from GFS net worth), a convergence difference arises.

The following tables detail convergence differences reflected in the December 2008 results.



**AASB 1049 TO GFS CONVERGENCE DIFFERENCES**  
**Net Operating Balance**

	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate	Three Months to 31 Dec	Six Months to 31 Dec	Twelve Months to 30 June
	\$m	\$m	\$m	\$m	\$m	\$m
<i><u>General government</u></i>						
<i>AASB1049 net operating balance</i>	586	806	1,186	605	1,338	2,507
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	28	65	112	19	32	69
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-	-	-7
All other	-	-	-	-	-	-
<i>Total GFS revenue adjustments</i>	28	65	112	19	32	62
<i>Less GFS expense adjustments</i>						
Capitalised interest	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total GFS expense adjustments</i>	-	-	-	-	-	-
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	28	65	112	19	32	62
<b>GFS net operating balance</b>	<b>614</b>	<b>871</b>	<b>1,298</b>	<b>624</b>	<b>1,370</b>	<b>2,569</b>
<i><u>Total public sector</u></i>						
<i>AASB1049 net operating balance</i>	460	819	896	685	1,744	2,423
<i>Plus GFS revenue adjustments</i>						
Capital grants - prepaid AusLink road grants	28	65	112	19	32	69
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-	-	-	-	-7
All other	-	-	-	-	-	-
<i>Total GFS revenue adjustments</i>	28	65	112	19	32	62
<i>Less GFS expense adjustments</i>						
Capitalised interest	11	22	17	14	14	30
All other	-	-	-	-	-	-
<i>Total GFS expense adjustments</i>	11	22	17	14	14	30
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	17	43	95	5	18	32
<b>GFS net operating balance</b>	<b>477</b>	<b>862</b>	<b>991</b>	<b>690</b>	<b>1,761</b>	<b>2,455</b>

**AASB 1049 TO GFS CONVERGENCE DIFFERENCES**  
Net Lending/- Borrowing

	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate	Three Months to 31 Dec	Six Months to 31 Dec	Twelve Months to 30 June
	\$m	\$m	\$m	\$m	\$m	\$m
<u>General government</u>						
AASB1049 net lending/-borrowing	284	288	-569	392	922	1,268
Plus Net operating balance convergence differences (noted above)	28	65	112	19	32	62
<b>GFS net lending/-borrowing</b>	<b>312</b>	<b>353</b>	<b>-456</b>	<b>411</b>	<b>954</b>	<b>1,330</b>
<u>Total public sector</u>						
AASB1049 net lending/-borrowing	-519	-908	-2,976	968	652	-849
Plus Net operating balance convergence differences (noted above)	17	43	95	5	18	32
<b>GFS net lending/-borrowing</b>	<b>-502</b>	<b>-865</b>	<b>-2,881</b>	<b>962</b>	<b>670</b>	<b>-818</b>

**AASB 1049 TO GFS CONVERGENCE DIFFERENCES**  
Net Worth

	2008-09		2007-08	
	Six Months to 31 Dec	Annual Estimate	Six Months to 31 Dec	Twelve Months to 30 June
	\$m	\$m	\$m	\$m
<u>General government</u>				
AASB1049 net worth	94,242	96,013	78,172	92,780
<u>Plus</u>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts				
General government sector	182	184	-	183
Impact on public corporations net worth	26	11	-	25
Impact of AusLink Road grants prepayments	-137	-90	-239	-202
<i>Total GFS net worth adjustments</i>	<i>159</i>	<i>193</i>	<i>-151</i>	<i>94</i>
<b>GFS net worth</b>	<b>94,401</b>	<b>96,206</b>	<b>78,020</b>	<b>92,874</b>
<u>Total public sector</u>				
AASB1049 net worth	94,242	96,013	78,172	92,780
<u>Plus</u>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts	208	195	-	209
Impact of AusLink Road grants prepayments	-137	-90	-239	-202
<i>Total GFS net worth adjustments</i>	<i>159</i>	<i>193</i>	<i>-151</i>	<i>94</i>
<b>GFS net worth</b>	<b>94,401</b>	<b>96,206</b>	<b>78,020</b>	<b>92,874</b>

**AASB 1049 TO GFS CONVERGENCE DIFFERENCES**  
Cash Surplus/- Deficit

	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate	Three Months to 31 Dec	Six Months to 31 Dec	Twelve Months to 30 June
	\$m	\$m	\$m	\$m	\$m	\$m
<i>General government</i>						
AASB1049 cash surplus/-deficit	-100	-32	-401	553	669	1,281
Less Acquisitions under finance leases and similar arrangements	-	-	1	-	-	213
<b>GFS cash surplus/-deficit</b>	<b>-100</b>	<b>-32</b>	<b>-401</b>	<b>553</b>	<b>669</b>	<b>1,068</b>
<i>Total public sector</i>						
AASB1049 cash surplus/-deficit	-848	-890	-3,157	314	505	-92
Less Acquisitions under finance leases and similar arrangements	-	-	1	-	-	431
<b>GFS cash surplus/-deficit</b>	<b>-848</b>	<b>-890</b>	<b>-3,158</b>	<b>314</b>	<b>505</b>	<b>-523</b>

**NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS**

General Government				
	2008-09		2007-08	
	31-Dec	Annual Estimate	31-Dec	30-Jun
	\$m	\$m	\$m	\$m
<i>Investments</i>				
Term deposits	3,597	3,184	3,450	3,770
Government securities	177	169	233	200
<b>Total</b>	<b>3,774</b>	<b>3,353</b>	<b>3,683</b>	<b>3,970</b>
<i>Loans</i>				
Financial Assets held for trading/available for sale	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,774</b>	<b>3,353</b>	<b>3,683</b>	<b>3,970</b>
Total Public Sector				
	2008-09		2007-08	
	31-Dec	Annual Estimate	31-Dec	30-Jun
	\$m	\$m	\$m	\$m
<i>Investments</i>				
Term deposits	7,782	7,373	7,828	7,944
Government securities	404	351	404	378
<b>Total</b>	<b>8,186</b>	<b>7,724</b>	<b>8,233</b>	<b>8,323</b>
<i>Loans and advances</i>				
Loans	3,448	1,387	1,425	1,495
Financial Assets held for trading/available for sale	39	32	38	34
<b>Total</b>	<b>3,487</b>	<b>1,419</b>	<b>1,463</b>	<b>1,529</b>
<b>Total</b>	<b>11,672</b>	<b>9,143</b>	<b>9,695</b>	<b>9,852</b>

**NOTE 6: RECEIVABLES**

General Government				
	2008-09		2007-08	
	31-Dec	Annual Estimate	31-Dec	30-Jun
	\$m	\$m	\$m	\$m
Accounts Receivable	2,120	1,881	1,575	1,918
Provision for impairment of receivables	-182	-184	-135	-183
<b>Total</b>	<b>1,938</b>	<b>1,698</b>	<b>1,440</b>	<b>1,734</b>
Total Public Sector				
	2008-09		2007-08	
	31-Dec	Annual Estimate	31-Dec	30-Jun
	\$m	\$m	\$m	\$m
Accounts Receivable	4,382	3,759	3,486	3,807
Provision for impairment of receivables	-208	-195	-156	-209
<b>Total</b>	<b>4,175</b>	<b>3,564</b>	<b>3,329</b>	<b>3,599</b>

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**NOTE 7: BORROWINGS**


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General Government				
	2008-09		2007-08	
	31-Dec	Annual Estimate	31-Dec	30-Jun
	\$m	\$m	\$m	\$m
Bank overdrafts	253	-	81	-
Finance leases	288	246	72	285
Derivative Financial Instruments	-	898	-	-
Domestic and foreign borrowings	669	-	743	762
<b>Total Current</b>	<b>1,210</b>	<b>1,144</b>	<b>896</b>	<b>1,046</b>

Total Public Sector				
	2008-09		2007-08	
	31-Dec	Annual Estimate	31-Dec	30-Jun
	\$m	\$m	\$m	\$m
Bank overdrafts	259	1	86	1
Finance leases	810	765	399	812
Derivative Financial Instruments	16,031	879	13,079	14,082
Domestic and foreign borrowings	1,866	16,846	509	605
<b>Total Current</b>	<b>18,966</b>	<b>18,490</b>	<b>14,073</b>	<b>15,500</b>

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**NOTE 8: DETAILS OF AGENCIES CONSOLIDATED**


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The agencies included in these financial statements were detailed in Note 38, Composition of Sectors in the 2007-08 *Annual Report on State Finances*. The only change since that date is that the Eastern Goldfields Transport Board ceased to operate with effect from 29 July 2008.

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**NOTE 9: CONTINGENT LIABILITIES**


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There have been no material changes in contingent liabilities since the release of the 2007-08 *Annual Report on State Finances*.

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## APPENDIX 2

### **Operating Revenue**

The tables below detail operating revenue of the general government and total public sectors. They provide detailed revenue information consistent with the operating statements presented in Appendix 1: *Interim Financial Statements*.

The total public sector consolidates internal transfers between the general government sector and agencies in the public corporation sectors.

Accordingly, some total public sector revenue aggregates may be smaller than the general government equivalent. For example, the general government sector collects payroll tax from some public corporations. These collections are not shown in the total public sector taxation revenue data which is thus smaller than the general government taxation revenue aggregate.

Table 2.1

**GENERAL GOVERNMENT  
Operating Revenue**

	2008-09			2007-08		
	Three Months to 31 Dec	Six Months to 31 Dec	Annual Estimate <sup>(a)</sup>	Three Months to 31 Dec	Six Months to 31 Dec	Actual <sup>(b)</sup>
	\$m	\$m	\$m	\$m	\$m	\$m
<b>TAXATION</b>						
<i>Payroll tax</i>	585	1,170	2,281	493	974	1,940
Property taxes						
<i>Land tax</i>	564	564	562	90	422	421
Transfer Duty	268	626	1,278	691	1,236	2,265
Landholder Duty	-	-	40	-	-	-
<i>Total duty on transfers</i>	268	626	1,318	691	1,236	2,265
Mortgages	0	4	10	29	58	108
Other stamp duties	1	1	2	-0	1	0
Metropolitan Region Improvement Tax	77	77	84	39	77	76
Emergency Services Levy	38	97	154	35	102	150
Loan guarantee fees	5	9	21	3	7	14
<i>Total other property taxes</i>	122	188	270	105	245	348
Taxes on provision of goods and services						
Lotteries Commission	32	60	121	28	56	121
Video lottery terminals	0	0	1	0	0	0
Casino Tax	23	43	81	20	40	84
TAB betting tax	11	17	35	6	19	30
<i>Total taxes on gambling</i>	66	120	237	54	115	235
Insurance Duty	90	187	360	87	182	342
Other	5	10	18	8	14	30
<i>Total taxes on insurance</i>	95	197	378	95	196	372
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	90	176	340	97	197	393
Permits - Oversize Vehicles and Loads	1	2	4	1	2	5
Motor Vehicle recording fee	10	20	40	8	17	34
Motor Vehicle registrations	119	242	465	108	216	434
<i>Total motor vehicle taxes</i>	219	440	850	214	432	866
<i>Total Taxation</i>	1,920	3,308	5,896	1,742	3,620	6,447
<b>CURRENT GRANTS AND SUBSIDIES</b>						
<i>General Purpose Grants</i>						
GST Grants	986	1,873	3,790	1,020	1,944	3,984
Competition Reform	-	-	-	-	4	4
Compensation for Condensate Excise	-	9	64	-	-	71
<i>Specific Purpose Grants to the State</i>						
Australian Health Care Agreement	-	-	-	-	-	50
Other health	0	0	0	0	0	0
Schools assistance – government schools	85	146	282	68	154	312
Vocational training	28	53	103	30	53	102
Roads	-	-	-	-	-	-
Other	444	883	1,793	404	758	1,670
<i>Specific Purpose Grants through the State</i>						
Schools assistance – non-government schools	189	336	609	173	309	603
Local government financial assistance grants	33	66	130	31	61	122
Local government roads	22	44	88	21	41	83
Other	-	-	-	-	-	-
<i>Other Grants</i>						
North west shelf royalties	198	487	957	191	366	798
<i>Total Current Grants and Subsidies</i>	1,985	3,898	7,817	1,936	3,690	7,800



Table 2.1 (cont.)

**GENERAL GOVERNMENT**  
**Operating Revenue**

	2008-09			2007-08		
	Three	Six	Annual Estimate <sup>(a)</sup>	Three	Six	Actual <sup>(b)</sup>
	Months to 31 Dec	Months to 31 Dec		Months to 31 Dec	Months to 31 Dec	
	\$m	\$m	\$m	\$m	\$m	\$m
<b>CAPITAL GRANTS</b>						
<i>Specific Purpose Grants to the State</i>						
Roads	77	138	220	7	9	174
Schools assistance – government schools	9	17	33	8	16	32
Vocational training	11	15	26	5	9	26
Other	28	68	148	58	120	173
<i>Specific Purpose Grants through the State</i>	-	-	-	-	-	-
Schools assistance – non-government schools	6	11	12	8	14	31
<i>Total Capital Grants</i>	132	240	440	86	169	436
<b>SALES OF GOODS AND SERVICES</b>	343	715	1,484	348	678	1,407
<b>INTEREST INCOME</b>	86	180	208	74	143	332
<b>REVENUE FROM PUBLIC CORPORATIONS</b>						
Dividends	21	58	495	47	96	512
Tax Equivalent Regime	90	169	332	83	153	368
<i>Total Revenue from Public Corporations</i>	111	226	827	130	249	880
<b>ROYALTY INCOME</b>	726	1,254	3,037	365	751	1,680
<b>OTHER</b>						
Lease Rentals	15	33	61	16	32	65
Fines	31	65	125	28	64	125
Revenue not elsewhere counted	36	75	274	39	65	174
<i>Total Other</i>	82	173	461	83	162	364
<b>GRAND TOTAL</b>	5,384	9,992	20,169	4,764	9,462	19,345

(a) Consistent with the revised outturn published in the *Government Mid-year Financial Projections Statement*, released 18 December 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

Note: Columns may not add due to rounding.

Table 2.2

**TOTAL PUBLIC SECTOR  
Operating Revenue**

	2008-09			2007-08		
	Three	Six	Annual Estimate <sup>(a)</sup>	Three	Six	Actual <sup>(b)</sup>
	Months to 31 Dec	Months to 31 Dec		Months to 31 Dec	Months to 31 Dec	
	\$m	\$m	\$m	\$m	\$m	\$m
<b>TAXATION</b>						
Taxes on employers' payroll and labour force	573	1,149	2,257	483	957	1,904
<i>Payroll tax</i>	573	1,149	2,257	483	957	1,904
Property taxes						
<i>Land tax</i>	545	538	519	83	409	391
Transfer Duty	268	626	1,278	691	1,236	2,265
Landholder Duty	-	-	40	-	-	-
<i>Total duty on transfers</i>	268	626	1,318	691	1,236	2,265
Mortgages	0	4	10	29	58	108
Other stamp duties	1	1	2	-0	1	-
Metropolitan Region Improvement Tax	77	77	84	39	77	76
Emergency Services Levy	38	95	151	34	101	146
Loan guarantee fees	0	1	2	0	1	1
<i>Total other property taxes</i>	117	178	248	101	238	332
Taxes on provision of goods and services						
Lotteries Commission	-	-	-	-	-	-
Video lottery terminals	0	0	1	0	0	-
Casino Tax	23	43	81	20	40	84
TAB betting tax	-	-	-	-	-	-
<i>Total taxes on gambling</i>	23	43	82	20	41	84
Insurance Duty	90	187	360	87	182	342
Other	5	10	18	8	14	30
<i>Total taxes on insurance</i>	95	197	378	95	196	372
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	90	176	340	97	197	393
Permits - Oversize Vehicles and Loads	1	2	4	1	2	5
Motor Vehicle recording fee	10	20	40	8	17	34
Motor Vehicle registrations	119	242	465	108	216	434
<i>Total motor vehicle taxes</i>	219	440	850	214	432	866
<i>Total Taxation</i>	1,840	3,172	5,650	1,687	3,508	6,214
<b>CURRENT GRANTS AND SUBSIDIES</b>						
General Purpose Grants						
GST Grants	1,697	1,873	-	1,020	1,944	-
Competition Reform	-	-	-	-	4	4
Compensation for Condensate Excise	-129	9	64	-	-	71
Specific Purpose Grants to the State	-	-	-	-	-	-
Australian Health Care Agreement	-	-	-	-	-	50
Other health	0	0	0	0	0	0
Schools assistance – government schools	85	146	282	68	154	312
Vocational training	28	53	103	30	53	102
Roads	-	-	-	-	-	-
Other	444	883	1,793	404	758	1,670
Specific Purpose Grants through the State	-	-	-	-	-	-
Schools assistance – non-government schools	189	336	609	173	309	603
Local government financial assistance grants	33	66	130	31	61	122
Local government roads	22	44	88	21	41	83
Other	-	-	-	-	-	-
Other Grants	-	-	-	-	-	-
North west shelf royalties	198	487	957	191	366	798
<i>Total Current Grants and Subsidies</i>	1,985	3,898	7,817	1,936	3,690	7,800

Table 2.2 (cont.)

**TOTAL PUBLIC SECTOR**  
**Operating Revenue**

	2008-09			2007-08		
	Three	Six	Annual Estimate <sup>(a)</sup>	Three	Six	Actual <sup>(b)</sup>
	Months to 31 Dec \$m	Months to 31 Dec \$m		Months to 31 Dec \$m	Months to 31 Dec \$m	
<b>CAPITAL GRANTS</b>						
Specific Purpose Grants to the State						
Roads	77	138	220	7	9	174
Schools assistance – government schools	9	17	33	8	16	32
Vocational training	11	15	26	5	9	26
Other	28	58	148	58	120	173
Specific Purpose Grants through the State						
Schools assistance – non-government schools	6	11	12	8	14	31
<i>Total Capital Grants</i>	132	240	440	86	169	436
<b>SALES OF GOODS AND SERVICES</b>	<b>2,378</b>	<b>4,741</b>	<b>10,120</b>	<b>2,270</b>	<b>4,379</b>	<b>8,894</b>
<b>INTEREST INCOME</b>	<b>205</b>	<b>486</b>	<b>645</b>	<b>146</b>	<b>336</b>	<b>757</b>
<b>ROYALTY INCOME</b>	<b>726</b>	<b>1,254</b>	<b>3,037</b>	<b>365</b>	<b>751</b>	<b>1,680</b>
<b>OTHER</b>						
Lease Rentals	15	33	61	16	32	65
Fines	32	67	125	29	65	127
Revenue not elsewhere counted	224	371	733	144	260	554
<i>Total Other</i>	271	471	920	188	357	746
<b>GRAND TOTAL</b>	<b>7,536</b>	<b>14,261</b>	<b>28,627</b>	<b>6,679</b>	<b>13,189</b>	<b>26,525</b>

(a) Consistent with the revised outturn published in the *Government Mid-year Financial Projection Statement*, released 18 December 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

Note: Columns may not add due to rounding.



## Monthly Report of General Government Finances - December 2008

This appendix provides a summary of the Western Australian general government sector's finances for the month of December 2008. Care should be taken in interpreting monthly results, which can vary significantly from month to month due to various seasonal and other timing factors<sup>2</sup>.

### Operating Statement

The general government sector recorded an operating surplus of \$207 million for the month of December 2008, \$117 million higher than the surplus of \$90 million recorded in December 2007.

Revenue in December 2008 totalled \$1,672 million, \$330 million higher than the same month the previous year. The increase primarily reflects:

- higher royalty income (up \$333 million), mainly due to higher contract prices for iron ore, partially offset by the impact of a higher exchange rate;
- lower taxation revenue (down \$56 million), due to lower transfer duty (down \$116 million), partially offset by increased payroll tax (up \$38 million), Metropolitan Regional Improvement Tax (up \$16 million) and land tax (up \$13 million); and
- higher Commonwealth recurrent grants (up \$34 million), mainly due to increased funding for health services outlined in the Overview of this report (up \$55 million) and the timing of education grants (up \$21 million), partially offset by a decrease in North West Shelf petroleum royalties due to the timing of payments (down \$55 million).

Expenses for the month of December 2008 totalled \$1,464 million, up \$212 million from December 2007. This increase largely reflects:

- higher salaries (up \$100 million), mainly reflecting higher pay rates and employee numbers in the health, education and law and order sectors (representing 91% of the total increase in salaries);
- higher current transfers (up \$53 million), mainly due to higher payments to the Housing Authority for maintenance and construction of community housing, higher appropriation to the Public Transport Authority for rail and bus service costs and higher health sector grants; and

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<sup>2</sup> In each of the following financial statement disclosures, the 2008-09 annual estimate is consistent with the revised outturn published in the *Government Mid-year Financial Projections Statement*, released 18 December 2008. Data for the 2007-08 outturn (originally published in the 2007-08 *Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

- higher services and contracts (up \$39 million), mainly due to expensed works on new projects including the Rockingham/Kwinana Hospital and Fiona Stanley Hospital, and expensed works on primary and secondary schools.

### Cash Flow Statement

A cash surplus of \$186 million was recorded in December 2008, compared to a \$39 million cash surplus recorded in December 2007.

This reflects stronger net cash inflows from operating activities (up \$185 million compared with the month of December 2007). Monthly spending on infrastructure (i.e. investment in non-financial assets) was down by \$43 million (largely due to the timing of project work), as were sales of fixed assets.

Table 3.1

### GENERAL GOVERNMENT Operating Statement

	2008-09			2007-08	
	Month of	Month of	Annual	Month of	Actual <sup>(b)</sup>
	Nov	Dec	Estimate <sup>(a)</sup>	Dec	
\$m	\$m	\$m	\$m	\$m	
<i>Revenue</i>					
Taxation	1,038	430	5,896	486	6,447
Current grants and subsidies	648	443	7,817	409	7,800
Capital grants	40	28	440	22	436
Sales of goods and services	92	118	1,484	109	1,407
Interest income	24	30	208	31	332
Revenue from public corporations					
Dividends	-	21	495	25	512
Tax equivalent payments	26	34	332	24	368
Royalty income	23	546	3,037	213	1,680
Other	26	23	461	23	364
<b>Total revenue</b>	<b>1,917</b>	<b>1,672</b>	<b>20,169</b>	<b>1,342</b>	<b>19,345</b>
<i>Expenses</i>					
Salaries	635	651	7,383	551	6,906
Superannuation					
Concurrent costs	62	63	709	53	666
Superannuation interest cost	26	30	341	29	359
Other employee costs	24	29	282	20	276
Depreciation and amortisation	56	61	787	55	709
Services and contracts	181	206	2,334	167	1,981
Other gross operating expenses	182	99	1,770	105	1,560
Other interest	9	8	128	9	120
Other property expenses	-	-	-	-	-
Current transfers	291	289	4,482	236	3,769
Capital transfers	56	28	638	27	491
<b>Total expenses</b>	<b>1,522</b>	<b>1,464</b>	<b>18,853</b>	<b>1,252</b>	<b>16,837</b>
<b>NET OPERATING BALANCE</b>	<b>396</b>	<b>207</b>	<b>1,316</b>	<b>90</b>	<b>2,507</b>

(a) Consistent with the revised outturn published in the *Government Mid-year Financial Projection Statement*, released 18 December 2008.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes. See Foreword for further details.

Note: Columns may not add due to rounding.

Table 3.2

**GENERAL GOVERNMENT**  
Cash Flow Statement

	2008-09			2007-08	
	Month of	Month of	Annual	Month of	Actual <sup>(b)</sup>
	Nov	Dec	Estimate <sup>(a)</sup>	Dec	
	\$m	\$m	\$m	\$m	\$m
<b>OPERATING ACTIVITIES</b>					
<i>Receipts from operating activities</i>					
Taxes received	402	509	6,014	601	6,294
Grants and subsidies received	686	465	8,227	429	8,192
Receipts from sales of goods and services	106	120	1,533	99	1,505
Interest receipts	25	26	216	29	314
Dividends and tax equivalents	8	127	850	62	827
Other receipts	123	665	4,140	311	2,751
<i>Total receipts from operating activities</i>	<b>1,350</b>	<b>1,912</b>	<b>20,980</b>	<b>1,530</b>	<b>19,882</b>
<i>Payments for operating activities</i>					
Wages, salaries and supplements, and superannuation	-648	-719	-8,376	-600	-7,684
Payments for goods and services	-355	-385	-4,376	-311	-4,068
Interest paid	-2	0	-149	-4	-112
Grants and subsidies paid	-239	-392	-4,444	-390	-3,844
Dividends and tax equivalents	-	-	-	-	-
Other payments	-111	-104	-1,453	-98	-1,114
<i>Total payments for operating activities</i>	<b>-1,354</b>	<b>-1,600</b>	<b>-18,799</b>	<b>-1,404</b>	<b>-16,823</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-4</b>	<b>311</b>	<b>2,182</b>	<b>126</b>	<b>3,060</b>
<b>INVESTING ACTIVITIES</b>					
<i>Cash flows from investments in non-financial assets</i>					
Purchase of non-financial assets	-174	-131	-2,743	-174	-2,022
Sales of non-financial assets	3	6	161	86	244
<i>Total cash flows from investments in non-financial assets</i>	<b>-170</b>	<b>-125</b>	<b>-2,583</b>	<b>-88</b>	<b>-1,778</b>
<i>Cash flows from investments in financial assets</i>					
Receipts from investing activities:					
For policy purposes	-	-	-	-	1
For liquidity purposes	-	-	-	-	83
Payments for investing activities:					
For policy purposes	-11	-27	-358	-34	-349
For liquidity purposes	-	-2	-8	3	-1
<i>Total cash flows from investments in financial assets</i>	<b>-11</b>	<b>-30</b>	<b>-366</b>	<b>-30</b>	<b>-267</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-181</b>	<b>-155</b>	<b>-2,948</b>	<b>-118</b>	<b>-2,045</b>
<b>FINANCING ACTIVITIES</b>					
<i>Receipts from financing activities</i>					
Advances received	1	-2	14	-2	13
Borrowings	153	14	338	-82	45
Deposits received	-	-	-	-	-
Other financing receipts	-	-	27	-	54
<i>Total receipts from financing activities</i>	<b>156</b>	<b>17</b>	<b>379</b>	<b>-71</b>	<b>111</b>
<i>Payments for financing activities</i>					
Advances paid	-1	2	-17	2	-16
Borrowings repaid	-	12	-201	-15	-189
Deposits paid	-	-	-	-	-
Other financing payments	-3	-6	-49	-4	-31
<i>Total payments for financing activities</i>	<b>-5</b>	<b>8</b>	<b>-267</b>	<b>-17</b>	<b>-236</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>151</b>	<b>25</b>	<b>112</b>	<b>-87</b>	<b>-125</b>
<b>Net increase in cash and cash equivalents</b>	<b>-34</b>	<b>181</b>	<b>-655</b>	<b>-79</b>	<b>890</b>
Opening balance	3,931	3,897	4,236	3,869	3,346
Closing balance	3,897	4,078	3,581	3,790	4,236
<b>KEY FISCAL AGGREGATES</b>					
Net cash flows from operating activities	-4	311	2,182	126	3,060
Net cash flows from investing in non-financial assets	-170	-125	-2,583	-88	-1,778
<b>Cash surplus/-deficit</b>	<b>-174</b>	<b>186</b>	<b>-401</b>	<b>39</b>	<b>1,281</b>

(a) Consistent with the revised outturn published in the *Government Mid-year Financial Projection Statement*.

(b) Data for the 2007-08 outturn (originally published in the *2007-08 Annual Report on State Finances*) and for December 2007 has been adjusted in this report to be consistent with AASB 1049 for comparative purposes.

Note: Columns may not add due to rounding.





## APPENDIX 4

### 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 Public Bank Account and maintained by the Treasurer. The Public Ledger comprises the Consolidated Account, the Treasurer's Advance Account and the Treasurer's Special Purpose Accounts.

Table 4.1 shows that the aggregate balance of the Public Ledger at 31 December 2008 decreased by \$139 million compared with 31 December 2007. This reflects the combined impact of a \$1,186 million increase in the Consolidated Account deficit and a \$1,047 million increase in the Treasurer's Special Purpose Accounts.

<b>PUBLIC LEDGER BALANCES AT 31 DECEMBER</b>		
	2008	2007
	\$m	\$m
<b>THE PUBLIC LEDGER</b>		
Consolidated Account <sup>(a)</sup>	-4,317	-3,131
Treasurer's Special Purpose Accounts	5,324	4,277
Treasurer's Advance Account – Net Advances	-31	-31
<b>Total</b>	<b>976</b>	<b>1,115</b>

(a) The balance of the Consolidated Account at 31 December 2008 includes non-cash appropriations of \$3,650 million (31 December 2007: \$2,951 million), representing the 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.

## **Consolidated Account**

The *Constitution Act* requires that all revenue of the Crown that is not permanently appropriated by legislation to another entity, shall be credited to the Consolidated Account, and 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 \$4,317 million at 31 December 2008. This included \$3,650 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 cash deficit of \$667 million at 31 December 2008, compared with a cash deficit of \$179 million in December 2007.

Cash balances vary significantly through the year, depending on the timing of receipts into, and payments from, the Account.

**CONSOLIDATED ACCOUNT TRANSACTIONS**

Table 4.2

For the six months ended 31 December

	2008	2007
	\$m	\$m
<b>REVENUE</b>		
<i>Operating Activities</i>		
Taxation	2,424	3,006
Commonwealth Grants	1,899	1,979
Government Enterprises	360	273
Revenue from other agencies	2,720	2,028
Other	83	89
<i>Total Operating Activities</i>	<b>7,486</b>	<b>7,375</b>
<i>Financing Activities</i>		
Repayments of Recoverable Advances	6	6
Transfers from:		
Public Bank Account Interest Earned Account	-	29
Bankwest Pension Trust	1	1
Other Receipts	4	9
Revenue recoverables	2	-
<i>Total Financing Activities</i>	<b>13</b>	<b>44</b>
<b>TOTAL REVENUE</b>	<b>7,499</b>	<b>7,419</b>
<b>EXPENDITURE</b>		
<i>Recurrent</i>		
Authorised by Other Statutes	553	633
Appropriation Act (No. 1)	7,430	6,469
Recurrent Expenditure under the Treasurer's Advance	59	11
<i>Total Recurrent Expenditure</i>	<b>8,042</b>	<b>7,113</b>
<i>Investing Activities</i>		
Authorised by Other Statutes	49	57
Appropriation Act (No. 2)	1,126	2,008
Investing Expenditure under the Treasurer's Advance	-	17
<i>Total Investing Activities</i>	<b>1,175</b>	<b>2,082</b>
<i>Financing Activities</i>		
Loan repayments	-	-
Other financing	4	3
<i>Total Financing Activities</i>	<b>4</b>	<b>3</b>
<b>TOTAL EXPENDITURE</b>	<b>9,221</b>	<b>9,198</b>
<b>NET MOVEMENT (REVENUE LESS EXPENDITURE)</b>	<b>-1,722</b>	<b>-1,779</b>
<b>Consolidated Account Balance</b>		
Opening balance at 1 July	-2,595	-1,352
Closing balance at 31 December	-4,317	-3,131
<b>Of which:</b>		
Appropriations payable	-3,650	-2,951
Cash balance at 31 December	-667	-179

Note: Columns may not add due to rounding.

**Treasurer’s Special Purpose Accounts**

The Treasurer’s Special Purpose Accounts (TSPA) 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 \$1,047 million increase in the TSPA is largely due to a \$221 million injection to the Fiona Stanley Hospital Construction Account (with a balance of \$1,375 million at 31 December 2008), reflecting the 2008-09 Budget decision on funding for higher construction costs projected for the new hospital, and an increase of \$699 million in the Holding Account balances for accrual appropriations to agencies (including appropriations payable for depreciation and accrued leave entitlements).

Table 4.3

**TREASURER’S SPECIAL PURPOSE ACCOUNTS  
AT 31 DECEMBER**

	2008	2007
	\$m	\$m
Agency Holding Accounts	3,650	2,951
Fiona Stanley Hospital Construction Account	1,375	1,089
Other Special Purpose Accounts	299	237
<b>TREASURER’S SPECIAL PURPOSE ACCOUNTS AT 31 DECEMBER</b>	<b>5,324</b>	<b>4,277</b>

## Treasurer's Advance

The Treasurer's Advance allows for short-term repayable advances to agencies for working capital purposes (known as 'net unrecouped 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 \$437.7 million is authorised under section 29 of the FMA for the year ended 30 June 2009, compared with a total of \$436.5 million authorised limit applying at the same time in the preceding year.

Of the \$437.7 million authorised limit for 2008-09, \$30.5 million was held at 31 December 2008 in the form of net recoverable advances (see Table 4.4) and \$59.1 million against increases in recurrent appropriations (see Table 4.5).

<b>TREASURER'S ADVANCE AT 31 DECEMBER</b>		
	2008	2007
	\$m	\$m
<b>AUTHORISED LIMIT</b>	<b>437.7</b>	<b>436.5</b>
Total Drawn Against Treasurer's Advance Account	89.6	58.3
Comprising:		
Net recoverable advances as at 31 December (see below)	30.5	30.6
Excesses and New Items		
- recurrent (see Table 4.5)	59.1	10.7
- capital	-	17.0
<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	3.5
Energy Smart Government Program	1.6	1.9
Gas Review Board	0.5	0.5
Medical Radiation Technologists Registration Board	-	0.1
Suitors Fund	1.1	-
Planning and Infrastructure	2.0	2.0
Public Sector Commission	4.5	-
Telethon Donation	-	1.0
Works and Services	20.0	20.0
<b>TOTAL RECOVERABLE TREASURER'S ADVANCES</b>	<b>30.5</b>	<b>30.6</b>

**Transfers, Excesses and New Items**

Table 4.5 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 27 of the FMA).

Transfer of appropriations between agencies during the first six months of 2008-09 were limited to \$44,000 from the Department of Treasury and Finance to the Department of Industry and Resources for Contract Administration Officer costs.

Table 4.5

**TRANSFERS, EXCESSES AND NEW ITEMS**  
For the six months to 31 December 2008

	<u>Treasurer's Advance</u>					Drawn against Treasurer's Advance to date \$m
	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Excesses \$m	Revised Appropriation \$m	
<i>Recurrent Appropriations</i>						
<i>Treasury and Finance</i>						
Item 9: Delivery of Services	148.0	-	-	-	148.0	-
Item 22: First Home Owners' Assistance	111.0	-	-	130.7	241.7	-
Item 30: Refund of Past Years Revenue Collections - Public Corporations	5.0	-	-	5.0	10.0	-
Item 31: Refund of Past Years Revenue Collections - All Other	39.8	-	-	75.0	114.8	59.1
<i>Industry and Resources</i>						
Item 43: Delivery of Services	160.7	-	-	-	160.7	-
<b>TOTAL</b>			-	<b>210.7</b>		<b>59.1</b>

(a) Authorised under section 25 of the FMA.

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

Further information for new items and approved excesses is provided below:

*Treasury and Finance*

Item 22: **First Home Owners' Assistance** (\$130.7 million) for the increase initiatives provided under First Home Owners' Assistance Grants announced by the Prime Minister on 14 October 2008.

Item 30: **Refund of Past Years Revenue Collections – Public Corporations** (\$5.0 million) for refunds of overpaid tax equivalent instalments by Synergy and Western Power.

Item 31: **Refund of Past Years Revenue Collections – All Other** (\$75.0 million) for the settlement of stamp duty refunds.