



# 2009-10 Annual Report on State Finances

September 2010



**2009-10**

**Annual Report on  
State Finances**

SEPTEMBER 2010

2009–10 Annual Report on State Finances  
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An electronic copy of this report may be obtained at <http://www.dtf.wa.gov.au>  
ISSN 1834-1101 (print)  
ISSN 1834-111X (on-line)

2009-10  
Annual Report on State Finances

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# Foreword

This *Annual Report on State Finances* (ARSF) provides detail on the State's public sector financial results for 2009-10. It includes disclosure of material differences between these outcomes and the forecasts contained in the 2009-10 Budget (delivered on 14 May 2009).

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

For the purpose of this ARSF, 'external reporting requirements' are embodied in Australian Accounting Standards Board (AASB) 1049: *Whole of Government and General Government Sector Financial Reporting*.

All Australian State, Territory and Commonwealth governments publish financial disclosures consistent with AASB 1049, and with the requirements of the Uniform Presentation Framework (UPF). The UPF ensures consistent minimum levels of detail in whole-of-government disclosures. Western Australia's disclosures in this ARSF are consistent with the requirements of AASB 1049, other applicable accounting standards, Government Finance Statistics concepts, sources and methods, and exceed the minimum requirements specified in the UPF.

This ARSF contains information for:

- the 2009-10 State Budget estimates;
- the 2009-10 mid-year review (released on 17 December 2009);
- the 2009-10 estimated outturn as published in the 2010-11 State Budget, delivered on 20 May 2010;
- the actual outturn for 2009-10, which is the focus of this report;
- monthly and quarterly results for June 2010, completing the State's 2009-10 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.

## Statement of Responsibility

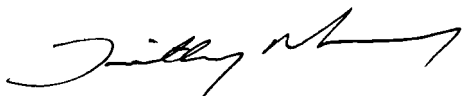
This ARSF is a statutory requirement of the *Government Financial Responsibility Act 2000*. It contains whole-of-government financial information in the same format as the State's budget presentations, reflecting applicable Australian Accounting Standards and Australian Bureau of Statistics' (ABS') accrual Government Finance Statistics standards.

The consolidated financial statements 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 2010, and the public sector's financial position at 30 June 2010; and
- has been prepared in accordance with Australian Accounting Standard AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, other applicable Australian Accounting Standards (including the Australian Accounting Interpretations), 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

16 September 2010

# 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 2010

I have audited the Annual Report on State Finances for the year ended 30 June 2010, which comprises: Financial Results (Chapter 1); Financial Targets (Chapter 2); Financial Statements (Appendix 1); Operating Revenue (Appendix 2); Other Uniform Presentation Framework Information (Appendix 3); Policy Decisions Affecting Spending (Appendix 4); Monthly and Quarterly Financial Results for June 2009-10 (Appendix 5); and Public Ledger (Appendix 6).

#### **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 Australian Accounting Standard AASB 1049 "Whole of Government and General Government Sector Financial Reporting", other applicable Australian Accounting Standards and the Government Financial Responsibility Act 2000. 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.

#### **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 1 "Financial Statements", Chapter 1 "Financial Results" (excluding the Overview and Net Debt sections) and Appendix 6 "Summary information from the Public Ledger" in accordance with Australian Auditing Standards
- A review of the Annual Report on State Finances to confirm that other information included in the Report is consistent with the audited information.

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. This document is available on the OAG website under "How We Audit".

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.



**Annual Report on State Finances  
For the year ended 30 June 2010**

**Audit Opinion**

In my opinion, the Annual Report on State Finances

- (i) 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 2010 and the financial position at the end of that budget year; and
- (ii) has been prepared in accordance with Australian Accounting Standard AASB 1049 "Whole of Government and General Government Sector Financial Reporting", other applicable Australian Accounting Standards and the Government Financial Responsibility Act 2000



COLIN MURPHY  
AUDITOR GENERAL  
20 September 2010

# Financial Results

## Overview

The Western Australian economy performed much better during 2009-10 than expected at the time the 2009-10 State Budget was presented to Parliament on 14 May 2009. The domestic economy, as measured by State final demand, grew by 4.8% in 2009-10, a significant improvement on the 3.5% reduction forecast at budget-time.

This improved economic performance in turn led to a better than expected revenue outcome, with the State's revenue from its own sources (mainly State taxes and mining royalties) growing by 8.2% in 2009-10, up from the 2009-10 State Budget forecast of 0.8%.

Combined with the Government's sound financial management, which has seen underlying expense growth moderate to 7.7% and the lowest rate of growth in salaries expenditure since 2000-01 (after abstracting from the one-off impact of voluntary severances), these factors have resulted in a higher than expected operating surplus of \$831 million for 2009-10. This is \$422 million higher than originally budgeted in May 2009 and \$541 million higher than estimated in May 2010.

Other key financial outcomes for 2009-10 include:

- public sector infrastructure investment of \$6.8 billion, which is down \$1.4 billion on the original budget estimate, but still a significant \$1.0 billion higher than in 2008-09;
- total public sector net debt of \$9.9 billion at 30 June 2010, \$2.5 billion lower than expected at the time of the 2009-10 State Budget; and

- a net financial liabilities<sup>1</sup> to revenue ratio of 54.6%, and a net interest cost to revenue ratio of 1.6%, both well below the budget-time forecasts, and consistent with the State's triple-A credit rating.

The following table summarises the State's key financial aggregates for 2009-10. Compared to all previous forecasts, the key results for 2009-10 represent stronger financial outcomes for the State.

Table 1

**KEY BUDGET AGGREGATES**  
Western Australia

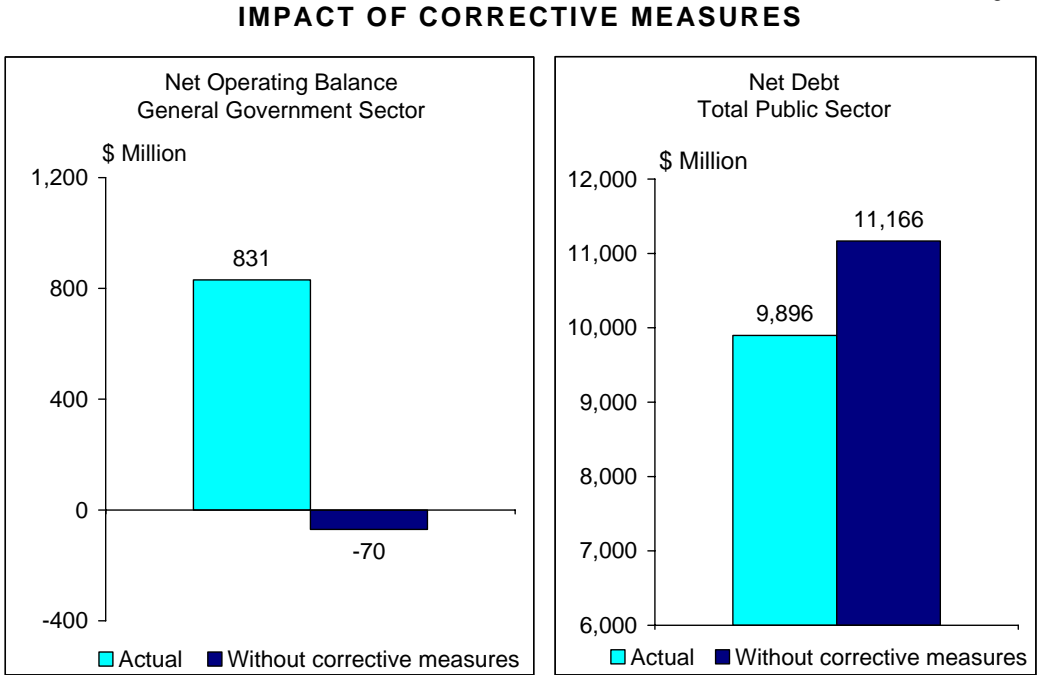
	2008-09	2009-10				Variation on Budget (4) - (1)
	Actual	Budget Estimate (1)	MYR Revision (2)	Estimated Outturn (3)	Actual (4)	
<b>GENERAL GOVERNMENT SECTOR</b>						
Revenue (\$m)	19,435	20,700	20,884	21,752	22,039	1,339
Revenue Growth (%)	0.5	5.2	7.5	11.9	13.4	8.2
Expenses (\$m)	19,117	20,291	20,834	21,462	21,208	917
Expense Growth (%)	13.5	6.6	9.0	12.3	10.9	4.3
<b>Net Operating Balance (\$m)</b>	<b>318</b>	<b>409</b>	<b>51</b>	<b>290</b>	<b>831</b>	<b>422</b>
<b>TOTAL NON-FINANCIAL PUBLIC SECTOR</b>						
Net Financial Liabilities to Revenue (%) <sup>(a)</sup>	54.4	73.6	70.8	61.0	54.6	-19.0
Net Interest Cost to Revenue (%)	1.3	2.3	2.2	1.9	1.6	-0.7
<b>TOTAL PUBLIC SECTOR</b>						
Net Debt at 30 June (\$m)	6,688	12,364	11,921	11,365	9,896	-2,468
Asset Investment Program (\$m)	5,795	8,272	7,649	7,162	6,828	-1,444

(a) As defined by Standard and Poor's.  
Note: Columns may not add due to rounding.

During 2009-10, the Government implemented a range of measures to improve the State's financial position, and tighten expenditure controls and reduce growth in spending. These measures included initiatives such as the 3% efficiency dividend, a ceiling on public sector staffing levels, reductions in the State's vehicle fleet and value for money audits of specific agencies. It is estimated that if the full range of measures had not been implemented, the general government operating balance would have been in deficit in 2009-10, while net debt levels would have been around \$1.3 billion higher.

<sup>1</sup> As defined by Standard and Poor's for credit rating purposes to comprise net debt plus unfunded superannuation liabilities. Standard and Poor's currently has a 'trigger' threshold of 90% for Western Australia.

Figure 1



Movements in the key financial aggregates between the original 2009-10 State Budget estimates and the actual results for 2009-10 released in this report are discussed in the remainder of this chapter.

## Results Compared to Estimates

### General Government Sector

#### Operating Statement

An operating surplus of \$831 million was recorded for the general government sector in 2009-10. This is \$422 million higher than forecast early in 2009 for the 2009-10 State Budget, and mainly reflects the net impact of:

- a stronger than expected recovery in taxation revenue, particularly property transfer duty (up \$416 million);
- higher than forecast GST grants from the Commonwealth (up \$258 million), reflecting stronger than expected growth in the national GST pool; and
- lower royalty income (down \$253 million) due to a higher \$US/\$A exchange rate.

Table 2

**GENERAL GOVERNMENT**  
Operating Statement

	2008-09	2009-10				Variation on Budget \$m (5)=(4) - (1)	Variation on Budget % (5)/(1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)		
<b>REVENUE</b>							
Taxation	5,706	5,775	6,046	6,316	6,324	548	9.5
Current grants and subsidies	8,089	7,838	8,230	8,119	8,228	389	5.0
Capital grants	411	1,560	1,620	1,922	1,978	418	26.8
Sales of goods and services	1,410	1,627	1,523	1,552	1,635	8	0.5
Interest income	285	144	153	200	227	83	57.7
Revenue from public corporations							
Dividends	466	536	592	666	570	34	6.3
Tax equivalent income	355	319	387	394	350	31	9.7
Royalty income	2,348	2,577	2,000	2,217	2,324	-253	-9.8
Other	364	324	334	365	405	81	24.9
<i>Total</i>	<i>19,435</i>	<i>20,700</i>	<i>20,884</i>	<i>21,752</i>	<i>22,039</i>	<i>1,339</i>	<i>6.5</i>
<b>EXPENSES</b>							
Salaries	7,764	7,953	8,254	8,423	8,284	331	4.2
Superannuation							
Concurrent costs	746	760	791	807	793	32	4.3
Superannuation interest cost	330	349	425	425	338	-10	-3.0
Other employee costs	326	311	334	339	323	12	3.7
Depreciation and amortisation	764	839	847	838	848	9	1.1
Services and contracts	1,339	1,458	1,464	1,507	1,523	66	4.5
Other gross operating expenses	2,575	3,007	2,874	3,031	2,959	-48	-1.6
Other interest	118	128	156	178	187	58	45.4
Current transfers	4,554	5,078	5,090	4,817	4,882	-196	-3.9
Capital transfers	600	408	598	1,096	1,071	663	162.4
<i>Total</i>	<i>19,117</i>	<i>20,291</i>	<i>20,834</i>	<i>21,462</i>	<i>21,208</i>	<i>917</i>	<i>4.5</i>
<b>NET OPERATING BALANCE</b>	<b>318</b>	<b>409</b>	<b>51</b>	<b>290</b>	<b>831</b>	<b>422</b>	<b>103.1</b>

Note: Columns may not add due to rounding.

Table 3

**SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE  
VARIATIONS SINCE THE 2009-10 BUDGET**

	\$m
<b>2009-10 BUDGET - NET OPERATING BALANCE</b>	<b>409</b>
<b>Revenue</b>	
<i>Policy Decisions</i> <sup>(a)</sup>	
- Deferral of harmonisation of payroll tax grouping provisions	48.0
- Increase in dividend payout ratio <sup>(b)</sup>	-
- Other	15.6
Total Policy	63.6
<i>Parameter</i> <sup>(c)</sup>	
Taxation	
- Total duty on transfers	416.3
- Payroll tax	38.9
- Motor vehicle taxes	36.3
- All other taxes	8.9
<i>Sub Total</i>	500.4
Commonwealth grants	
- Non-government schools grants	425.1
- GST grants	258.1
- First Home Owner Boost grants	137.4
- North West Shelf grants/Compensation for Condensate Excise	-42.7
- All other grants	29.4
<i>Sub Total</i>	807.3
Royalty Income	
- Iron Ore	-248.9
- Gold	-28.8
- Alumina	-24.5
- Nickel	36.5
- All other royalties	12.4
<i>Sub Total</i>	-253.3
Interest income	82.9
Revenue from public corporations	65.0
Other	73.0
<i>Total Parameter</i>	1,275.3
<b>TOTAL REVENUE</b>	<b>1,338.9</b>
<b>Expenses</b>	
<i>Policy Decisions</i> <sup>(a), (c)</sup>	
Royalties for Regions - 2009-10 mid-year review corrective measures	-130.0
Other policy decisions	141.4
Total Policy	11.4
<i>Parameter</i> <sup>(c)</sup>	
Grants for non-government schools (on-passed)	425.1
Health - 2010-11 Budget injection for cost and demand pressures	210.0
First Home Owner Grants	203.3
Land transfer to the Yawuru Aboriginal Group	80.2
Interest costs	58.3
Other	-71.1
<i>Total Parameter</i>	905.8
<b>TOTAL EXPENSES</b>	<b>917.1</b>
<b>TOTAL VARIANCE</b>	<b>421.7</b>
<b>2009-10 ANNUAL REPORT ON STATE FINANCES - NET OPERATING BALANCE</b>	<b>831</b>

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

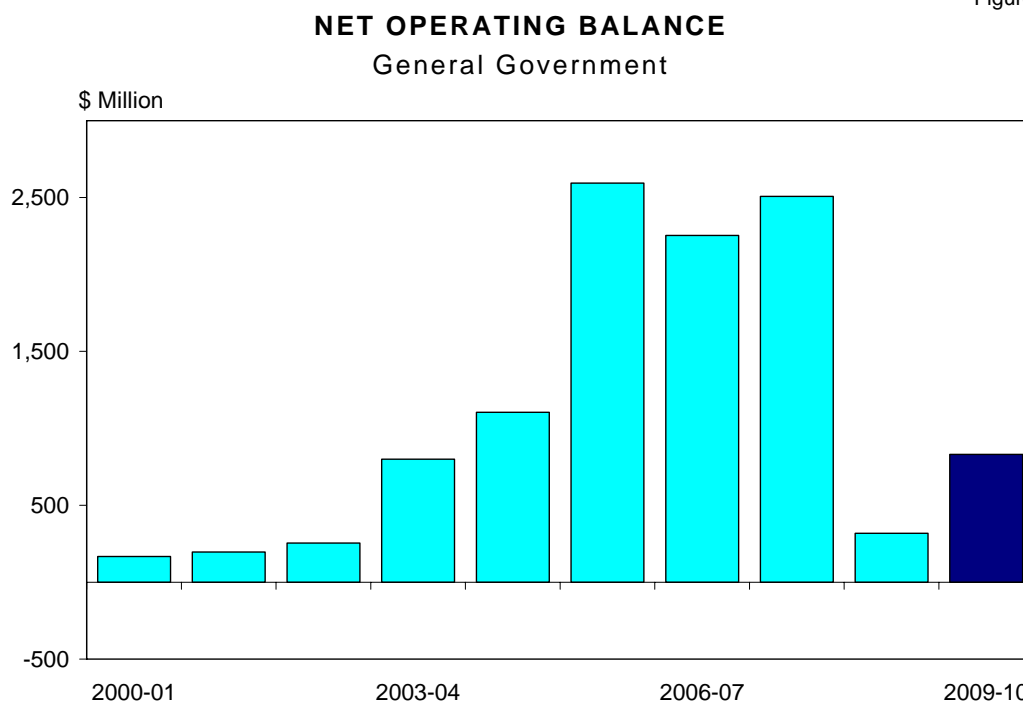
(b) At the time of the 2010-11 State Budget, this measure was estimated to raise additional revenue of \$32.1 million in 2009-10. However, it is now expected that this revenue will be received when final dividends for 2009-10 are declared in 2010-11.

(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 2009-10 Budget is provided in Appendix 4: *Policy Decisions Affecting Spending*.

Note: Columns may not add due to rounding.

Figure 2



## Revenue

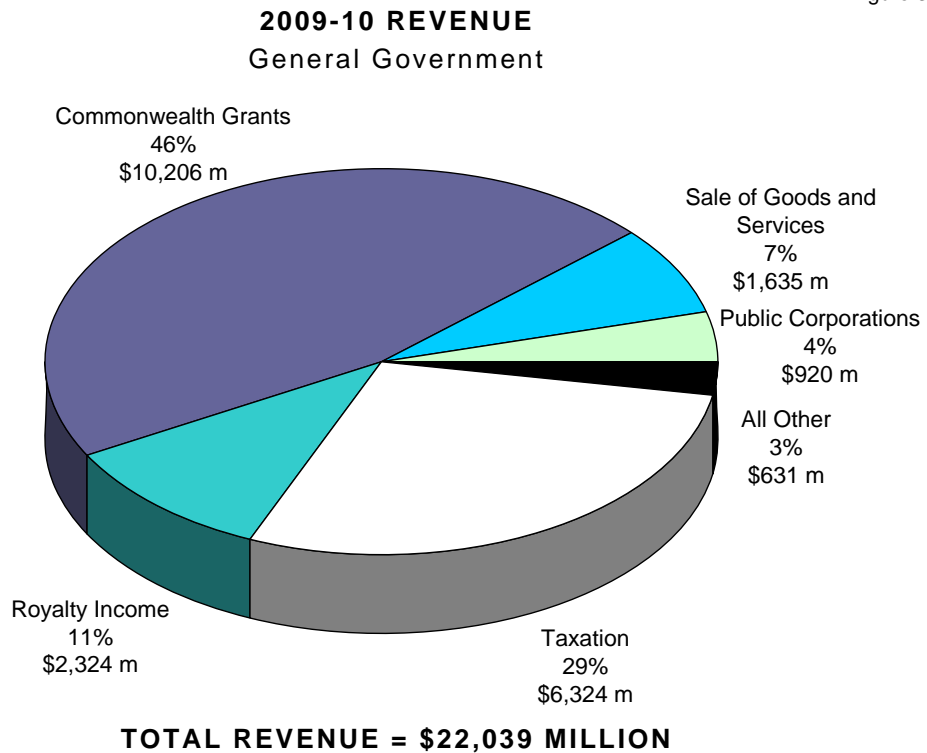
Following growth of just 0.5% in 2008-09, general government revenue grew by 13.4% in 2009-10, although this was heavily impacted by Commonwealth stimulus funding (which accounts for 6.9 percentage points of this increase). At \$22,039 million, revenue was \$1,339 million (or 6.5%) higher than the original budget estimate. The main factors contributing to this variance are outlined below.

- Taxation revenue (up \$548 million or 9.5% relative to the budget forecast), reflecting the net impact of:
  - a faster than expected recovery in the housing market, and the impact of a small number of high-value commercial property transactions, which resulted in total duty on transfers being \$416 million (or 34%) higher than forecast;
  - higher payroll tax collections (up \$87 million, or 3.9%), due to activity in the State's labour market being slightly stronger than original budget expectations and a decision in the 2009-10 mid-year review to defer harmonisation of the State's payroll tax grouping provisions;
  - higher motor vehicle tax receipts (up \$36 million, or 4.2%), mainly reflecting stronger motor vehicle registrations;
  - higher tax receipts on insurance (up \$22 million, or 5.3%), with the total value of insurance premiums being higher than anticipated; and

- lower land tax receipts (down \$19 million, or 3.4%), mainly due to lower than forecast land valuations.
- Commonwealth grants (up \$807 million or 8.6%), mainly due to:
  - higher grants for non-government schools (up \$425 million), including \$340 million as part of the Commonwealth’s *Building the Education Revolution* stimulus program. These grants are on-passed by the State to the non-government school sector, and have no net impact on the operating balance;
  - higher than forecast GST revenue (up \$258 million), reflecting higher national GST collections than originally forecast by the Commonwealth;
  - unbudgeted revenue (of \$137 million) in relation to the Commonwealth’s decision after the finalisation of the State Budget to extend its First Home Owner Boost by six months (to 31 December 2009) – matched by offsetting expenses; and
  - lower North West Shelf and Compensation for Condensate Excise grants (down \$43 million), with the negative impact of the strong \$US/\$A exchange rate only partly offset by the impact of higher \$US energy prices.
- Interest income (up \$83 million, or 57.7%), due to a combination of higher than anticipated investment fund balances and investment earning rates (the Reserve Bank of Australia raised official interest rates on six occasions after the 2009-10 State Budget was finalised on 16 April 2009, increasing official rates by 1.5 percentage points).
- Revenue from public corporations (up \$65 million, or 7.6%), reflecting both higher dividends (\$34 million) and tax equivalents (\$31 million), arising from stronger than budgeted profitability for a number of public corporations.
- Royalty income (down \$253 million, or 9.8%), mainly due to the net impact of:
  - a substantially stronger \$US/\$A exchange rate than assumed in the 2009-10 Budget (US 88.2 cents for the year, compared to a budget assumption of US 68.5 cents), which reduced the \$A value of the State’s royalty receipts (given that most commodity export contracts are denominated in \$US terms); and
  - a late spike in the \$US price of iron ore in the June quarter 2010, with prices doubling relative to the negotiated level in the previous Japanese fiscal year.
- ‘Other’ revenue (up \$81 million, or 24.9%), including higher lease rentals (up \$11 million due to an increase in the number of exploration lease applications), developers’ contributions and other grants/asset transfers (from sources other than the Commonwealth), as well as fines and donations, which are difficult to forecast.



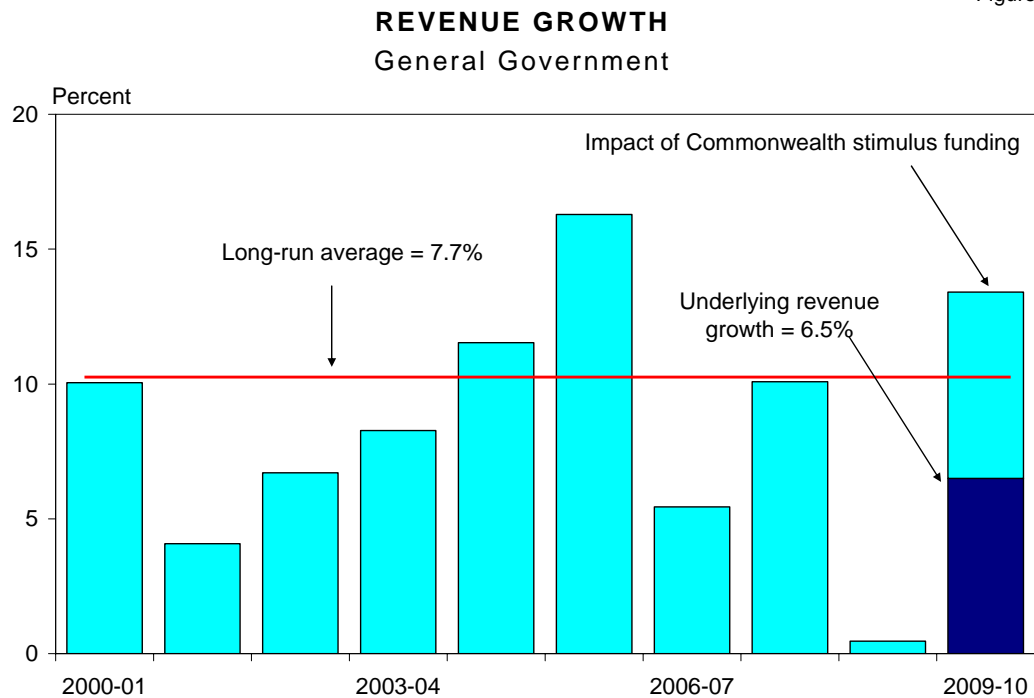
Figure 3



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

General government revenue growth of 13.4% in 2009-10 included a substantial \$1,627 million in temporary economic stimulus funding from the Commonwealth. Abstracting from stimulus funding in 2008-09 and 2009-10, underlying revenue growth in 2009-10 was 6.5%, slightly below long-run average revenue growth of 7.7% (see following chart).

Figure 4



## Expenses

General government expenses totalled \$21,208 million in 2009-10, an increase of \$917 million (or 4.5%) on the original budget projections. More than half of this increase (\$477 million) was due to the on-passing of Commonwealth stimulus funding for non-government schools and first home buyers.

## Policy Decisions

Key policy decisions since the 2009-10 Budget included \$32.7 million for a second round of voluntary severances for Western Australian public servants, \$29 million towards the Browse Liquefied Natural Gas (LNG) Precinct Project (including \$16 million to support negotiation with traditional owners), \$15 million towards indigenous housing provision in the Kimberley region, \$10 million for additional training places to meet industry demand for skilled workers, and \$9 million to clean up lead and nickel contamination in Esperance.

The 2009-10 mid-year review contained a number of corrective measures, including deferral of \$130 million of *Royalties for Regions* spending from 2009-10, and a change to the timing for payment of the Seniors Cost of Living Rebate. These measures largely offset the impact of the expense policy decisions noted above.

A listing of agencies impacted by spending policy decisions since the 2009-10 State Budget is available in Appendix 4: *Policy Decisions Affecting Spending*.

### ***Parameter Changes in Expenses<sup>2</sup>***

Parameter changes accounted for the vast majority of the increase in general government expenses since the time of the 2009-10 Budget. Material variations include:

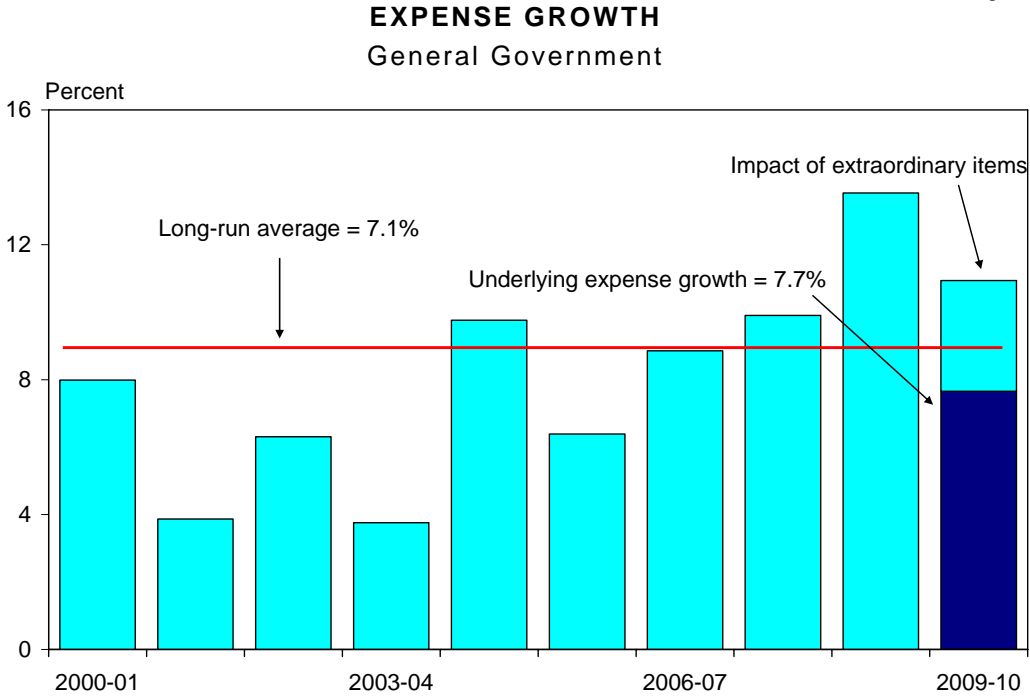
- an increase in Commonwealth grants on-passed by the State to non-government schools (up \$425 million). This is mainly due to an extra \$340 million as part of the Commonwealth's *Building the Education Revolution* program (which at the time of the 2009-10 Budget, was assumed would be provided direct to recipients, rather than through the State), and a further \$86 million for other non-government schools funding;
- an injection of funding into the health system (up \$210 million) announced in the May 2010 Budget to accommodate cost and activity increases in the health system, including inpatient, outpatient and emergency department activity. Notwithstanding this substantial funding injection, the Department of Health's expense growth in 2009-10 contracted to 6.5%, down from 12.3% in 2008-09;
- an increase in First Home Owner Grant expenses (up \$203 million), largely the result of the extension of the Commonwealth's First Home Owners' Boost scheme from 30 June 2009 to 31 December 2009 (the Commonwealth announced this extension after the 2009-10 State Budget was finalised in April 2009);
- an \$80 million land transfer as part of the Office of Native Title's Yawuru Indigenous Land Use Agreement, with an additional cash component of \$1 million in 2009-10 to commence economic development and social housing initiatives;
- higher interest expenses (up \$58 million), due mainly to changes in the timing of borrowings. At the time of the 2009-10 Budget, it was assumed that the State would borrow towards the end of the financial year. However, due to potential difficulty in accessing funds from financial markets still recovering from global turmoil, borrowing commenced earlier in the year, resulting in higher accrued interest expenses; and
- lower than expected subsidy payments to the State's public corporations (down \$125 million), largely as a result of lower than forecast costs in the electricity sector.

Headline general government expense growth was 10.9% in 2009-10, compared to the 6.6% forecast at the time of the 2009-10 Budget. Excluding higher Commonwealth stimulus spending and other grants on-passed through the State, the introduction of subsidies for below cost-reflective electricity tariffs (which commenced in 2009-10), and two rounds of voluntary severance offers during the year, expenses grew by an underlying 7.7% in 2009-10. This is the lowest rate of growth since 2005-06 (see following chart).

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<sup>2</sup> Parameter changes include movements in consolidated public sector expenses not directly related to policy decisions of the State Government. This includes issues such as variations in Commonwealth grants, cost escalation, movements in interest and depreciation, etc. The settlement of wage agreements are also included as parameter movements.

Figure 5



Salaries expenditure grew by 6.7% in 2009-10. Excluding spending on the two rounds of voluntary severance offers (\$80.5 million), underlying growth in salaries was just 5.7%, the lowest outcome since 2000-01, and down significantly on the 12.4% growth recorded in 2008-09. Moderating growth in salary costs can be attributed to a number of Government initiatives, including a ceiling on staff numbers and the implementation of a public sector wages policy linked to inflation and productivity improvements<sup>3</sup>.

**Asset Investment**

General government sector infrastructure investment totalled \$3.0 billion in 2009-10, \$938 million (or 24.0%) lower than originally forecast in the budget, the majority of which was flagged in the 2009-10 mid-year review and 2010-11 State Budget. The revisions throughout the year included the effect of capacity constraints accentuated by the Commonwealth's substantial stimulus measures. The original budget provided for an estimated \$1.4 billion (or 59%) increase in the general government sector Asset Investment Program in 2009-10 (compared with an actual increase of \$719 million or 32%).

<sup>3</sup> Major wage agreements finalised in 2009-10 include those for Police (4.0% from 1 July 2009), Main Roads (3.25% from 5 February 2010) and Education Assistants (an arbitrated outcome of 3.75% from 1 January 2010).

The lower than budget outcome mainly reflects lower spending on the following:

- the Ord East Kimberley project (down \$212 million), including \$60 million funded by the *Royalties for Regions* program<sup>4</sup>. The 2009-10 State Budget included a \$195 million Commonwealth contribution (of which \$160 million was assumed to be spent on infrastructure in 2009-10). It was noted in the budget papers that the timing of the spending was subject to further negotiation with the Commonwealth. The majority of this spending is now expected to occur in 2010-11 and the outyears;
- the Departments of Education and Training and Workforce Development<sup>5</sup> (down \$167 million), mainly due to prioritisation of work on the Commonwealth's *Building the Education Revolution* program causing schedule changes in other works, particularly primary schools. Spending on some high value projects (such as the \$63 million replacement of the Governor Stirling High School) was also lower than budgeted due to logistical delays;
- the Department of Corrective Services (down \$111 million), mainly due to delays in the timing of works on projects including the West Kimberley Regional Prison, the Eastern Goldfields Replacement Prison and prisoner accommodation at Casuarina, Hakea and Albany. This reflects the Government's decision to undertake an analysis of procurement options to determine the best value for money approach;
- the Department of Health (down \$82 million), mainly due to works on PathWest and the Fiona Stanley Hospital projects commencing later than originally planned, slower than expected progress on the Kalgoorlie Regional Resource Centre and a new radiotherapy facility at the South West Health Campus, and the Commonwealth assuming responsibility for works at the Wiluna Clinic and GP Super Clinics, which resulted in lower infrastructure works by the Department;
- the Western Australia Police (down \$76 million), due to delays in awarding contracts for a number of projects, including Speed and Red Light Camera upgrades, the purchase of a replacement helicopter, upgrades to police stations and works associated with the new Perth Police Complex;
- the Department of Regional Development and Lands (down \$60 million), mainly due to delays in the delivery of the Pilbara Cities Initiative and the provision of funding for aspects of this initiative as grants to local governments (i.e. an expense) rather than as infrastructure provided directly by the State;
- the Western Australian Sports Centre Trust (down \$53 million), due mainly to slower than expected construction work on the Perth Arena project; and

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<sup>4</sup> Spending on the Commonwealth funded component of this project was originally reflected in the Department of State Development's budget. The Departments of Health, Education, Training and Workforce Development, and Transport, along with the Housing Authority, are now responsible for spending the Commonwealth's contribution. Spending associated with the East Kimberley Development Package commenced in 2009-10 and included works on the Kununurra Hospital, the development of the Kununurra State Education Precinct, the Kimberley TAFE, the provision of social housing in the East Kimberley, and an upgrade to the Wyndham Port facility.

<sup>5</sup> On 30 October 2009, the Training function of the former Department of Education and Training was transferred to the newly created Department of Training and Workforce Development.

- the Commissioner of Main Roads (down \$45 million), mainly due to re-scheduling of works on projects such as Great Eastern Highway – Kooyong Road to Tonkin Highway, Eelup Rotary Upgrade and Bunbury Port Access Stage 1. These were partially offset by advancing works on other projects including the Reid Highway Extension and the Indian Ocean Drive.

Although the 2009-10 outturn was substantially lower than the original budget forecast, the \$3.0 billion fixed asset spend by the general government sector was the highest on record, and was \$719 million (or 31.9%) higher than the previous record set in 2008-09. This increase reflects the impact of works on economic stimulus projects delivered by the State Government in partnership with the Commonwealth, which provided significant support for jobs and economic growth throughout the year.

### **Balance Sheet**

General government sector net worth (i.e. total assets less total liabilities) increased to \$107.8 billion at 30 June 2010, an increase of \$11.3 billion (or 11.7%) on the original budget estimate. This largely reflects a \$12.1 billion increase in the value of general government assets, including:

- an \$11.9 billion increase in the sector's equity interest in public corporations, including \$11.4 billion from the higher 30 June 2009 outturn (see *Total Public Sector Balance Sheet* later in this chapter);
- the flow-on impact of the stronger than expected final outcome for the sector's land and other fixed asset holdings for the year ended 30 June 2009 (up \$1.9 billion), outlined in the *2008-09 Annual Report on State Finances*, which was finalised after presentation of the 2009-10 Budget;
- a higher than anticipated operating surplus for 2009-10 (up \$422 million on the 2009-10 Budget estimate);
- lower valued land holdings at 30 June 2010 (down \$808 million), primarily due to downward valuations which reflect a lagged impact of declines in the property market in the last 18 months; and
- lower property, plant and equipment and other fixed assets (down \$1.8 billion), which largely reflects lower than anticipated asset investment spending by the sector.

General government liabilities increased by \$764 million from the original budget forecast, to be \$17.0 billion at 30 June 2010. This increase reflects higher deposits held in trust by agencies across the sector (up \$455 million), higher leave and employee entitlements (up \$224 million), and higher accounts payable (up \$203 million). Partially offsetting these increases is a decrease in the sector's unfunded superannuation liabilities (down \$171 million on the budget estimate), largely reflecting higher returns on superannuation assets, partially offset by changes in the discount rate used to value these liabilities.

## Cash Flow Statement

A general government sector cash deficit of \$867 million was recorded in 2009-10. This is \$1.4 billion lower than the \$2.3 billion cash deficit projected in the 2009-10 Budget. This improvement is mainly due to:

- the improved accrual operating outcomes discussed earlier, with net cash flows from operating activities up \$585 million; and
- lower net infrastructure spending, which was down \$856 million on the original budget estimate.

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

### Summary

Financial results recorded by the total public sector were stronger than expected at the time of the 2009-10 Budget, with a stronger operating result, lower net debt levels and a lower than anticipated cash deficit. While asset investment was significantly lower than forecast in the original budget, the \$6.8 billion program was more than \$1.0 billion higher than the previous \$5.8 billion record expenditure in 2008-09.

An \$859 million operating surplus was recorded for the total public sector in 2009-10. This represents an improvement of \$304 million on the budget estimate and largely reflects the higher than expected general government sector operating surplus (discussed earlier).

Net debt, which totalled \$9.9 billion at 30 June 2010, was also lower than anticipated (down \$2.5 billion compared to budget). This reflects both stronger operating results and lower asset investment spending (down \$1.4 billion). Total public sector net debt is discussed later in this chapter.

Net worth of the total public sector remained relatively stable at \$107.8 billion, an increase of \$682 million over the year.

The table below provides summary results for the total public sector, with further detail provided below.

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<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: *Financial Statements*.

Table 4

**TOTAL PUBLIC SECTOR**  
Summary Financial Aggregates

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>OPERATING STATEMENT</b>						
Revenue	28,651	29,923	29,803	33,570	34,895	4,972
Expenses	28,564	29,367	29,733	33,387	34,036	4,668
<b>Net Operating Balance</b>	<b>87</b>	<b>556</b>	<b>70</b>	<b>183</b>	<b>859</b>	<b>304</b>
<b>BALANCE SHEET</b>						
Assets	144,216	134,327	152,863	153,601	153,049	18,722
Liabilities	37,054	37,794	42,879	42,717	45,205	7,411
<b>Net Worth</b>	<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<b>CASH FLOW STATEMENT</b>						
Change in net cash held	335	-738	-701	-18	2,140	2,877
Cash Surplus	-2,439	-5,374	-5,119	-4,629	-2,816	2,558
<b>Memorandum Item: Net Debt</b>	<b>6,688</b>	<b>12,364</b>	<b>11,921</b>	<b>11,365</b>	<b>9,896</b>	<b>-2,468</b>

Note: Columns may not add due to rounding.

### Net Operating Balance

The total public sector recorded an operating surplus of \$859 million in 2009-10, \$304 million higher than the \$556 million estimate at the time of the 2009-10 State Budget.

A stronger than budgeted outcome in the general government sector was the key driver in this outcome. The public non-financial corporations (PNC) sector surplus was broadly unchanged from the budget estimate, while the public financial corporations (PFC) sector recorded an \$8 million deficit, a \$79 million turnaround on the \$71 million surplus forecast at the time of the 2009-10 Budget.

### Public Non-Financial Corporations

The PNC sector recorded a \$606 million operating surplus in 2009-10, in line with the \$612 million surplus projected in the 2009-10 State Budget. Both revenue and expenses for the sector increased by a substantial \$3.7 billion compared to budget, largely reflecting the cessation of a gold refining partnership with AGR Matthey in March 2010 (the Gold Corporation acquired full ownership of a gold refinery previously under the joint venture arrangements<sup>7</sup>). Continuing uncertainty in the world economy led to increased sales of precious metal products and this, coupled with the resulting higher prices of metals, contributed to the higher turnover.

<sup>7</sup> As noted in the 2010-11 State Budget, the dissolution of the AGR Matthey partnership and the acquisition by Gold Corporation of the gold refinery is a substantial and permanent increase in the Gold Corporation's revenue which is also matched by an associated increase in expenses. In net terms, these impacts largely offset each other with no material impact on the operating surplus and minimal impact on the balance sheet. The changes to the revenue and costs reflect the higher volume of precious metals transactions.



Relative to the 2009-10 State Budget:

- the electricity sector entities all recorded higher profits, with large increases for Western Power (up \$99 million) and Verve (up \$89 million). Western Power's increase in profit is mainly due to higher than expected gifted assets, partly offset by lower customer contributions, and higher than expected demand. Verve's increase in profit is mainly due to lower than expected production costs and energy purchase costs<sup>8</sup>; and
- the Housing Authority's revenue from grants was higher (up \$83 million), mainly as a result of Commonwealth funding for Remote Indigenous Housing (previously budgeted to be received in 2008-09 but due to delays in negotiating and signing the agreement funding was not received until 2009-10). At the same time, grants expenses were lower than budgeted (down by \$166 million), reflecting higher than budgeted capitalised spending (i.e. spending on infrastructure rather than operating costs), and a revised schedule of spending on community housing grants and remote indigenous programs to beyond 2009-10.

Offsetting these changes were higher than anticipated depreciation expenses, which are \$406 million higher than originally budgeted. This increase is primarily due to the impact of a substantial upward revaluation to PNC holdings of property, plant and equipment to reflect changes in accounting standards impacting whole-of-government financial reporting<sup>9</sup>.

### ***Public Financial Corporations***

The PFC sector recorded an operating deficit of \$8 million for 2009-10. This represents a \$79 million turnaround on the \$71 million surplus projected at the time of the 2009-10 State Budget, but is a similar result to the \$6 million deficit position in 2008-09.

Higher than expected claims expenses for RiskCover (up \$56 million) were recorded during the year. These costs are difficult to forecast with any certainty.

### **Asset Investment**

Total public sector infrastructure investment was \$6.8 billion in 2009-10. This was \$1.4 billion lower than the projection at the time of the 2009-10 State Budget, but around \$1.0 billion higher than the 2008-09 outturn.

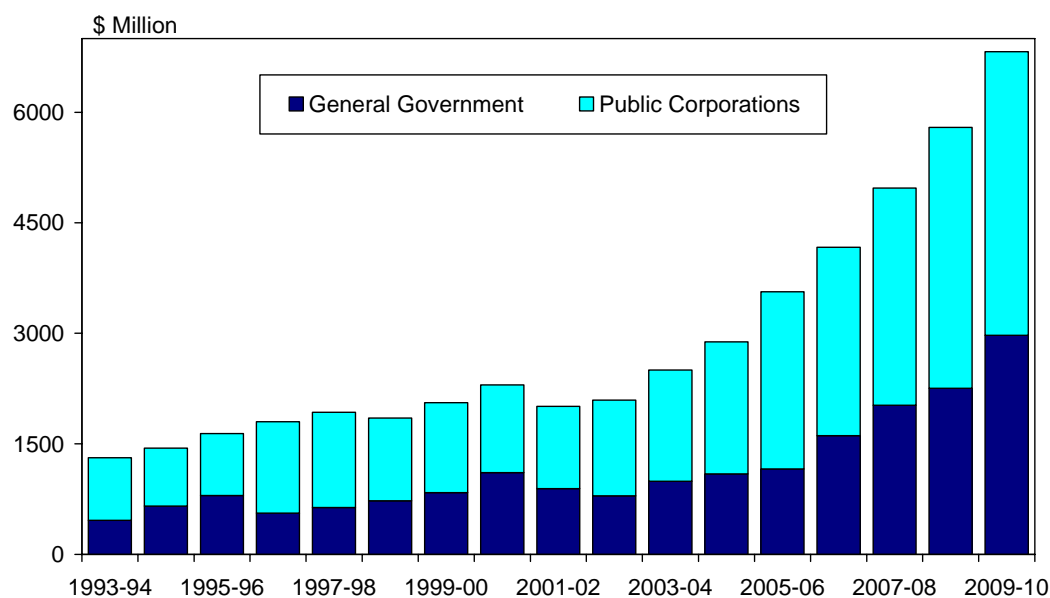
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<sup>8</sup> While Verve's profitability increased, the general government sector did not accrue any of the \$9 million dividend originally projected in the budget. It is expected that a dividend will be declared in 2010-11.

<sup>9</sup> AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, on which the public sector consolidated accounts presented in this *Annual Report on State Finances* are based, requires the use of fair value asset valuation where practical. The accounts of some agencies present property, plant and equipment on a cost basis, consistent with accounting standards applying to agency financial reporting in their own accounts. This accounting change was included in the 2008-09 *Annual Report on State Finances*, published after the 2009-10 State Budget was released. This change will not be reflected in agency annual reports due to differences in applicable accounting standards but is included in the whole-of-government financial statements in this *Annual Report on State Finances*.

Figure 6

### ASSET INVESTMENT Total Public Sector



The general government sector accounted for \$3.0 billion (or 43.6%) of total asset investment in 2009-10. Details of general government infrastructure spending were outlined earlier in this chapter.

Fixed asset spending by the PNC sector was \$3.9 billion in 2009-10, \$531 million lower than budget. Significant contributions to the lower than budgeted outcome include:

- Housing Authority (\$285 million below budget), mainly due to revised timing of works associated with the Commonwealth's Social Housing stimulus initiative, and factors impacting progress of the residential construction program. Construction schedules associated with the Housing our Workforce initiative funded through the *Royalties for Regions* program were also slower than expected;
- Western Power (down \$129 million), due to more rigorous internal justification criteria resulting in a number of projects being deemed a lower priority, and lower customer driven works (including the delay in energy infrastructure works supporting the Southern Seawater Desalination Plant); and
- Fremantle Port Authority (\$104 million under budget), due to delayed commencement of the Inner Harbour Deepening and associated projects.

The following table summarises the material movements in infrastructure investment during 2009-10.

Table 5

**INFRASTRUCTURE INVESTMENT**

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget	MYR	Estimated		
		Estimate \$m (1)	Revision \$m (2)	Outturn \$m (3)		
Housing Authority	615	969	961	896	684	-285
State Development	1	246	246	26	26	-220
Education/Training and Workforce Development <sup>(a)</sup>	287	1,126	1,111	1,006	959	-167
Western Power	1,030	918	918	941	789	-129
Corrective Services	46	194	227	101	84	-111
Fremantle Port Authority	44	221	202	131	117	-104
Health	360	572	533	579	490	-82
Western Australia Police	67	152	129	96	77	-76
Regional Development and Lands	- <sup>(c)</sup>	60	- <sup>(c)</sup>	- <sup>(c)</sup>	- <sup>(c)</sup>	-60
WA Sports Centre Trust	1	180	181	126	127	-53
Commissioner of Main Roads	778	654	660	605	608	-45
Provision for revised cash-flows <sup>(b)</sup>	-	-	-750	-400	-	-
All Other	2,564	2,979	3,230	3,056	2,867	-112
<b>TOTAL PUBLIC SECTOR</b>	<b>5,795</b>	<b>8,272</b>	<b>7,649</b>	<b>7,162</b>	<b>6,828</b>	<b>-1,444</b>

(a) On 30 October 2009, the Training function of the former Department of Education and Training was transferred to the newly created Department of Training and Workforce Development.

(b) The 2009-10 mid-year review included a provision for expected underspending on infrastructure projects by 30 June 2010. An updated and lower provision was also included in the estimated outturn data in the 2010-11 Budget.

(c) Amount less than \$500,000.

**Balance Sheet**

Net worth of the total public sector is identical to that of the general government sector (discussed earlier). This is because the general government sector records the net worth of public corporations as an asset on the balance sheet.

**Cash Flow Statement**

A total public sector cash deficit of \$2.8 billion was recorded in 2009-10. This is just over half the \$5.4 billion cash deficit forecast at the time of the 2009-10 State Budget.

Lower infrastructure spending (down \$1.4 billion) and the cash impact of the stronger operating outcomes discussed above (up \$1.1 billion) were the key drivers of the lower cash deficit outcome.

## Net Debt<sup>10</sup> and Net Financial Liabilities<sup>11</sup>

Total public sector net debt at 30 June 2010 stood at \$9.9 billion. This was \$2.5 billion lower than forecast at the time of the 2009-10 Budget, and \$3.2 billion higher than the outcome for 30 June 2009.

The lower than budget outcome for net debt largely reflects:

- lower infrastructure spending (down \$1.4 billion, as discussed earlier in this chapter);
- the stronger than expected operating results for the total public sector, with net cash flows from operating activities around \$1.1 billion higher than forecast at the time of the 2009-10 State Budget;
- movements in all other net debt assets and liabilities (up \$346 million), largely due to net debt liabilities accrued up to 30 June 2010 by the Western Australian Treasury Corporation; and
- the flow-on impact of the final net debt outturn for 2008-09, which was \$271 million lower than expected at the time of the 2009-10 State Budget (outlined in the *2008-09 Annual Report on State Finances*).

The following table reconciles movements in total public sector net debt since the 2009-10 State Budget.

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<sup>10</sup> Net debt is derived by taking gross borrowings (deposits held, borrowings, finance leases, etc.) and netting off cash and other liquid assets (cash holdings and investments, loans and advances by government, etc.).

<sup>11</sup> Net financial liabilities are a wider measure of balance sheet liabilities than net debt. References to net financial liabilities in this section are consistent with the definition applied by Standard and Poor's for the purposes of credit ratings assessments and focus on the total non-financial public sector. This measure takes account of net debt and unfunded superannuation liabilities. This differs from the net financial liabilities disclosed in Appendix 1 as its calculation excludes some liabilities that are included in the Uniform Presentation Framework (UPF) measure (e.g. accounts payable are not included in the Standard and Poor's measure). Using standard UPF definitions, net financial liabilities in Appendix 1 are higher than those used by Standard and Poor's.

Table 6

**SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS  
SINCE THE 2009-10 BUDGET**

	\$m
<b>2009-10 BUDGET - NET DEBT AT 30 JUNE 2010</b>	<b>12,364</b>
<i>Plus</i> impact of final 2008-09 outturn	-271.5
<i>Less</i> change in net cash flows from operating activities and dividends paid	
- General government	585.3
- Public non-financial corporations	477.9
- Public financial corporations	82.3
<i>Total Public Sector</i>	1,145.5
<i>Plus</i> purchases of non-financial assets	
Policy decisions <sup>(a)</sup>	88.9
Parameter movements	
- Housing Authority	-284.9
- State Development	-220.3
- Education/Training and Workforce Development	-166.6
- Corrective Services	-143.3
- Western Power	-128.9
- Fremantle Port Authority	-104.1
- Health	-82.4
- Western Australia Police	-76.1
- Regional Development and Lands	-59.1
- Western Australian Sports Centre Trust	-53.3
- Public Transport Authority	-46.5
- Commissioner of Main Roads	-46.0
- All other	-121.5
<i>Total Parameter</i>	-1,533.1
<i>Total purchase of non-financial assets</i>	-1,444.2
<i>Less</i> proceeds from sale of non-financial assets	-31.5
<i>Plus</i> all other financing	
Net acquisition under finance leases and similar arrangements <sup>(b)</sup>	14.8
All other <sup>(c)</sup>	346.4
<i>Cumulative impact on net debt at 30 June</i>	-2,468.4
<b>2009-10 ANNUAL REPORT ON STATE FINANCES - NET DEBT AT 30 JUNE 2010</b>	<b>9,896</b>

(a) An agency listing of the policy decisions taken since the 2009-10 Budget is provided in Appendix 4: *Policy Decisions Affecting Spending*.

(b) Assets acquired under finance leases increase net debt but have no associated cash flow reflected in other items in this table.

(c) Mainly the net movement of financial assets/liabilities in the public financial corporations sector.

Note: Columns may not add due to rounding.

The general government sector was in a net asset position at 30 June 2010, the seventh consecutive such outcome, with financial assets exceeding gross debt liabilities by \$1.1 billion at 30 June 2010. This is in contrast to the 2009-10 State Budget which forecast a net debt position of \$747 million. This turnaround largely reflects stronger than anticipated operating outcomes in conjunction with lower than anticipated fixed asset spending (discussed earlier).

Of note, the Consolidated Account borrowed \$2.7 billion in 2009-10 to fund appropriations supporting the State's substantial Asset Investment Program.

Total non-financial public sector net financial liabilities at 30 June 2010 were \$2.8 billion lower than budget. This largely reflects lower levels of net debt held by both the general government and public non-financial corporations sectors, while unfunded superannuation liabilities were slightly lower than expected (down \$143 million or 2.0% on the budget-time forecast).

The ratio of total non-financial public sector net financial liabilities to revenue (a key ratio in the annual assessment of the State's credit rating) stood at 54.6%. This is well below both the 73.6% forecast in the 2009-10 State Budget and the 90% Standard and Poor's 'trigger ratio' for credit rating assessment<sup>12</sup>. This improved ratio not only reflects the lower net financial liabilities position noted above, but also the impact of higher revenue recorded across both the general government and public non-financial corporations sectors.

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<sup>12</sup> As noted in the 2010-11 State Budget, the 'trigger' threshold of 90% set by Standard and Poor's for Western Australia's net financial liabilities ratio may change later this year when the annual credit rating assessment takes the Gold Corporation refinery acquisition into account for the first time.



# Financial Targets

## Overview

Financial targets are a requirement of the *Government Financial Responsibility Act 2000* (GFRA). This chapter assesses the financial results outlined in Chapter 1 against the financial targets set out in the 2009-10 State Budget. These targets are to:

- maintain or increase real net worth of the total public sector;
- achieve an operating surplus for the general government sector;
- maintain the ratio of total non-financial public sector (TNPS) net interest costs as a share of revenue at or below 5%<sup>1</sup>;
- ensure that real per capita own-purpose expenses for the general government sector do not increase; and
- provide a fair and efficient taxation system that is competitive with other Australian States.

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<sup>1</sup> As part of the recent 2010-11 State Budget, the upper limit of this ratio was reduced from 5% to 4.5% to reflect the revenue impact of the Gold Corporation's recent gold refinery acquisition (for further detail, see 2010-11 Budget Paper No. 3: *Economic and Fiscal Outlook*). However, reporting in this chapter is compared with the original 2009-10 State Budget projections and targets, as required by the GFRA.



The following table outlines compliance with these targets for 2009-10.

<b>COMPLIANCE WITH FINANCIAL TARGETS</b>		
Table 1		
	2009-10	
	Budget	Actual
<b>FINANCIAL TARGET</b>		
Real net worth be maintained or increased	Yes	No
General government operating surplus	Yes	Yes
Net interest costs as a share of revenue for the TNPS at or below 5%	Yes	Yes
No increase in real per capita own-purpose general government expenses	No	No
Tax competitiveness	Yes	Yes

The remainder of this chapter compares the financial results for 2009-10 to the targets contained in the original budget.

## Performance Against Financial Targets

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

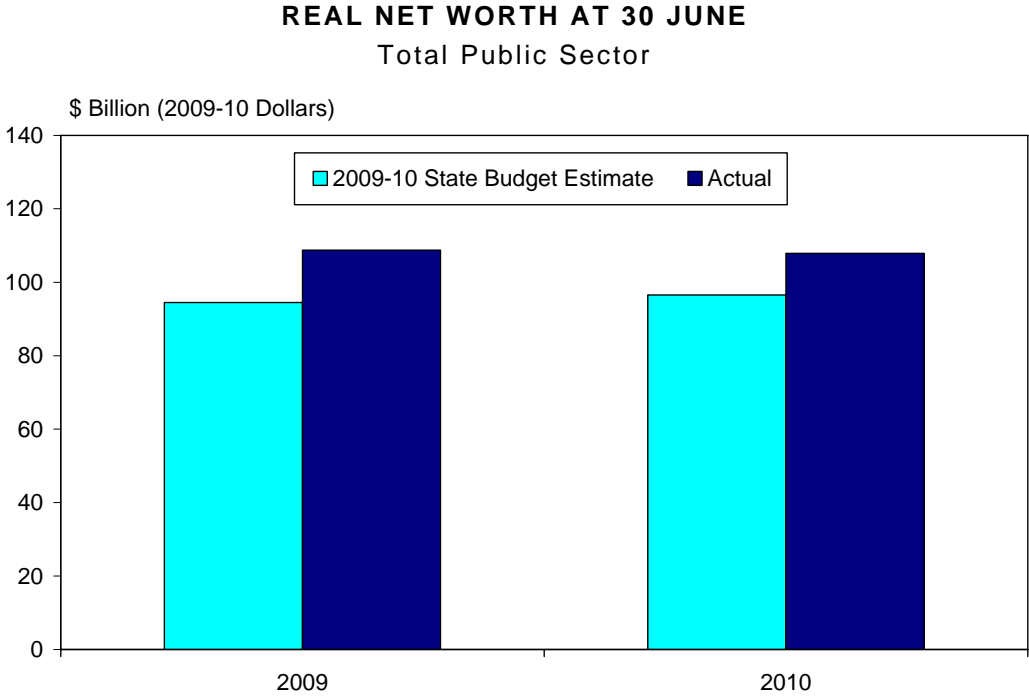
This target was not met in 2009-10.

Net worth is a general measure of the strength of the State’s financial position and is calculated as the difference between total assets and total liabilities. Real net worth removes the impact of inflation.

In nominal terms, total public sector net worth was \$107.8 billion at 30 June 2010, an increase of \$682 million (or 0.6%) relative to 30 June 2009. However, in real (inflation-adjusted) terms, net worth declined by 0.8% during 2009-10.

This outcome reflects a decline in the value of public sector land holdings (down 3.6% over the year). Land valuations for the public sector typically lag changes in the property market. The Western Australian property market was subdued in 2008-09 as a direct consequence of the downturn in economic conditions. The market has recovered in 2009-10 but this has yet to filter through to public sector land holdings, which are not (generally) related to residential property market conditions.

Figure 1

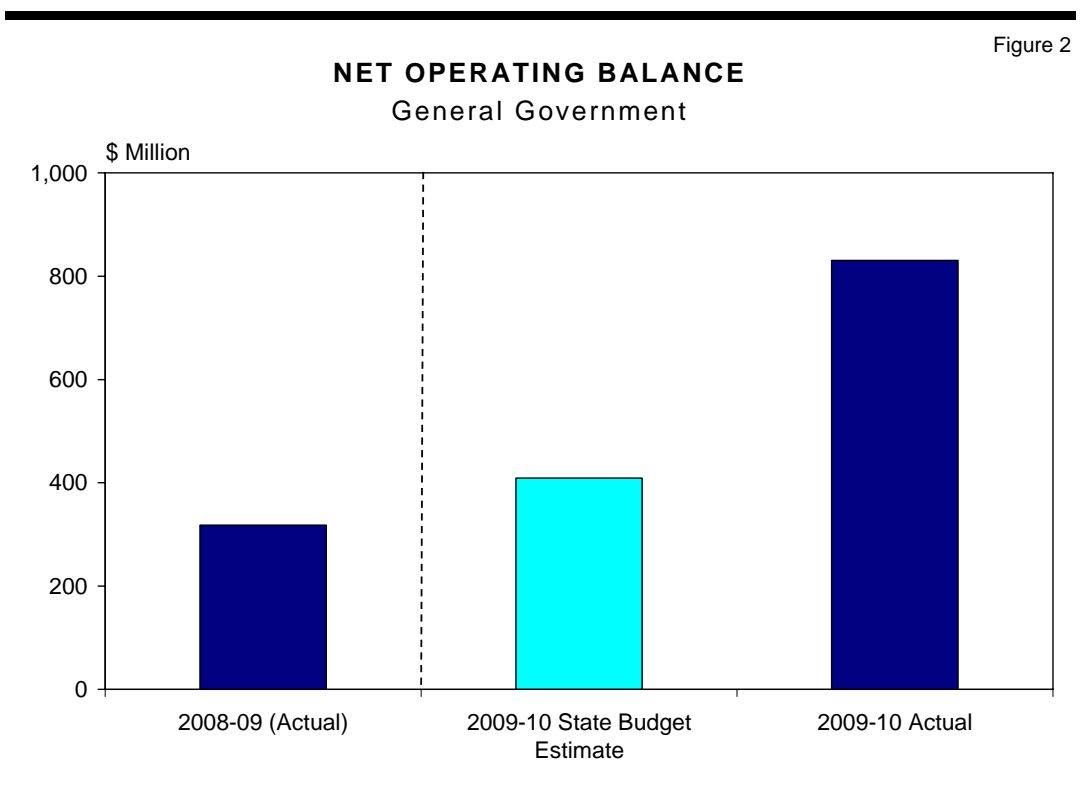


## Operating Result: Achieve An Operating Surplus For The General Government Sector

This target was met in 2009-10.

The net operating balance represents the difference between revenue and expense transactions during the year, measuring the day-to-day operations of the general government sector<sup>2</sup>.

In 2009-10 the general government sector recorded an \$831 million operating surplus, compared to the \$409 million surplus expected at the time of the 2009-10 State Budget.



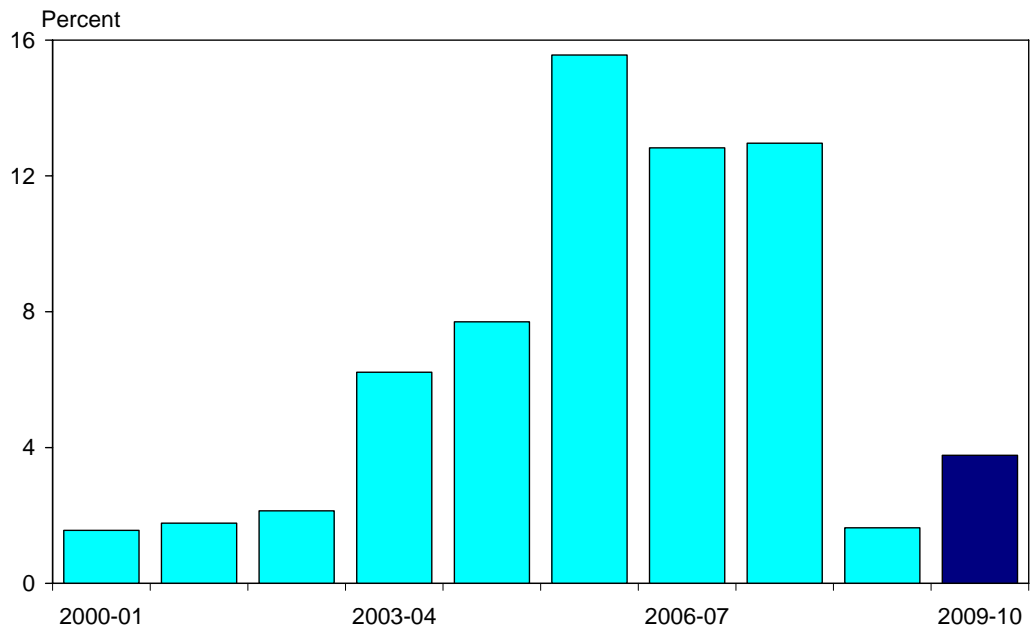
Reasons for the improved general government operating outcome are outlined in Chapter 1.

The \$831 million surplus outcome for 2009-10 represents 3.8% of general government revenue, well below the average surplus outcome of 11.5% of revenue recorded over the period 2003-04 to 2007-08 (see following chart).

<sup>2</sup> The operating balance specifically excludes the impact of revaluations, accounting gains or losses on asset disposals, and other factors that are not attributable to the economic effect of operating activity in the reporting period. Purchases of non-financial assets (i.e. capital spending) are excluded from the net operating balance although the annual cost of the consumption of capital (i.e. depreciation) is included.

Figure 3

**NET OPERATING BALANCE AS A SHARE OF REVENUE**  
General Government

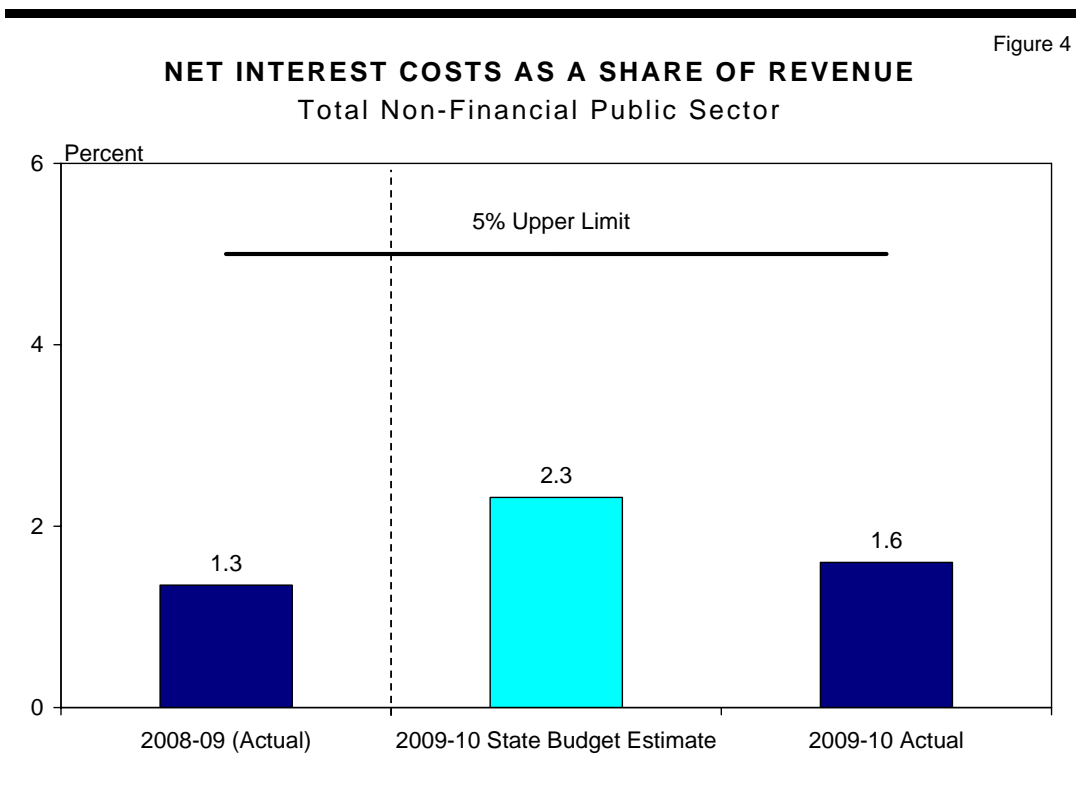


## Net Debt Affordability: Maintain Net Interest Costs As A Share of Revenue Below 5%

This target was met in 2009-10.

It measures the overall affordability of net debt levels, based on the share of income (revenue) required to service the cost of the State’s net debt.

This ratio was 1.6% for 2009-10, compared to a forecast 2.3% at the time of the 2009-10 State Budget, and well below the 5% upper limit<sup>3</sup> for this financial target.



This outcome includes the combined impact of:

- lower than projected net debt levels (as a result of higher operating surplus outcomes and lower than forecast capital spending);
- higher than expected revenue; and
- a partially offsetting impact from rises in interest rates over the last year.

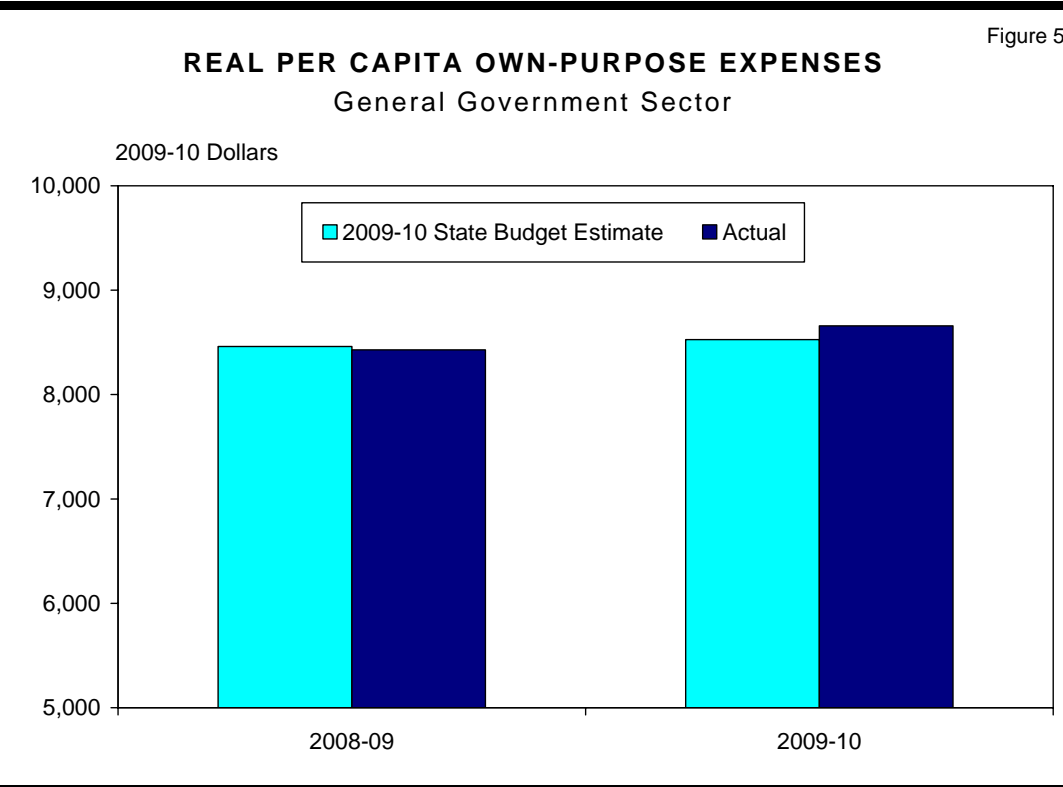
Chapter 1: *Financial Results* provides further detail.

<sup>3</sup> See footnote 1 earlier. In 2009-10 there is only a part year effect from the Gold Corporation’s refinery acquisition, which occurred in March 2010.

## Ensure That Real Per Capita Own-Purpose Expenses For The General Government Sector Do Not Increase

As forecast at the time of the 2009-10 State Budget, this target was not met in 2009-10.

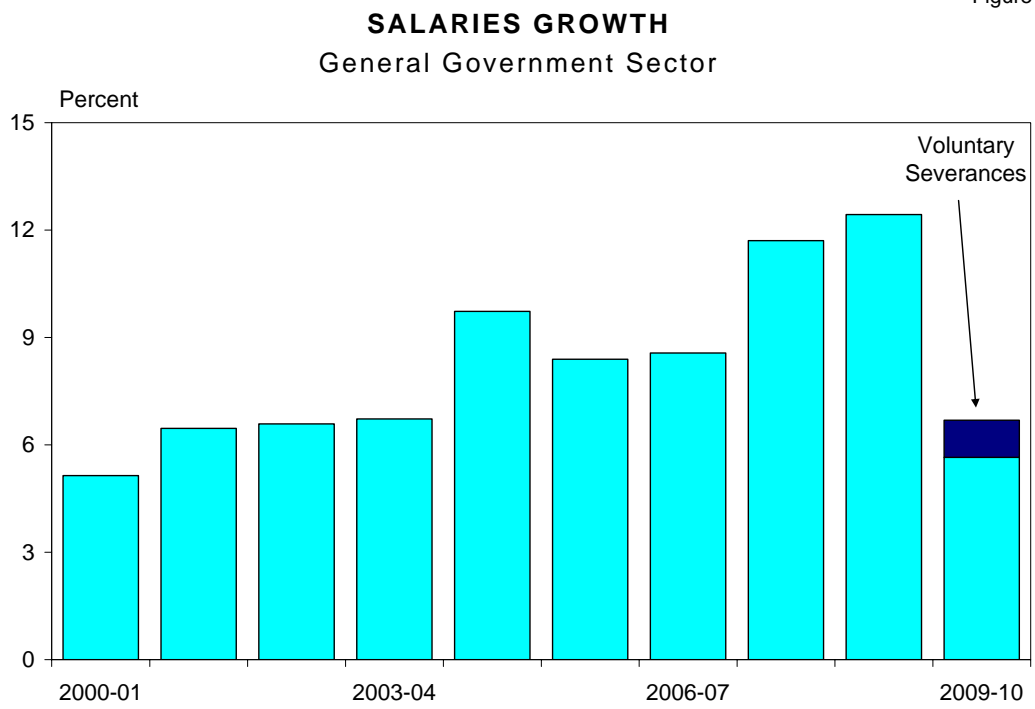
The target measures growth in recurrent spending controlled by the State Government, adjusted for the combined effect of population and wage growth. In nominal terms, expense growth for 2009-10 was 10.9%, up from the forecast 6.6% at the time of the budget.



Higher than budgeted expense growth for 2009-10 includes substantial extraordinary spending on Commonwealth stimulus measures and grants on-passed to local governments and non-government schools, as well as spending on two voluntary severance schemes. Abstracting from these items (which totalled \$730 million), expense growth in underlying terms was 7.7%.

This underlying rate of expense growth is substantially lower than the 13.5% expense growth recorded in 2008-09. In particular, Government measures to control recent high rates of salaries growth, including active management of staffing levels, an effective public sector wages policy, and two rounds of voluntary severance offers have had a marked impact on general government salary costs. In this regard, growth in the general government sector’s wages bill in 2009-10, net of the one-off voluntary severance costs, was just 5.7%. This is down from 12.4% growth in 2008-09, and is the lowest annual rate of growth since 2000-01 (see following chart).

Figure 6



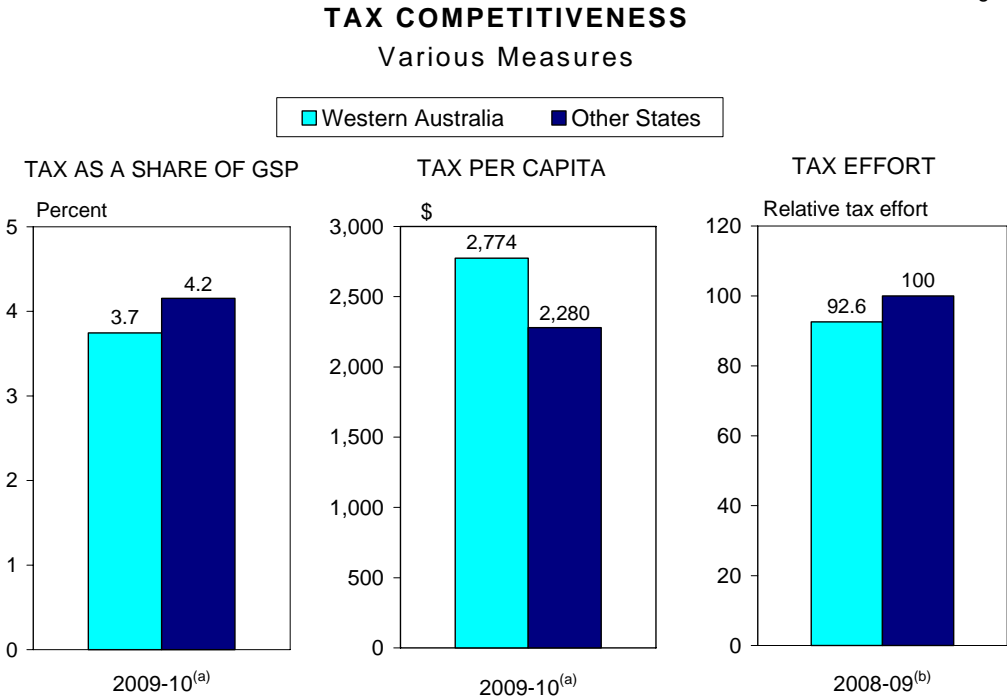
## Tax Competitiveness: Provide a Fair And Efficient Tax System That is Competitive With Other States

Performance against this target is assessed by reference to a variety of tax competitiveness indicators, namely:

- tax revenue as a share of Gross State Product (GSP);
- tax revenue on a per capita basis; and
- tax ‘effort’ based on Commonwealth Grants Commission data.

Latest available data indicate that this target has been met, with Western Australia being more competitive than other States on two of these three measures (tax as a share of GSP, and tax ‘effort’).

Figure 7



(a) Taxation revenue and GSP estimates for other jurisdictions are based on 2009-10 estimated outturns published in 2010-11 Budget Papers. Actual GSP figures for all States will not be available until November 2010.  
(b) Latest available information.

In 2009-10, Western Australia’s tax revenue as a share of GSP was 3.7%, which is below the average for other States of 4.2%.

This contrasts with Western Australia’s high tax per capita ranking. However, this largely reflects Western Australia’s stronger per capita economic base compared to other States, as opposed to having higher tax rates. Under the Commonwealth Grants Commission process, this relative economic advantage is redistributed to other States through a reduction in Western Australia’s share of national GST revenue.



Based on data from the Commonwealth Grants Commission, Western Australia's tax 'effort' (i.e. average tax rate) was 7.4% lower than the national average in 2008-09<sup>4</sup>. Tax effort was lower in Queensland and Tasmania, but higher in New South Wales, Victoria and South Australia.

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<sup>4</sup> Tax effort refers to the level of tax actually raised in a State, divided by a State's 'standardised' tax revenue (i.e. the level of tax revenue that the Grants Commission estimates the State would have raised had it applied national average State tax rates). The Commonwealth Grants Commission no longer publishes this tax effort measure. The figures in this chapter were calculated by the Western Australian Department of Treasury and Finance based on data supplied by the Grants Commission.

## APPENDIX 1

# Financial Statements

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## Introduction

Financial information presented in this appendix has been prepared in accordance with Australian Accounting Standards and pronouncements, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*, and requirements under section 14(2) of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2009-10 State Budget Papers released on 14 May 2009, facilitating comparisons between estimates and outturns.

These financial statements (Operating Statement, Balance Sheet and Cash Flow Statement) also comply with Uniform Presentation Framework (UPF) disclosure requirements by reporting the finances of all sub-sectors of government. These sub-sectors are: the general government, public non-financial corporations, total non-financial sector, public financial corporations and total public sectors. Other UPF disclosure requirements are included in the notes to the financial statements, and in Appendices 2 and 3 of this report.

Table 1.1

**GENERAL GOVERNMENT<sup>(a)</sup>**  
**Operating Statement**

	Notes	2008-09		2009-10		Actual \$m (4)	Variation on Budget \$m (4) - (1)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>RESULTS FROM TRANSACTIONS</b>							
<b>REVENUE</b>							
Taxation		5,706	5,775	6,046	6,316	6,324	548
Current grants and subsidies		8,089	7,838	8,230	8,119	8,228	389
Capital grants		411	1,560	1,620	1,922	1,978	418
Sales of goods and services		1,410	1,627	1,523	1,552	1,635	8
Interest Income		285	144	153	200	227	83
Revenue from public corporations							
Dividends from other sector entities		466	536	592	666	570	34
Tax equivalent income		355	319	387	394	350	31
Royalty income		2,348	2,577	2,000	2,217	2,324	-253
Other		364	324	334	365	405	81
<b>Total</b>	<b>6</b>	<b>19,435</b>	<b>20,700</b>	<b>20,884</b>	<b>21,752</b>	<b>22,039</b>	<b>1,339</b>
<b>EXPENSES</b>							
Salaries		7,764	7,953	8,254	8,423	8,284	331
Superannuation							
Concurrent costs		746	760	791	807	793	32
Superannuation interest cost		330	349	425	425	338	-10
Other employee costs		326	311	334	339	323	12
Depreciation and amortisation	9	764	839	847	838	848	9
Services and contracts		1,339	1,458	1,464	1,507	1,523	66
Other gross operating expenses	10	2,575	3,007	2,874	3,031	2,959	-48
Other interest	8	118	128	156	178	187	58
Current transfers	7	4,554	5,078	5,090	4,817	4,882	-196
Capital transfers	7	600	408	598	1,096	1,071	663
<b>Total</b>		<b>19,117</b>	<b>20,291</b>	<b>20,834</b>	<b>21,462</b>	<b>21,208</b>	<b>917</b>
<b>NET OPERATING BALANCE<sup>(b)</sup></b>	<b>4</b>	<b>318</b>	<b>409</b>	<b>51</b>	<b>290</b>	<b>831</b>	<b>422</b>
<i>Other economic flows</i>							
Net gains on assets/liabilities		52	263	283	266	228	-35
Net actuarial gains - superannuation		-1,277	303	204	204	-169	-473
Provision for doubtful debts		24	-	-	-	-32	-32
All other		-	-	-	-	-	-
<b>Total other economic flows</b>		<b>-1,201</b>	<b>566</b>	<b>486</b>	<b>470</b>	<b>27</b>	<b>-539</b>
<b>OPERATING RESULT</b>		<b>-883</b>	<b>975</b>	<b>537</b>	<b>760</b>	<b>858</b>	<b>-118</b>
<i>All other movements in equity</i>							
Revaluations		3,563	1,294	1,212	1,542	-2,055	-3,350
Gains recognised directly in equity		6	18	18	18	-5	-23
Changes in accounting policy/correction of prior period errors		-204	-	-179	32	117	117
Change in net worth of the public corporations sectors		11,901	935	1,233	1,370	1,768	833
All other		-	-	-	-	-	-
<b>Total all other movements in equity</b>		<b>15,266</b>	<b>2,248</b>	<b>2,285</b>	<b>2,963</b>	<b>-176</b>	<b>-2,423</b>
<b>TOTAL CHANGE IN NET WORTH<sup>(c)</sup></b>		<b>14,382</b>	<b>3,223</b>	<b>2,821</b>	<b>3,723</b>	<b>682</b>	<b>-2,541</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>		<b>318</b>	<b>409</b>	<b>51</b>	<b>290</b>	<b>831</b>	<b>422</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		2,255	3,912	3,619	3,312	2,974	-938
Changes in inventories		13	-	-	-	-4	-4
Other movement in non-financial assets		-36	-3	3	6	-72	-69
<i>less:</i>							
Sales of non-financial assets		164	243	247	215	161	-82
Depreciation		764	839	847	838	848	9
<b>Total net acquisition of non-financial assets</b>		<b>1,305</b>	<b>2,827</b>	<b>2,527</b>	<b>2,264</b>	<b>1,889</b>	<b>-938</b>
<b>NET LENDING/-BORROWING</b>	<b>4</b>	<b>-987</b>	<b>-2,418</b>	<b>-2,477</b>	<b>-1,973</b>	<b>-1,058</b>	<b>1,360</b>

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

(b) Also known as 'Net Result From Transactions'.

(c) Also known as 'Comprehensive Result'.

Note: Columns may not add due to rounding.

**GENERAL GOVERNMENT<sup>(a)</sup>**  
**Balance Sheet at 30 June**

Table 1.2

	Notes	2008-09		2009-10		Actual \$m (4)	Variation on Budget \$m (4) - (1)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		380	533	544	553	586	54
Advances paid		716	688	704	701	708	19
Investments, loans and placements		4,168	2,998	3,452	3,981	5,174	2,176
Receivables	12	1,549	1,578	1,509	1,755	2,042	464
Investment property	15	8	9	8	8	8	-2
Shares and other equity							
Investments in other public sector entities - equity method		40,952	30,414	42,185	42,322	42,474	12,060
Investments in other public sector entities - direct injections		3,164	4,212	4,139	4,029	4,075	-137
Investments in other entities		-	-	-	-	-	-
Other financial assets		-	-	-	-	-	-
<b>Total financial assets</b>		<b>50,937</b>	<b>40,432</b>	<b>52,541</b>	<b>53,349</b>	<b>55,067</b>	<b>14,635</b>
<i>Non-financial assets</i>							
Land	16	39,389	38,698	39,986	40,517	37,890	-808
Property, plant and equipment	17,18	29,657	33,092	33,486	33,191	31,056	-2,036
Biological assets	13	2	2	2	2	2	-
Inventories	11						
Land inventories		96	88	101	95	102	14
Other inventories		72	68	72	72	68	-1
Intangibles	19	336	259	313	333	408	148
Non-current assets held for sale	14	18	31	37	28	49	18
Other		117	51	118	108	155	105
<b>Total non-financial assets</b>		<b>69,686</b>	<b>72,289</b>	<b>74,115</b>	<b>74,346</b>	<b>69,730</b>	<b>-2,560</b>
<b>TOTAL ASSETS</b>		<b>120,624</b>	<b>112,721</b>	<b>126,656</b>	<b>127,694</b>	<b>124,797</b>	<b>12,075</b>
<b>LIABILITIES</b>							
Deposits held		391	228	535	370	683	455
Advances received		496	491	487	482	482	-9
Borrowings	20	1,847	4,335	4,452	4,668	4,315	-19
Unfunded superannuation	21	7,086	7,420	6,959	6,983	7,249	-171
Other employee benefits	22	2,072	2,071	2,157	2,259	2,296	224
Payables		481	472	730	697	675	203
Other liabilities	23	1,088	1,172	1,353	1,352	1,253	81
<b>TOTAL LIABILITIES</b>		<b>13,462</b>	<b>16,188</b>	<b>16,673</b>	<b>16,810</b>	<b>16,953</b>	<b>764</b>
<b>NET ASSETS</b>		<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		8,516	8,601	12,670	13,362	9,367	765
Other reserves		98,646	87,932	97,313	97,522	98,478	10,546
<b>NET WORTH</b>	4	<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		37,476	24,244	35,868	36,539	38,114	13,871
<i>Net financial liabilities</i>		6,641	10,383	10,456	9,812	8,435	-1,948
<i>Net debt</i>							
Gross debt liabilities		2,734	5,053	5,474	5,520	5,480	427
less: liquid financial assets		5,264	4,219	4,700	5,234	6,468	2,249
less: convergence differences impacting net debt		88	88	88	88	88	-
<i>Net debt</i>		-2,618	747	686	197	-1,076	-1,822

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

Note: Columns may not add due to rounding.

Table 1.3

**GENERAL GOVERNMENT**  
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2009	-	57,694	40,952	8,516	107,162
Total Comprehensive Result	-	-2,055	1,768	970	682
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other		365	-246	-119	-
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>56,004</b>	<b>42,474</b>	<b>9,367</b>	<b>107,844</b>

Note: Columns may not add due to rounding.

**GENERAL GOVERNMENT<sup>(a)</sup>**  
Cash Flow Statement

Table 1.4

	Notes	2008-09		2009-10		Actual \$m (4)	Variation on Budget \$m (4) - (1)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<i>Cash received</i>							
Taxes received		5,865	5,743	6,050	6,324	6,329	586
Grants and subsidies received		8,538	9,369	9,816	9,996	10,113	743
Receipts from sales of goods and services		1,556	1,663	1,549	1,610	1,767	104
Interest receipts		295	131	140	190	203	71
Dividends and tax equivalents		877	871	973	1,030	882	11
Other		3,692	3,873	3,303	3,231	3,558	-314
<i>Total cash received</i>		<b>20,822</b>	<b>21,650</b>	<b>21,833</b>	<b>22,382</b>	<b>22,853</b>	<b>1,203</b>
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-8,595	-8,958	-9,246	-9,293	-9,221	-263
Payments for goods and services		-4,441	-4,791	-4,722	-4,954	-4,594	197
Interest paid		-131	-119	-102	-138	-146	-26
Grants and subsidies paid		-4,650	-5,092	-5,225	-5,384	-5,364	-272
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,289	-1,329	-1,443	-1,417	-1,582	-253
<i>Total cash paid</i>		<b>-19,106</b>	<b>-20,289</b>	<b>-20,739</b>	<b>-21,186</b>	<b>-20,907</b>	<b>-617</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	<b>1,717</b>	<b>1,361</b>	<b>1,095</b>	<b>1,196</b>	<b>1,946</b>	<b>585</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,255	-3,912	-3,619	-3,312	-2,974	938
Sales of non-financial assets		164	243	247	215	161	-82
<i>Total cash flows from investments in non-financial assets</i>		<b>-2,091</b>	<b>-3,669</b>	<b>-3,371</b>	<b>-3,096</b>	<b>-2,813</b>	<b>856</b>
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		1	-	-	-	19	19
For liquidity purposes		25	-	2	61	83	83
<i>Cash paid</i>							
For policy purposes		-368	-931	-847	-735	-659	273
For liquidity purposes		-3	-2	-2	-	-2	1
<i>Total cash flows from investments in financial assets</i>		<b>-345</b>	<b>-934</b>	<b>-848</b>	<b>-674</b>	<b>-559</b>	<b>375</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-2,437</b>	<b>-4,603</b>	<b>-4,219</b>	<b>-3,770</b>	<b>-3,371</b>	<b>1,232</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<i>Cash received</i>							
Advances received		14	10	10	14	14	4
Borrowings		1,012	2,934	2,824	3,037	2,754	-180
Deposits received		-	-	-	-	-	-
Other financing receipts		30	31	30	31	32	1
<i>Total cash receipts from financing activities</i>		<b>1,056</b>	<b>2,975</b>	<b>2,864</b>	<b>3,082</b>	<b>2,799</b>	<b>-176</b>
<i>Cash paid</i>							
Advances paid		-14	-9	-9	-14	-14	-4
Borrowings repaid		-182	-189	-169	-167	-299	-110
Deposits paid		-	-	-	-	-	-
Other financing payments		-43	-45	-69	-55	-49	-4
<i>Total payments for financing activities</i>		<b>-239</b>	<b>-244</b>	<b>-247</b>	<b>-237</b>	<b>-362</b>	<b>-118</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>818</b>	<b>2,732</b>	<b>2,616</b>	<b>2,845</b>	<b>2,438</b>	<b>-294</b>
<b>Net increase in cash and cash equivalents</b>		<b>98</b>	<b>-511</b>	<b>-508</b>	<b>272</b>	<b>1,012</b>	<b>1,523</b>
Cash and cash equivalents at the beginning of the period		4,236	3,919	4,334	4,334	4,334	415
Cash and cash equivalents at the end of the period	25	4,334	3,408	3,826	4,605	5,346	1,938
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		1,717	1,361	1,095	1,196	1,946	585
Net cash flows from investing in non-financial assets		-2,091	-3,669	-3,371	-3,096	-2,813	856
<b>Cash surplus/-deficit</b>	4	<b>-375</b>	<b>-2,308</b>	<b>-2,277</b>	<b>-1,900</b>	<b>-867</b>	<b>1,442</b>

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

Note: Columns may not add due to rounding.



Table 1.5

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Operating Statement

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Current grants and subsidies	1,628	1,932	1,854	1,812	1,861	-70
Capital grants	46	93	142	201	177	83
Sales of goods and services	9,186	9,457	8,894	11,972	13,057	3,601
Interest Income	163	149	165	158	203	54
Other	580	368	463	435	421	54
<i>Total</i>	<i>11,604</i>	<i>11,998</i>	<i>11,518</i>	<i>14,578</i>	<i>15,720</i>	<i>3,721</i>
<b>EXPENSES</b>						
Salaries	835	852	895	916	883	32
Superannuation						
Concurrent costs	80	81	86	88	82	1
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	39	28	26	26	43	15
Depreciation and amortisation	1,310	1,024	1,311	1,366	1,430	406
Services and contracts	557	464	490	458	598	134
Other gross operating expenses	6,791	6,833	6,340	9,292	10,201	3,367
Other interest	707	841	809	802	790	-52
Tax equivalents	344	308	336	341	306	-2
Current transfers	682	948	794	863	779	-169
Capital transfers	17	7	16	3	2	-5
<i>Total</i>	<i>11,363</i>	<i>11,387</i>	<i>11,103</i>	<i>14,156</i>	<i>15,113</i>	<i>3,727</i>
<b>NET OPERATING BALANCE <sup>(a)</sup></b>	<b>242</b>	<b>612</b>	<b>415</b>	<b>422</b>	<b>606</b>	<b>-5</b>
<i>Other economic flows</i>						
Net gains on assets/liabilities	124	150	178	207	173	23
Net actuarial gains - superannuation	-23	-	-27	-27	-25	-25
Provision for doubtful debts	-19	-9	-9	-9	-25	-16
All other	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>81</i>	<i>140</i>	<i>142</i>	<i>170</i>	<i>122</i>	<i>-18</i>
<b>OPERATING RESULT</b>	<b>323</b>	<b>752</b>	<b>557</b>	<b>592</b>	<b>728</b>	<b>-23</b>
<i>Other non-owner movements in equity</i>						
Revaluations	12,184	677	982	1,234	805	128
Gains recognised directly in equity	316	-45	-50	-40	307	352
Changes in accounting policy/correction of prior period errors	-156	-	-	-36	186	186
All other	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	<i>12,344</i>	<i>632</i>	<i>932</i>	<i>1,158</i>	<i>1,298</i>	<i>666</i>
<i>Movements in owner equity</i>						
Dividends	-464	-534	-590	-654	-558	-24
Capital injections	367	927	975	865	665	-262
<i>Total movements in owner equity</i>	<i>-97</i>	<i>393</i>	<i>385</i>	<i>211</i>	<i>106</i>	<i>-286</i>
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	<b>12,570</b>	<b>1,777</b>	<b>1,875</b>	<b>1,961</b>	<b>2,133</b>	<b>357</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>242</b>	<b>612</b>	<b>415</b>	<b>422</b>	<b>606</b>	<b>-5</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	3,566	4,386	4,052	3,875	3,855	-531
Changes in inventories	700	-29	216	-127	1,335	1,364
Other movement in non-financial assets	-43	97	100	113	85	-13
<i>less:</i>						
Sales of non-financial assets	444	610	614	620	637	28
Depreciation	1,310	1,024	1,311	1,366	1,430	406
<i>Total net acquisition of non-financial assets</i>	<i>2,470</i>	<i>2,820</i>	<i>2,444</i>	<i>1,875</i>	<i>3,207</i>	<i>387</i>
<b>NET LENDING/-BORROWING</b>	<b>-2,228</b>	<b>-2,209</b>	<b>-2,029</b>	<b>-1,454</b>	<b>-2,601</b>	<b>-392</b>

(a) Also known as 'Net Result From Transactions'.

(b) Also known as 'Comprehensive Result'.

Note: Columns may not add due to rounding.

Table 1.6

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

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits	774	402	808	707	1,118	716
Advances paid	-	-	-	-	-	-
Investments, loans and placements	3,089	3,496	3,957	4,519	4,476	980
Receivables	1,423	1,971	1,809	1,649	1,016	-955
Investment property	20	-	24	24	25	25
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	14	81	11	12	34	-47
Other financial assets	579	735	741	741	741	6
<i>Total financial assets</i>	<i>5,898</i>	<i>6,686</i>	<i>7,350</i>	<i>7,651</i>	<i>7,410</i>	<i>725</i>
<i>Non-financial assets</i>						
Land	13,438	11,171	13,867	14,168	12,941	1,770
Property, plant and equipment	39,003	33,947	41,957	41,741	42,868	8,921
Biological assets	362	379	376	376	327	-52
Inventories						
Land inventories	1,387	1,459	1,429	1,455	1,507	47
Other inventories	1,700	1,092	1,916	1,573	3,035	1,943
Intangibles	234	185	202	210	325	140
Non-current assets held for sale	1	8	1	1	15	7
Other	85	35	67	63	147	112
<i>Total non-financial assets</i>	<i>56,209</i>	<i>48,276</i>	<i>59,814</i>	<i>59,587</i>	<i>61,165</i>	<i>12,889</i>
<b>TOTAL ASSETS</b>	<b>62,107</b>	<b>54,962</b>	<b>67,165</b>	<b>67,238</b>	<b>68,575</b>	<b>13,613</b>
<b>LIABILITIES</b>						
Deposits held	8	1	2	2	5	4
Advances received	496	491	487	482	482	-9
Borrowings	13,692	16,349	16,706	17,100	17,190	841
Unfunded superannuation	124	99	117	139	126	27
Other employee benefits	302	273	324	312	321	48
Payables	3,068	2,778	3,320	2,841	3,726	948
Other liabilities	1,310	1,399	1,227	1,294	1,484	85
<i>TOTAL LIABILITIES</i>	<i>19,000</i>	<i>21,390</i>	<i>22,182</i>	<i>22,170</i>	<i>23,334</i>	<i>1,944</i>
<b>NET ASSETS</b>	<b>43,108</b>	<b>33,571</b>	<b>44,982</b>	<b>45,069</b>	<b>45,241</b>	<b>11,670</b>
<i>Of which:</i>						
Contributed equity	3,410	4,212	4,139	4,029	4,075	-137
Accumulated surplus	17,537	20,772	18,368	18,337	18,416	-2,356
Other reserves	22,160	8,587	22,475	22,702	22,750	14,163
<b>NET WORTH</b>	<b>43,108</b>	<b>33,571</b>	<b>44,982</b>	<b>45,069</b>	<b>45,241</b>	<b>11,670</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>	<i>-56,209</i>	<i>-48,276</i>	<i>-59,814</i>	<i>-59,587</i>	<i>-61,165</i>	<i>-12,889</i>
<i>Net debt</i>						
Gross debt liabilities	14,196	16,841	17,195	17,584	17,677	836
less: liquid financial assets	3,863	3,898	4,766	5,225	5,594	1,696
less: convergence differences impacting net debt	-	-	-	-	-	-
<i>Net debt</i>	<i>10,333</i>	<i>12,943</i>	<i>12,429</i>	<i>12,359</i>	<i>12,083</i>	<i>-860</i>

Note: Columns may not add due to rounding.

Table 1.7

**PUBLIC NON-FINANCIAL CORPORATIONS**  
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2009	3,410	22,160	17,537	43,108
Total Comprehensive Result	-	805	1,328	2,133
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	665	-	-	665
Dividends	-	-	-558	-558
Other	-	-215	109	-106
<b>Balance at 30 June 2010</b>	<b>4,075</b>	<b>22,750</b>	<b>18,416</b>	<b>45,241</b>

Note: Columns may not add due to rounding.

Table 1.8

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

	2008-09	2009-10				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Grants and subsidies received	1,531	1,860	1,836	1,843	1,884	24
Receipts from sales of goods and services	10,108	9,560	8,907	12,150	13,076	3,516
Interest receipts	168	147	162	158	183	37
Dividends and tax equivalents	-	-	-	-	-	-
Other	815	734	649	787	1,108	375
<b>Total cash received</b>	<b>12,622</b>	<b>12,300</b>	<b>11,554</b>	<b>14,939</b>	<b>16,252</b>	<b>3,951</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-885	-1,105	-1,161	-1,057	-992	113
Payments for goods and services	-7,676	-7,040	-6,299	-9,387	-10,551	-3,511
Interest paid	-722	-855	-826	-814	-790	65
Grants and subsidies paid	-550	-855	-707	-768	-615	240
Tax equivalents	-336	-333	-380	-363	-354	-21
Other payments	-1,142	-1,051	-1,173	-1,532	-1,429	-378
<b>Total cash paid</b>	<b>-11,311</b>	<b>-11,238</b>	<b>-10,544</b>	<b>-13,921</b>	<b>-14,731</b>	<b>-3,492</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,311</b>	<b>1,062</b>	<b>1,010</b>	<b>1,018</b>	<b>1,521</b>	<b>459</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-3,566	-4,386	-4,052	-3,875	-3,855	531
Sales of non-financial assets	444	610	614	620	637	28
<b>Total cash flows from investments in non-financial assets</b>	<b>-3,122</b>	<b>-3,776</b>	<b>-3,438</b>	<b>-3,255</b>	<b>-3,217</b>	<b>558</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	260	9	19	146	268	259
<i>Cash paid</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	-193	-55	-30	-145	-273	-218
<b>Total cash flows from investments in financial assets</b>	<b>68</b>	<b>-46</b>	<b>-12</b>	<b>1</b>	<b>-5</b>	<b>41</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-3,054</b>	<b>-3,822</b>	<b>-3,449</b>	<b>-3,253</b>	<b>-3,222</b>	<b>600</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	19,229	7,855	48,270	49,319	42,892	35,036
Deposits received	-	-	-	-	-	-
Other financing receipts	329	760	688	580	582	-179
<b>Total cash received</b>	<b>19,557</b>	<b>8,616</b>	<b>48,959</b>	<b>49,900</b>	<b>43,473</b>	<b>34,858</b>
<i>Cash paid</i>						
Advances paid	-14	-9	-9	-14	-14	-5
Borrowings repaid	-17,068	-5,668	-46,276	-47,433	-40,942	-35,274
Deposits paid	-	-	-	-	-	-
Other financing payments	-	137	135	133	48	-89
Dividends paid	-464	-534	-589	-651	-515	19
<b>Total cash paid</b>	<b>-17,545</b>	<b>-6,075</b>	<b>-46,739</b>	<b>-47,966</b>	<b>-41,423</b>	<b>-35,348</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>2,012</b>	<b>2,541</b>	<b>2,219</b>	<b>1,934</b>	<b>2,050</b>	<b>-491</b>
<b>Net increase in cash and cash equivalents</b>	<b>268</b>	<b>-220</b>	<b>-221</b>	<b>-302</b>	<b>349</b>	<b>569</b>
Cash and cash equivalents at the beginning of the period	812	995	1,080	1,080	1,080	86
Cash and cash equivalents at the end of the period	1,080	775	859	778	1,430	654
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	1,311	1,062	1,010	1,018	1,521	459
Net cash flows from investing in non-financial assets	-3,122	-3,776	-3,438	-3,255	-3,217	558
Dividends paid	-464	-534	-589	-651	-515	19
<b>Cash surplus/-deficit</b>	<b>-2,275</b>	<b>-3,248</b>	<b>-3,018</b>	<b>-2,889</b>	<b>-2,212</b>	<b>1,036</b>

Note: Columns may not add due to rounding.

Table 1.9

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

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Taxation	5,433	5,518	5,791	6,057	6,029	511
Current grants and subsidies	8,089	7,838	8,230	8,119	8,228	389
Capital grants	411	1,560	1,620	1,922	1,978	418
Sales of goods and services	10,322	10,735	10,105	13,213	14,359	3,624
Interest Income	416	278	303	329	389	111
Royalty income	2,348	2,577	2,000	2,217	2,324	-253
Dividends and tax equivalents	13	102	54	116	53	-49
Other	927	588	783	728	802	214
<i>Total</i>	<i>27,960</i>	<i>29,196</i>	<i>28,885</i>	<i>32,701</i>	<i>34,161</i>	<i>4,965</i>
<b>EXPENSES</b>						
Salaries	8,600	8,805	9,149	9,340	9,167	362
Superannuation						
Concurrent costs	826	842	877	895	875	33
Superannuation interest cost	330	349	425	425	338	-10
Other employee costs	246	211	213	219	237	26
Depreciation and amortisation	2,074	1,863	2,158	2,204	2,278	416
Services and contracts	2,763	1,922	1,943	1,954	2,111	189
Other gross operating expenses	8,177	9,482	8,898	12,006	12,803	3,321
Other interest	794	955	950	951	936	-19
Current transfers	3,484	3,960	3,932	3,751	3,641	-319
Capital transfers	570	322	462	898	897	575
<i>Total</i>	<i>27,864</i>	<i>28,709</i>	<i>29,009</i>	<i>32,643</i>	<i>33,282</i>	<i>4,573</i>
<b>NET OPERATING BALANCE <sup>(a)</sup></b>	<b>96</b>	<b>487</b>	<b>-124</b>	<b>58</b>	<b>879</b>	<b>392</b>
<i>Other economic flows</i>						
Net gains on assets/liabilities	176	413	461	473	401	-12
Net actuarial gains - superannuation	-1,301	303	177	177	-195	-498
Provision for doubtful debts	5	-10	-9	-9	-57	-47
All other	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>-1,120</i>	<i>707</i>	<i>628</i>	<i>640</i>	<i>149</i>	<i>-557</i>
<b>OPERATING RESULT</b>	<b>-1,024</b>	<b>1,193</b>	<b>504</b>	<b>698</b>	<b>1,028</b>	<b>-165</b>
<i>All other movements in equity</i>						
Revaluations	15,747	1,971	2,194	2,776	-1,250	-3,222
Gains recognised directly in equity	322	-27	-31	-22	302	329
Changes in accounting policy/correction of prior period errors	-360	-	-179	-3	303	303
Change in net worth of the public corporations sectors	-302	85	333	274	299	214
All other	-	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>15,407</i>	<i>2,030</i>	<i>2,317</i>	<i>3,025</i>	<i>-346</i>	<i>-2,375</i>
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	<b>14,382</b>	<b>3,223</b>	<b>2,821</b>	<b>3,723</b>	<b>682</b>	<b>-2,541</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>96</b>	<b>487</b>	<b>-124</b>	<b>58</b>	<b>879</b>	<b>392</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	5,786	8,266	7,638	7,151	6,819	-1,447
Changes in inventories	714	-29	217	-126	1,331	1,360
Other movement in non-financial assets	-79	94	103	118	13	-80
<i>less:</i>						
Sales of non-financial assets	573	821	829	800	789	-32
Depreciation	2,074	1,863	2,158	2,204	2,278	416
<i>Total net acquisition of non-financial assets</i>	<i>3,774</i>	<i>5,648</i>	<i>4,971</i>	<i>4,139</i>	<i>5,096</i>	<i>-552</i>
<b>NET LENDING/-BORROWING</b>	<b>-3,679</b>	<b>-5,161</b>	<b>-5,095</b>	<b>-4,081</b>	<b>-4,217</b>	<b>944</b>

(a) Also known as 'Net Result From Transactions'.

(b) Also known as 'Comprehensive Result'.

Note: Columns may not add due to rounding.

Table 1.10

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

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits	897	840	974	1,048	1,218	378
Advances paid	220	374	217	219	225	-148
Investments, loans and placements	7,257	6,484	7,398	8,489	9,650	3,166
Receivables	2,783	3,437	3,194	3,264	2,866	-571
Investment property	27	9	31	31	33	24
Shares and other equity						
Investments in other public sector entities - equity method	1,009	1,055	1,342	1,283	1,308	253
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	14	62	16	18	34	-28
Other financial assets	-	-	-	-	-	-
<i>Total financial assets</i>	12,207	12,261	13,173	14,352	15,335	3,074
<i>Non-financial assets</i>						
Land	52,826	49,868	53,853	54,685	50,831	962
Property, plant and equipment	68,660	67,040	75,442	74,931	73,925	6,885
Biological assets	364	381	378	378	330	-52
Inventories						
Land inventories	1,483	1,547	1,530	1,549	1,609	62
Other inventories	1,771	1,160	1,988	1,645	3,102	1,942
Intangibles	570	444	515	544	732	289
Non-current assets held for sale	19	39	39	29	64	25
Other	201	86	184	170	302	216
<i>Total non-financial assets</i>	125,894	120,566	133,928	133,932	130,895	10,329
<b>TOTAL ASSETS</b>	<b>138,101</b>	<b>132,826</b>	<b>147,101</b>	<b>148,283</b>	<b>146,229</b>	<b>13,403</b>
<b>LIABILITIES</b>						
Deposits held	142	124	148	151	201	77
Advances received	496	491	487	482	482	-9
Borrowings	15,539	20,684	21,158	21,768	21,505	821
Unfunded superannuation	7,210	7,519	7,076	7,121	7,375	-143
Other employee benefits	2,374	2,345	2,481	2,570	2,617	272
Payables	3,361	3,159	3,928	3,399	4,214	1,054
Other liabilities	1,817	1,972	1,841	1,908	1,990	18
<b>TOTAL LIABILITIES</b>	<b>30,939</b>	<b>36,293</b>	<b>37,118</b>	<b>37,399</b>	<b>38,385</b>	<b>2,092</b>
<b>NET ASSETS</b>	<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	26,299	29,374	31,038	31,699	27,847	-1,526
Other reserves	80,863	67,159	78,945	79,186	79,997	12,837
<b>NET WORTH</b>	<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>	-18,732	-24,033	-23,945	-23,047	-23,050	982
<i>Net financial liabilities</i>	19,755	25,149	25,303	24,347	24,393	-757
<i>Net debt</i>						
Gross debt liabilities	16,177	21,299	21,793	22,401	22,189	890
less: liquid financial assets	8,374	7,697	8,590	9,756	11,094	3,396
less: convergence differences impacting net debt	88	88	88	88	88	-
<i>Net debt</i>	7,715	13,514	13,115	12,556	11,007	-2,506

Note: Columns may not add due to rounding.

Table 1.11

**TOTAL NON-FINANCIAL PUBLIC SECTOR**  
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2009	-	80,863	26,299	107,162
Total Comprehensive Result	-	-1,250	1,933	682
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-	-
Other	-	384	-384	-
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>79,997</b>	<b>27,847</b>	<b>107,844</b>

Note: Columns may not add due to rounding.

Table 1.12

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

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Taxes received	5,603	5,492	5,801	6,062	6,039	547
Grants and subsidies received	8,538	9,369	9,816	9,996	10,113	743
Receipts from sales of goods and services	11,403	10,870	10,141	13,446	14,540	3,670
Interest receipts	430	263	288	319	350	87
Dividends and tax equivalents	77	4	4	16	13	9
Other	4,347	4,595	3,937	3,999	4,399	-196
<b>Total cash received</b>	<b>30,397</b>	<b>30,594</b>	<b>29,987</b>	<b>33,838</b>	<b>35,453</b>	<b>4,859</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-9,479	-10,062	-10,407	-10,350	-10,213	-150
Payments for goods and services	-11,712	-11,478	-10,706	-14,026	-14,596	-3,118
Interest paid	-822	-959	-913	-923	-899	61
Grants and subsidies paid	-3,657	-4,055	-4,085	-4,295	-4,078	-23
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-2,164	-2,151	-2,361	-2,682	-2,716	-565
<b>Total cash paid</b>	<b>-27,834</b>	<b>-28,705</b>	<b>-28,472</b>	<b>-32,275</b>	<b>-32,502</b>	<b>-3,796</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,564</b>	<b>1,889</b>	<b>1,515</b>	<b>1,562</b>	<b>2,952</b>	<b>1,063</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-5,786	-8,266	-7,638	-7,151	-6,819	1,447
Sales of non-financial assets	573	821	829	800	789	-32
<b>Total cash flows from investments in non-financial assets</b>	<b>-5,213</b>	<b>-7,445</b>	<b>-6,809</b>	<b>-6,351</b>	<b>-6,030</b>	<b>1,415</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	1	-	-	-	19	19
For liquidity purposes	286	9	21	208	351	342
<i>Cash paid</i>						
For policy purposes	-1	-	-2	-	-19	-19
For liquidity purposes	-196	-58	-33	-145	-275	-217
<b>Total cash flows from investments in financial assets</b>	<b>90</b>	<b>-48</b>	<b>-14</b>	<b>63</b>	<b>76</b>	<b>125</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-5,124</b>	<b>-7,493</b>	<b>-6,823</b>	<b>-6,288</b>	<b>-5,954</b>	<b>1,539</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	1	1	-	-	-1
Borrowings	20,241	10,789	51,094	52,357	45,645	34,856
Deposits received	-	-	-	-	-	-
Other financing receipts	47	40	53	54	68	29
<b>Total cash received</b>	<b>20,288</b>	<b>10,830</b>	<b>51,148</b>	<b>52,410</b>	<b>45,714</b>	<b>34,884</b>
<i>Cash paid</i>						
Advances paid	-14	-9	-9	-14	-14	-4
Borrowings repaid	-17,250	-5,857	-46,444	-47,601	-41,241	-35,384
Deposits paid	-	-	-	-	-	-
Other financing payments	-98	-88	-114	-100	-95	-6
<b>Total cash paid</b>	<b>-17,362</b>	<b>-5,955</b>	<b>-46,568</b>	<b>-47,715</b>	<b>-41,350</b>	<b>-35,395</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>2,926</b>	<b>4,875</b>	<b>4,580</b>	<b>4,695</b>	<b>4,364</b>	<b>-511</b>
<b>Net increase in cash and cash equivalents</b>	<b>366</b>	<b>-730</b>	<b>-729</b>	<b>-30</b>	<b>1,361</b>	<b>2,092</b>
Cash and cash equivalents at the beginning of the period	5,048	4,914	5,414	5,414	5,414	500
Cash and cash equivalents at the end of the period	5,414	4,184	4,686	5,384	6,776	2,592
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	2,564	1,889	1,515	1,562	2,952	1,063
Net cash flows from investing in non-financial assets	-5,213	-7,445	-6,809	-6,351	-6,030	1,415
<b>Cash surplus/-deficit</b>	<b>-2,649</b>	<b>-5,556</b>	<b>-5,294</b>	<b>-4,789</b>	<b>-3,079</b>	<b>2,478</b>

Note: Columns may not add due to rounding.



Table 1.13

**PUBLIC FINANCIAL CORPORATIONS**  
Operating Statement

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>RESULTS FROM TRANSACTIONS</b>						
<b>REVENUE</b>						
Current grants and subsidies	-	-	-	3	3	3
Capital grants	-	-	-	-	-	-
Sales of goods and services	719	693	853	852	774	81
Interest Income	994	1,177	1,275	1,275	1,205	28
Other	8	-	2	2	1	1
<i>Total</i>	<i>1,722</i>	<i>1,870</i>	<i>2,129</i>	<i>2,132</i>	<i>1,983</i>	<i>114</i>
<b>EXPENSES</b>						
Salaries	35	37	38	38	36	-1
Superannuation						
Concurrent costs	3	4	4	4	3	-1
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	2	2	2	2	2	-
Depreciation and amortisation	14	15	17	16	14	-2
Services and contracts	3	10	12	12	2	-8
Other gross operating expenses	689	652	644	644	744	92
Other interest	969	1,064	1,160	1,165	1,142	78
Tax equivalents	10	11	52	53	44	33
Current transfers	3	3	3	3	4	1
Capital transfers	-	1	2	4	-	-1
<i>Total</i>	<i>1,728</i>	<i>1,799</i>	<i>1,933</i>	<i>1,941</i>	<i>1,991</i>	<i>192</i>
<b>NET OPERATING BALANCE <sup>(a)</sup></b>	<b>-6</b>	<b>71</b>	<b>196</b>	<b>191</b>	<b>-8</b>	<b>-79</b>
<i>Other economic flows</i>						
Net gains on assets/liabilities	-298	-	-	-	106	106
Net actuarial gains - superannuation	-	-	-	-	1	1
Provision for doubtful debts	-1	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>-300</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>107</i>	<i>107</i>
<b>OPERATING RESULT</b>	<b>-306</b>	<b>71</b>	<b>196</b>	<b>191</b>	<b>99</b>	<b>28</b>
<i>Other non-owner movements in equity</i>						
Revaluations	-24	16	89	98	83	66
Gains recognised directly in equity	130	-	-	-	93	93
Changes in accounting policy/correction of prior period errors	-101	-	50	50	36	36
Capital injections from general government	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	<i>6</i>	<i>16</i>	<i>139</i>	<i>148</i>	<i>212</i>	<i>195</i>
<i>Movements in owner equity</i>						
Dividends	-2	-2	-2	-66	-12	-10
Capital injections	-	-	-	-	-	-
<i>Total movements in owner equity</i>	<i>-2</i>	<i>-2</i>	<i>-2</i>	<i>-66</i>	<i>-12</i>	<i>-10</i>
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	<b>-302</b>	<b>85</b>	<b>333</b>	<b>274</b>	<b>299</b>	<b>214</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>	<b>-6</b>	<b>71</b>	<b>196</b>	<b>191</b>	<b>-8</b>	<b>-79</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	8	6	10	11	9	2
Changes in inventories	-	-	-	-	-	-
Other movement in non-financial assets	-	-	-	-2	-	-
<i>less:</i>						
Sales of non-financial assets	-	-	-	-	-	-
Depreciation	14	15	17	16	14	-2
<i>Total net acquisition of non-financial assets</i>	<i>-6</i>	<i>-9</i>	<i>-6</i>	<i>-8</i>	<i>-5</i>	<i>4</i>
<b>NET LENDING/-BORROWING</b>	<b>-</b>	<b>80</b>	<b>203</b>	<b>199</b>	<b>-2</b>	<b>-82</b>

(a) Also known as 'Net Result From Transactions'.

(b) Also known as 'Comprehensive Result'.

Note: Columns may not add due to rounding.

Table 1.14

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

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>ASSETS</b>						
<i>Financial assets</i>						
Cash and deposits	20	26	21	19	38	12
Advances paid	2,654	2,711	3,553	4,153	4,125	1,414
Investments, loans and placements	19,552	20,675	25,443	25,443	26,101	5,426
Receivables	702	507	715	697	956	449
Investment property	359	357	408	408	431	74
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	990	959	1,143	1,143	995	36
Other financial assets	26	11	26	26	36	24
<i>Total financial assets</i>	<i>24,302</i>	<i>25,246</i>	<i>31,309</i>	<i>31,889</i>	<i>32,681</i>	<i>7,435</i>
<i>Non-financial assets</i>						
Land	24	42	31	31	96	54
Property, plant and equipment	261	260	246	255	233	-27
Biological assets	-	8	-	-	-	-8
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	-	-	-	-	-	-
Intangibles	10	8	11	11	10	2
Non-current assets held for sale	-	-	-	-	-	-
Other	3	1	32	37	4	4
<i>Total non-financial assets</i>	<i>298</i>	<i>319</i>	<i>319</i>	<i>334</i>	<i>344</i>	<i>25</i>
<b>TOTAL ASSETS</b>	<b>24,600</b>	<b>25,565</b>	<b>31,628</b>	<b>32,222</b>	<b>33,025</b>	<b>7,460</b>
<b>LIABILITIES</b>						
Deposits held	-	-	-	-	-	-
Advances received	3	-	1	1	3	3
Borrowings	21,195	22,086	27,823	28,423	29,149	7,062
Unfunded superannuation	11	11	11	11	10	-1
Other employee benefits	8	7	7	7	8	2
Payables	54	13	55	55	28	16
Other liabilities	2,320	2,393	2,388	2,442	2,518	125
<b>TOTAL LIABILITIES</b>	<b>23,591</b>	<b>24,510</b>	<b>30,286</b>	<b>30,939</b>	<b>31,717</b>	<b>7,207</b>
<b>NET ASSETS</b>	<b>1,009</b>	<b>1,055</b>	<b>1,342</b>	<b>1,283</b>	<b>1,308</b>	<b>253</b>
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	894	651	1,086	1,018	1,110	459
Other reserves	115	404	256	265	198	-206
<b>NET WORTH</b>	<b>1,009</b>	<b>1,055</b>	<b>1,342</b>	<b>1,283</b>	<b>1,308</b>	<b>253</b>
<b>MEMORANDUM ITEMS</b>						
<i>Net financial worth</i>	-298	-319	-319	-334	-344	-25
<i>Net debt</i>						
Gross debt liabilities	21,199	22,086	27,824	28,424	29,152	7,066
less: liquid financial assets	22,226	23,412	29,018	29,615	30,264	6,852
less: convergence differences impacting net debt	-	-	-	-	-	-
<i>Net debt</i>	-1,027	-1,326	-1,194	-1,192	-1,112	214

Note: Columns may not add due to rounding.

Table 1.15

**PUBLIC FINANCIAL CORPORATIONS**  
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2009	-	115	894	1,009
Total Comprehensive Result	-	83	216	299
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-12	-12
Other	-	-	12	12
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>198</b>	<b>1,110</b>	<b>1,308</b>

Note: Columns may not add due to rounding.

Table 1.16

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

	2008-09	2009-10				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Grants and subsidies received	-	-	-	3	3	3
Receipts from sales of goods and services	756	709	731	731	808	99
Interest receipts	1,098	1,177	1,275	1,275	1,181	4
Dividends and tax equivalents	-	-	-	-	-	-
Other	90	71	101	75	108	37
<i>Total cash received</i>	<i>1,944</i>	<i>1,957</i>	<i>2,106</i>	<i>2,083</i>	<i>2,101</i>	<i>143</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-37	-40	-41	-41	-39	2
Payments for goods and services	-592	-551	-607	-583	-670	-119
Interest paid	-892	-1,061	-1,157	-1,162	-962	99
Grants and subsidies paid	-1	-1	-	-	-1	-
Tax equivalents	-74	-2	-2	-3	-1	1
Other payments	-129	-113	-111	-111	-146	-33
<i>Total cash paid</i>	<i>-1,724</i>	<i>-1,766</i>	<i>-1,918</i>	<i>-1,901</i>	<i>-1,818</i>	<i>-51</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>220</b>	<b>191</b>	<b>188</b>	<b>182</b>	<b>283</b>	<b>92</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-8	-6	-10	-11	-9	-2
Sales of non-financial assets	-	-	-	-	-	-
<i>Total cash flows from investments in non-financial assets</i>	<i>-8</i>	<i>-6</i>	<i>-10</i>	<i>-10</i>	<i>-8</i>	<i>-2</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	3,966	1,168	1,689	1,689	4,091	2,924
<i>Cash paid</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	-5,215	-1,387	-2,737	-3,340	-4,802	-3,415
<i>Total cash flows from investments in financial assets</i>	<i>-1,249</i>	<i>-220</i>	<i>-1,048</i>	<i>-1,651</i>	<i>-711</i>	<i>-492</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-1,257</b>	<b>-226</b>	<b>-1,059</b>	<b>-1,662</b>	<b>-720</b>	<b>-494</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	33,437	24,336	69,094	69,694	64,785	40,449
Deposits received	-	-	-	-	-	-
Other financing receipts	-	-	-	-	-	-
<i>Total cash received</i>	<i>33,437</i>	<i>24,336</i>	<i>69,094</i>	<i>69,694</i>	<i>64,785</i>	<i>40,449</i>
<i>Cash paid</i>						
Advances paid	-	-	-	-	-	-
Borrowings repaid	-32,429	-24,297	-68,188	-68,185	-63,573	-39,276
Deposits paid	-	-	-	-	-	-
Other financing payments	-	-1	-5	-5	-	1
Dividends paid	-2	-2	-2	-12	-12	-10
<i>Total cash paid</i>	<i>-32,432</i>	<i>-24,300</i>	<i>-68,196</i>	<i>-68,202</i>	<i>-63,585</i>	<i>-39,285</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,006</b>	<b>36</b>	<b>898</b>	<b>1,491</b>	<b>1,200</b>	<b>1,164</b>
<b>Net increase in cash and cash equivalents</b>	<b>-32</b>	<b>1</b>	<b>27</b>	<b>12</b>	<b>764</b>	<b>762</b>
Cash and cash equivalents at the beginning of the period	1,604	1,683	1,572	1,572	1,572	-110
Cash and cash equivalents at the end of the period	1,572	1,684	1,600	1,584	2,336	652
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	220	191	188	182	283	92
Net cash flows from investing in non-financial assets	-8	-6	-10	-10	-8	-2
Dividends paid	-2	-2	-2	-12	-12	-10
<b>Cash surplus/-deficit</b>	<b>210</b>	<b>183</b>	<b>175</b>	<b>160</b>	<b>263</b>	<b>80</b>

Note: Columns may not add due to rounding.

Table 1.17

**TOTAL PUBLIC SECTOR<sup>(a)</sup>**  
**Operating Statement**

	2008-09		2009-10			Variation on Budget \$m (4) - (1)	
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		Actual \$m (4)
<b>RESULTS FROM TRANSACTIONS</b>							
<b>REVENUE</b>							
Taxation		5,432	5,516	5,789	6,054	6,026	511
Current grants and subsidies		8,089	7,838	8,230	8,119	8,228	389
Capital grants		411	1,560	1,620	1,922	1,978	418
Sales of goods and services		10,797	11,221	10,738	13,846	14,905	3,684
Interest income		648	534	645	684	633	99
Royalty income		2,348	2,577	2,000	2,217	2,324	-253
Other		926	677	782	727	801	124
<i>Total</i>	6	28,651	29,923	29,803	33,570	34,895	4,972
<b>EXPENSES</b>							
Salaries		8,634	8,842	9,187	9,377	9,203	362
Superannuation							
Concurrent costs		829	845	881	899	878	33
Superannuation interest cost		330	349	425	425	338	-10
Other employee costs		248	213	215	220	238	26
Depreciation and amortisation	9	2,088	1,878	2,174	2,220	2,292	414
Services and contracts		2,766	1,932	1,955	1,966	2,112	181
Other gross operating expenses	10	8,621	9,928	9,321	12,428	13,318	3,390
Other interest	8	1,000	1,097	1,177	1,197	1,116	19
Current transfers	7	3,477	3,960	3,932	3,752	3,642	-318
Capital transfers	7	570	323	465	902	897	573
<i>Total</i>		28,664	29,367	29,733	33,387	34,036	4,668
<b>NET OPERATING BALANCE<sup>(b)</sup></b>	4	<b>87</b>	<b>556</b>	<b>70</b>	<b>183</b>	<b>859</b>	<b>304</b>
<i>Other economic flows</i>							
Net gains on assets/liabilities		-122	413	461	473	506	94
Net actuarial gains - superannuation		-1,301	303	177	177	-193	-497
Provision for doubtful debts		3	-10	-9	-9	-57	-47
All other		-	-	-	-	-	-
<i>Total other economic flows</i>		-1,420	707	628	640	256	-450
<b>OPERATING RESULT</b>		-1,332	1,262	698	824	1,115	-147
<i>All other movements in equity</i>							
Revaluations		15,724	1,988	2,283	2,875	-1,168	-3,155
Gains recognised directly in equity		452	-27	-31	-22	396	423
Changes in accounting policy/correction of prior period errors		-461	-	-129	46	339	339
All other		-	-	-	-	-	-
<i>Total all other movements in equity</i>		15,715	1,961	2,123	2,899	-433	-2,394
<b>TOTAL CHANGE IN NET WORTH<sup>(c)</sup></b>		<b>14,382</b>	<b>3,223</b>	<b>2,821</b>	<b>3,723</b>	<b>682</b>	<b>-2,541</b>
<b>KEY FISCAL AGGREGATES</b>							
<b>NET OPERATING BALANCE</b>		<b>87</b>	<b>556</b>	<b>70</b>	<b>183</b>	<b>859</b>	<b>304</b>
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		5,795	8,272	7,649	7,162	6,828	-1,444
Changes in inventories		714	-29	217	-126	1,331	1,360
Other movement in non-financial assets		-79	94	103	116	13	-81
<i>less:</i>							
Sales of non-financial assets		574	821	829	800	789	-32
Depreciation		2,088	1,878	2,174	2,220	2,292	414
<i>Total net acquisition of non-financial assets</i>		3,768	5,638	4,965	4,131	5,091	-548
<b>NET LENDING-BORROWING</b>	4	<b>-3,681</b>	<b>-5,083</b>	<b>-4,895</b>	<b>-3,948</b>	<b>-4,232</b>	<b>851</b>

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

(b) Also known as 'Net Result From Transactions'.

(c) Also known as 'Comprehensive Result'.

Note: Columns may not add due to rounding.

Table 1.18

**TOTAL PUBLIC SECTOR<sup>(a)</sup>**  
Balance Sheet at 30 June

	Notes	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
		Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	Estimated Outturn \$m (3)		
<b>ASSETS</b>							
<i>Financial assets</i>							
Cash and deposits		916	865	994	1,066	1,255	391
Advances paid		2,871	2,909	3,769	4,371	4,347	1,438
Investments, loans and placements		9,528	4,612	8,512	8,610	11,211	6,599
Receivables	12	3,293	3,658	3,717	3,664	3,469	-189
Investment property	15	386	366	439	439	464	97
Equity - Investments in other entities		1,004	1,021	1,158	1,160	1,029	8
Other financial assets		26	12	26	26	36	24
<b>Total financial assets</b>		<b>18,024</b>	<b>13,443</b>	<b>18,616</b>	<b>19,336</b>	<b>21,811</b>	<b>8,368</b>
<i>Non-financial assets</i>							
Land	16	52,850	49,910	53,883	54,716	50,927	1,017
Property, plant and equipment	17,18	68,921	67,308	75,688	75,186	74,158	6,850
Biological assets	13	364	381	378	378	330	-52
Inventories	11						
Land inventories		1,483	1,547	1,530	1,549	1,609	62
Other inventories		1,771	1,160	1,988	1,645	3,102	1,942
Intangibles	19	580	452	526	555	743	290
Non-current assets held for sale	14	19	39	39	29	64	25
Other		204	86	215	206	306	220
<b>Total non-financial assets</b>		<b>126,192</b>	<b>120,885</b>	<b>134,247</b>	<b>134,265</b>	<b>131,238</b>	<b>10,354</b>
<b>TOTAL ASSETS</b>		<b>144,216</b>	<b>134,327</b>	<b>152,863</b>	<b>153,601</b>	<b>153,049</b>	<b>18,722</b>
<b>LIABILITIES</b>							
Deposits held		141	123	147	150	201	78
Advances received		496	491	487	482	482	-9
Borrowings	20	19,453	20,223	24,651	24,868	26,114	5,891
Unfunded superannuation	21	7,221	7,530	7,087	7,133	7,386	-144
Other employee benefits	22	2,382	2,351	2,488	2,578	2,625	274
Payables		3,387	3,162	3,975	3,446	4,155	993
Other liabilities	23	3,973	3,914	4,044	4,060	4,241	327
<b>TOTAL LIABILITIES</b>		<b>37,054</b>	<b>37,794</b>	<b>42,879</b>	<b>42,717</b>	<b>45,205</b>	<b>7,411</b>
<b>NET ASSETS</b>		<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		27,194	27,645	32,125	32,717	28,958	1,313
Other reserves		79,968	68,888	77,859	78,168	78,887	9,999
<b>NET WORTH</b>	4	<b>107,162</b>	<b>96,533</b>	<b>109,983</b>	<b>110,885</b>	<b>107,844</b>	<b>11,311</b>
<b>MEMORANDUM ITEMS</b>							
<i>Net financial worth</i>		-19,030	-24,352	-24,264	-23,381	-23,394	957
<i>Net financial liabilities</i>		20,034	25,372	25,422	24,541	24,423	-949
<i>Net debt</i>							
Gross debt liabilities		20,091	20,837	25,285	25,500	26,797	5,960
less: liquid financial assets		13,315	8,385	13,275	14,047	16,814	8,428
less: convergence differences impacting net debt		88	88	88	88	88	-
<b>Net debt</b>		<b>6,688</b>	<b>12,364</b>	<b>11,921</b>	<b>11,365</b>	<b>9,896</b>	<b>-2,468</b>

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

Note: Columns may not add due to rounding.

Table 1.19

**TOTAL PUBLIC SECTOR**  
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
Balance at 1 July 2009	-	79,968	27,194	107,162
Total Comprehensive Result	-	-1,168	1,850	682
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-	-
Other	-	86	-86	-
<b>Balance at 30 June 2010</b>	<b>-</b>	<b>78,886</b>	<b>28,958</b>	<b>107,844</b>

Note: Columns may not add due to rounding.

Table 1.20

**TOTAL PUBLIC SECTOR<sup>(a)</sup>**  
**Cash Flow Statement**

	Notes	2008-09		2009-10		Actual \$m (4)	Variation on Budget \$m (4) - (1)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
<i>Cash received</i>							
Taxes received		5,559	5,446	5,757	6,018	5,991	545
Grants and subsidies received		8,538	9,369	9,816	9,996	10,113	744
Receipts from sales of goods and services		11,978	11,380	10,657	13,963	15,134	3,754
Interest receipts		729	486	623	677	646	160
Dividends and tax equivalents		-	-	-	-	-	-
Other		4,431	4,662	4,031	4,066	4,499	-163
<i>Total cash received</i>		31,234	31,343	30,885	34,720	36,382	5,039
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-9,516	-10,102	-10,448	-10,391	-10,251	-149
Payments for goods and services		-12,122	-11,829	-11,099	-14,395	-15,052	-3,223
Interest paid		-914	-1,066	-1,131	-1,168	-976	90
Grants and subsidies paid		-3,658	-4,055	-4,085	-4,292	-4,076	-21
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-2,243	-2,213	-2,422	-2,742	-2,805	-593
<i>Total cash paid</i>		-28,453	-29,266	-29,185	-32,988	-33,160	-3,894
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	24	2,782	2,077	1,700	1,732	3,223	1,145
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-5,795	-8,272	-7,649	-7,162	-6,828	1,444
Sales of non-financial assets		574	821	829	800	789	-32
<i>Total cash flows from investments in non-financial assets</i>		-5,221	-7,451	-6,819	-6,362	-6,038	1,413
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		1	-9	-	-	19	28
For liquidity purposes		4,242	1,177	1,709	1,884	4,430	3,253
<i>Cash paid</i>							
For policy purposes		-1	-	-2	-	-19	-19
For liquidity purposes		-5,402	-1,445	-2,769	-3,472	-5,065	-3,620
<i>Total cash flows from investments in financial assets</i>		-1,160	-277	-1,062	-1,588	-635	-358
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-6,381	-7,728	-7,882	-7,950	-6,674	1,054
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<i>Cash received</i>							
Advances received		-	1	1	-	-	-1
Borrowings		16,230	18,396	22,051	21,695	23,727	5,330
Deposits received		-	-	-	-	-	-
Other financing receipts		47	40	53	54	68	29
<i>Total cash received</i>		16,277	18,437	22,105	21,748	23,795	5,358
<i>Cash paid</i>							
Advances paid		-14	-9	-9	-14	-14	-4
Borrowings repaid		-12,231	-13,425	-16,496	-15,430	-18,111	-4,686
Deposits paid		-	-	-	-	-	-
Other financing payments		-98	-89	-119	-105	-95	-5
<i>Total cash paid</i>		-12,343	-13,524	-16,624	-15,549	-18,219	-4,696
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		3,934	4,913	5,480	6,199	5,576	663
<b>Net increase in cash and cash equivalents</b>		335	-738	-701	-18	2,125	2,863
Cash and cash equivalents at the beginning of the period		6,652	6,569	6,987	6,987	6,987	418
Cash and cash equivalents at the end of the period	25	6,987	5,831	6,285	6,968	9,112	3,281
<b>KEY FISCAL AGGREGATES</b>							
Net cash flows from operating activities		2,782	2,077	1,700	1,732	3,223	1,145
Net cash flows from investing in non-financial assets		-5,221	-7,451	-6,819	-6,362	-6,038	1,413
<b>Cash surplus/-deficit</b>	4	-2,439	-5,374	-5,119	-4,629	-2,816	2,558

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

Note: Columns may not add due to rounding.



## Notes to the 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 State Government’.

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

The State Government’s mission is to achieve four key outcomes:

- protect jobs and support the Western Australian economy in the short term;
- secure Western Australia’s economic future, through structural change and strategic investment;
- provide high quality services for families and communities; and
- protect the financial position of the State of Western Australia.

This was contained in the 2009-10 Fiscal Strategy statement in Budget Paper Number 3: *Economic and Fiscal Outlook*:

*“The Government is committed to responsibly managing the State’s finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.”*

This statement also included reference to financial targets which are discussed in Chapter 2 of this report.

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

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## NOTE 2: STATEMENT OF COMPLIANCE

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### Compliance Framework

The financial statements of the general government sector and the total public sector for the year ended 30 June 2010 have been prepared in accordance with applicable Australian Accounting Standards (AAS) and Interpretations, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

The Standard under which the general government sector financial report is prepared does not require full application of AASB 127: *Consolidated and Separate Financial Statements* and AASB 139: *Financial Instruments: Recognition and Measurement*. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the public non-financial corporations sector and the public financial corporations sector are not separately recognised in the general government sector financial statements. Instead, the general government sector financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

In compliance with AASB 1049, where consistent with accounting standards, Government Financial Statistics (GFS) concepts, sources and methods are used. In Australia, GFS standards are promulgated by the Australian Bureau of Statistics.

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## NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### (a) General Statement

The financial statements of the Government of Western Australia and the general government sector constitute general purpose financial statements.

The financial statements presented in this *Annual Report on State Finances* are required under section 14(2) of the *Government Financial Responsibility Act 2000* (GFRA) and the regulations of that Act.

### (b) Reporting Entity

The reporting entities are the Government of Western Australia (the total public sector) and the general government sector, and include entities under their control.

The general government sector is not a separate entity, but represents a component of the Government of Western Australia reporting entity. The purpose of the general government sector financial statements is to provide users with information about the stewardship of central government by the State Government and accountability for the resources entrusted to it. It also provides information about the financial position, changes in net assets/liabilities, performance and cash flows of the Government's general government sector.

The statistical framework also classifies sub-sectors in accordance with the principles and rules contained in the ABS' *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* (ABS GFS Manual). These entities are referred to as agencies in these financial statements and Note 32 contains a full list of agencies forming each of the sectors listed below.

### ***General government sector***

The general government sector comprises public sector agencies that are engaged mainly in the provision of 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 central borrowing authority and insurance services.

### ***Control***

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

- agency is accountable to the State Government;
- State Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- State Government has the power to control 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 Operating 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 State Government and consolidated in the public sector are shown in Note 32. A detailed list of other entities, nominally referred to as public sector agencies but that are not included in the consolidated financial statements, is also shown in Note 32. Exclusion of these agencies is based on the criteria of control noted above.

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 of the total public sector and its sub-sectors have been prepared in accordance with AASB 1049, the Framework and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The ABS GFS Manual provides the basis upon which GFS information that is contained in the financial statements is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, total change in net worth, net lending/-borrowing and cash surplus/-deficit determined using the principles and rules in the ABS GFS Manual are included in the financial statements, together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the financial statements.

The Balance Sheet and Operating Statement have been prepared on an accrual basis of accounting and assets and liabilities are shown at fair value unless otherwise 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 accounting policies consistent with AAS 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.

### **(d) Accounting Judgements, Estimates and Assumptions**

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 assets and 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 assets and 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 assets and 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 an asset or liability and are recognised once this uncertainty is removed.

Judgements, estimates and assumptions that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

#### **(e) Presentation and Rounding of Amounts**

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.

#### **(f) 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).

#### **(g) 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 State 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 State 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.

#### **(h) Income Recognition**

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 shown in the following table.

<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.

##### ***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.

##### ***Sale of goods and services***

Revenue from the sale of goods, including regulatory fees, 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.

##### ***Interest income***

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.

### ***Revenue from public corporations***

Dividends, income tax equivalent revenue and local government rate equivalent revenue for the general government sector represents income from the other sectors of government. Dividends are recognised as revenue when the right to receive payment is established and the tax and rate equivalent payments are recognised in the period they are earned.

### ***Royalty Income***

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.

#### **(i) 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.

#### ***Salaries***

Salaries include wages and salaries, leave entitlements and redundancy payments.

#### ***Superannuation***

The superannuation expense of the defined benefit plans relates to current service cost which is the cost of employer financed benefits that are expected to accrue for defined benefit members during the reporting period.

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

Actuarial gains or losses relating to 'experience' adjustments and changes in actuarial assumptions of the defined benefit plans are reported separately as other economic flows.

#### ***Superannuation interest cost***

The carrying cost of unfunded superannuation liabilities is recognised as an interest cost. This cost is estimated based on the discount rate used to value the gross superannuation liability, less the expected return on plan assets.

#### ***Depreciation and amortisation***

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(k).

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 of the underlying assets.

***Other interest***

Interest costs include interest charges, finance lease charges and borrowing costs. Interest costs are expensed in the period in which they are incurred.

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings.

***Current and capital transfers***

Current and capital transfers include grants and subsidies and other payments made to other sectors of government and to non-government organisations for the delivery of services. They 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.

**(j) Other Economic Flows**

Other economic flows are changes in volume or value of an asset or liability that do not result from transactions.

***Realised gains (or losses) on disposal of non financial assets***

Net gains (or losses) 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.

***Impairment – non-financial assets***

Impairment losses are recognised as an expense when an asset's carrying amount exceeds its recoverable amount.

***Net actuarial gains (or losses)***

Actuarial gains (or losses) on superannuation defined benefit plans are recognised in the period in which they occur.

**(k) Land, and 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 – electricity generation and transmission – other	Fair value less accumulated depreciation and accumulated impairment losses
Plant, equipment and other	Fair value 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 Western Australian 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 and in determining estimated useful life. 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 Land Information Authority, 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 2010 is based on the current depreciated replacement cost determined at 30 June 2009 by Main Roads and a cost index (ABS Road and Bridge Construction Cost Index) has been applied 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 fair value which approximates carrying value (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 table summarises the expected useful lives for each class of depreciable asset in both the current and prior years used in compiling these financial statements.

<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 Operating 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.

### **(I) 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 accounting standard 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.

#### **(m) 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 or losses in the Operating Statement.

#### **(n) 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 Operating Statement in the year in which they arise.

#### **(o) 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 a straight-line basis using rates which are reviewed annually. All intangible assets controlled by the public sector 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.

#### **(p) 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.

#### **(q) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and 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, where the replacement cost is falling or where there is a significant change in useful life. 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 by agencies at each reporting period.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

#### **(r) 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.

Minimum 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 Operating Statement.

#### **(s) 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.

#### **(t) 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.

#### **(u) 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 allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance 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 generally 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 Operating 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 Operating Statement on disposal or if determined to be impaired.

Dividend revenue is recognised in the Operating 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 borrowing 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 Operating 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 Operating Statement as they arise.

**(v) Provisions**

Provisions are liabilities of uncertain timing and amount 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 resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

***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:

- Defined Benefit Plans:
  - Pension Scheme;
  - Judges' Pension Scheme;
  - Parliamentary Superannuation Scheme; and
  - Gold State Superannuation Scheme;
- Defined Contribution Plans:
  - West State Superannuation Scheme which was closed to 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 10 year 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 Operating 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 Operating Statement as incurred. The public sector has no further obligation to the plans as scheme members assume the investment risk. The unfunded portion of the West State Superannuation Scheme left over from full-funding arrangements is being funded over the period to 2021.

See also Note 3(i): Superannuation Expense.

## ***Other employee benefits***

### *Annual Leave and Long Service Leave*

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

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer 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 end of the reporting period on national government bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the public sector does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### *Other Compensated Absences*

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Operating Statement for this leave as it is taken.

## ***Other provisions***

### *Employment On-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the salaries 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.

### **(w) Initial Application of Australian Accounting Standards**

The public sector and general government sector have applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009.

- AASB 2008-9: *Amendments to AASB 1049 for Consistency with AASB 101*. This standard amends AASB 1049: *Whole of Government and General Government Sector Financial Reporting* to reflect the revised requirements in AASB 101: *Presentation of Financial Statements (September 2007)* including presenting a whole-of-government and general government sector statement of changes in equity and terminology changes. There is no financial impact resulting from the application of this Standard.
- AASB 2008-13: *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]*. This Standard amends AASB 5: *Non-current Assets Held for Sale and Discontinued Operations* in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. There is no financial impact resulting from the Standard being first applied prospectively.
- AASB 2009-2: *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 and AASB 1038*. This Standard introduces enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.
- AASB 123: *Borrowing Costs (June 2007)*. This Standard has been revised to mandate the capitalisation of all borrowing costs attributable to the acquisition, construction or production of qualifying assets. AASB 2009-1: *Amendments to Australian Accounting Standards - Borrowing Costs of Not-for-Profit Public Sector Entities* issued in April 2009 allows not-for-profit public sector entities to continue to choose whether to expense or capitalise borrowing costs relating to qualifying assets. There is no financial impact from application of this Standard.

### **(x) Future Impact of Australian Accounting Standards Not Yet Operative**

The public sector and general government sector have not applied the following Australian Accounting Standards that have been issued but are not yet effective. These will be applied from their application date:

- AASB 2009-5: *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]*. This standard comes into effect for annual reporting periods beginning on or after 1 January 2010. The amendments to some standards will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes. The Standard is not likely to have a material financial impact when first applied.

- AASB 9: *Financial Instruments* and AASB 2009-11: *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]*. These standards become effective for reporting periods beginning on or after 1 January 2013. The main impacts of these Standards are that they will simplify requirements for the classification and measurement of financial assets. The impact of these Standards is still being assessed.

All other Australian Accounting Standards and Interpretations with future commencement dates are either not applicable or have no material impact on the total public sector or the general government sector.

#### **(y) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

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### **NOTE 4: CONVERGENCE DIFFERENCES**

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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 30 June 2010 results.

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

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	2010	2009
	\$m	\$m
<i><u>General government</u></i>		
<i>AASB1049 net operating balance</i>	831	318
<i>Plus GFS revenue adjustments</i>		
Capital grants - prepaid AusLink road grants	3	199
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-
All other	-	-
<i>Total GFS revenue adjustments</i>	3	199
<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>	3	199
<b>GFS net operating balance</b>	<b>834</b>	<b>517</b>
<i><u>Total public sector</u></i>		
<i>AASB1049 net operating balance</i>	859	87
<i>Plus GFS revenue adjustments</i>		
Capital grants - prepaid AusLink road grants	3	199
Goods and services revenue - intersector equity/asset transfers recorded as revenue	-	-
All other	-	-
<i>Total GFS revenue adjustments</i>	3	199
<i>Less GFS expense adjustments</i>		
Capitalised interest	51	43
All other	-	-
<i>Total GFS expense adjustments</i>	51	43
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	-48	157
<b>GFS net operating balance</b>	<b>811</b>	<b>244</b>

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

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	2010	2009
	\$m	\$m
<i>General government</i>		
AASB1049 net lending/-borrowing	-1,058	-987
Plus Net operating balance convergence differences (noted above)	3	199
<b>GFS net lending/-borrowing</b>	<b>-1,055</b>	<b>-787</b>
<i>Total public sector</i>		
AASB1049 net lending/-borrowing	-4,232	-3,681
Plus Net operating balance convergence differences (noted above)	-48	157
<b>GFS net lending/-borrowing</b>	<b>-4,280</b>	<b>-3,524</b>

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

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	2010	2009
	\$m	\$m
<i>General government</i>		
AASB1049 net worth	107,844	107,162
<i>Plus</i>		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts		
General government sector	179	158
Impact on public corporations net worth	44	29
Impact of AusLink Road grants prepayments	-	-3
<i>Total GFS net worth adjustments</i>	<i>311</i>	<i>273</i>
<b>GFS net worth</b>	<b>108,155</b>	<b>107,435</b>
<i>Total public sector</i>		
AASB1049 net worth	107,844	107,162
<i>Plus</i>		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts	223	187
Impact of AusLink Road grants prepayments	-	-3
<i>Total GFS net worth adjustments</i>	<i>311</i>	<i>273</i>
<b>GFS net worth</b>	<b>108,155</b>	<b>107,435</b>

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

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	2010	2009
	\$m	\$m
<i><u>General government</u></i>		
AASB1049 cash surplus/-deficit	-867	-375
Less Acquisitions under finance leases and similar arrangements	8	7
<b>GFS cash surplus/-deficit</b>	<b>-875</b>	<b>-382</b>
<i><u>Total public sector</u></i>		
AASB1049 cash surplus/-deficit	-2,816	-2,439
Less Acquisitions under finance leases and similar arrangements	144	7
<b>GFS cash surplus/-deficit</b>	<b>-2,960</b>	<b>-2,447</b>

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## NOTE 5: GOVERNMENT PURPOSE CLASSIFICATION

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The following allocation of expenses and assets is consistent with the ABS' Government Purpose Classification (GPC). More detailed dissection of general government expenses, consistent with the Uniform Presentation Framework requirements is contained in Appendix 3: *Other Uniform Presentation Framework Information*.

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### GOVERNMENT PURPOSE CLASSIFICATION

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	General Government	
	2010	2009
	\$m	\$m
<b>EXPENSES</b>		
General public services	428	500
Public order and safety	2,459	2,187
Education	5,651	4,884
Health	5,028	4,722
Social security and welfare	1,263	1,127
Housing and community amenities	1,982	1,866
Recreation and culture	695	620
Fuel and energy	312	120
Agriculture, forestry, fishing and hunting	354	418
Mining and mineral resources (other than fuels), manufacturing and construction	161	237
Transport and communications	1,535	1,476
Other economic affairs	678	380
Other purposes	662	581
<b>TOTAL EXPENSES</b>	<b>21,208</b>	<b>19,117</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	7,101	6,211
Public order and safety	2,633	2,668
Education	11,800	11,889
Health	4,531	3,893
Social security and welfare	255	366
Housing and community amenities	6,051	6,184
Recreation and culture	6,767	6,460
Fuel and energy	20	17
Agriculture, forestry, fishing and hunting	313	314
Mining and mineral resources (other than fuels), manufacturing and construction	995	722
Transport and communications	37,258	37,491
Other economic affairs	525	294
Other purposes	-	-
<i>plus</i> Investments in other public sector entities	46,549	44,117
<b>TOTAL ASSETS</b>	<b>124,797</b>	<b>120,624</b>

Note: Columns may not add due to rounding.

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## GOVERNMENT PURPOSE CLASSIFICATION

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Total Public Sector		
	2010	2009
	\$m	\$m
<b>EXPENSES</b>		
General public services	167	234
Public order and safety	2,402	2,145
Education	5,518	4,802
Health	4,988	4,683
Social security and welfare	1,238	1,115
Housing and community amenities	2,907	2,569
Recreation and culture	2,882	2,941
Fuel and energy	2,573	2,475
Agriculture, forestry, fishing and hunting	451	497
Mining and mineral resources (other than fuels), manufacturing and construction	159	226
Transport and communications	1,954	2,052
Other economic affairs	7,232	3,493
Other purposes	1,564	1,330
<b>TOTAL EXPENSES</b>	<b>34,036</b>	<b>28,564</b>
<b>ASSETS AT 30 JUNE</b>		
General public services	6,459	5,523
Public order and safety	2,641	2,677
Education	11,800	11,889
Health	4,531	3,893
Social security and welfare	255	366
Housing and community amenities	45,152	42,832
Recreation and culture	7,493	7,180
Fuel and energy	17,045	15,707
Agriculture, forestry, fishing and hunting	720	756
Mining and mineral resources (other than fuels), manufacturing and construction	995	722
Transport and communications	44,536	43,087
Other economic affairs	11,421	9,586
Other purposes	-	-
<b>TOTAL ASSETS</b>	<b>153,049</b>	<b>144,216</b>

Note: Columns may not add due to rounding

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## NOTE 6: OPERATING REVENUE

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A detailed disclosure of general government and total public sector operating revenue (which includes Uniform Presentation Framework requirements) is included in Appendix 2: *Operating Revenue*.

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## NOTE 7: 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 the total public sector, in line with Uniform Presentation Framework disclosure requirements.

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


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General Government		
	2010	2009
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	154	216
Local government on-passing	136	132
Private and not-for-profit sector	1,934	1,792
Private and not-for-profit sector on-passing	769	751
Other sectors of government	1,889	1,663
<b>Total Current Transfers</b>	<b>4,882</b>	<b>4,554</b>
<i>CAPITAL TRANSFERS</i>		
Local government	64	171
Local government on-passing	90	89
Private and not-for-profit sector	422	276
Private and not-for-profit sector on-passing	309	18
Other sectors of government	186	46
<b>Total Capital Transfers</b>	<b>1,071</b>	<b>600</b>
Total Public Sector		
	2010	2009
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	155	216
Local government on-passing	136	132
Private and not-for-profit sector	2,550	2,335
Private and not-for-profit sector on-passing	769	751
Other sectors of government	32	43
<b>Total Current Transfers</b>	<b>3,642</b>	<b>3,477</b>
<i>CAPITAL TRANSFERS</i>		
Local government	66	188
Local government on-passing	90	89
Private and not-for-profit sector	421	276
Private and not-for-profit sector on-passing	309	18
Other sectors of government	9	-
<b>Total Capital Transfers</b>	<b>897</b>	<b>570</b>

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

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**NOTE 8: OTHER INTEREST**


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 General Government
 

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	2010	2009
	\$m	\$m
Interest on borrowings	182	113
Finance charges on finance leases	4	6
<b>Total</b>	<b>187</b>	<b>118</b>
Less: Capitalised interest on borrowings	-	-
<b>Total other interest</b>	<b>187</b>	<b>118</b>

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 Total Public Sector
 

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	2010	2009
	\$m	\$m
Interest on borrowings	1,128	979
Finance charges on finance leases	40	64
<b>Total</b>	<b>1,167</b>	<b>1,042</b>
Less: Capitalised interest on borrowings	51	43
<b>Total other interest</b>	<b>1,116</b>	<b>1,000</b>

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**NOTE 9: DEPRECIATION AND AMORTISATION EXPENSE**


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General Government		
	2010	2009
	\$m	\$m
<i>Depreciation</i>		
Buildings	345	310
Infrastructure	196	170
Plant, equipment and other	244	237
<i>Total</i>	<i>785</i>	<i>717</i>
<i>Amortisation</i>		
Intangible assets	63	47
<i>Total</i>	<i>63</i>	<i>47</i>
<b>Total depreciation and amortisation expenses</b>	<b>848</b>	<b>764</b>
Total Public Sector		
	2010	2009
	\$m	\$m
<i>Depreciation</i>		
Buildings	504	455
Infrastructure	1,125	1,026
Plant, equipment and other	544	515
<i>Total</i>	<i>2,173</i>	<i>1,996</i>
<i>Amortisation</i>		
Intangible assets	116	92
Other	3	-
<i>Total</i>	<i>119</i>	<i>92</i>
<b>Total depreciation and amortisation expenses</b>	<b>2,292</b>	<b>2,088</b>

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## NOTE 10: OTHER GROSS OPERATING EXPENSES

General Government		
	2010	2009
	\$m	\$m
Health sector specific expenses	840	814
Education sector specific expenses	442	369
Other	1,677	1,393
<b>Total</b>	<b>2,959</b>	<b>2,575</b>
Total Public Sector		
	2010	2009
	\$m	\$m
Betting dividends payouts	1,355	1,357
Health sector specific expenses	840	814
Education sector specific expenses	442	369
Insurance claims expenses	623	588
Other	10,058	5,492
<b>Total</b>	<b>13,318</b>	<b>8,621</b>

## NOTE 11: INVENTORIES

General Government		
	2010	2009
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	1	1
Land acquisition and development - at net realisable value	101	95
<i>Total Land inventories</i>	<i>102</i>	<i>96</i>
<i>Other Inventories</i>		
Other materials and stores - at cost	40	44
Other materials and stores - at net replacement cost	2	2
Other - at cost	19	19
Other - at net realisable value	6	6
<i>Total Other inventories</i>	<i>68</i>	<i>72</i>
<b>Total Inventories</b>	<b>170</b>	<b>168</b>
Total Public Sector		
	2010	2009
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	1,480	1,360
Land acquisition and development - at net realisable value	129	122
<i>Total Land inventories</i>	<i>1,609</i>	<i>1,483</i>
<i>Other Inventories</i>		
Precious metals - at net realisable value	2,698	1,390
Power station fuel stocks -at cost	43	45
Other materials and stores - at cost	42	46
Other materials and stores - at net replacement cost	8	21
Other - at cost	304	263
Other - at net realisable value	6	6
<i>Total Other inventories</i>	<i>3,102</i>	<i>1,771</i>
<b>Total Inventories</b>	<b>4,711</b>	<b>3,254</b>

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**NOTE 12: RECEIVABLES**


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General Government		
	2010	2009
	\$m	\$m
Receivables	2,221	1,708
Provision for impairment of receivables	-179	-158
<b>Total receivables</b>	<b>2,042</b>	<b>1,549</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
Balance at start of year	158	183
Doubtful debts expense recognised in the income statement	30	-
Amounts written off during the year	-10	-28
Amounts recovered during the year	-	2
<b>Balance at the end of year</b>	<b>179</b>	<b>158</b>
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	190	141
More than 3 Months but less than 6 months	72	112
More than 6 months but less than 1 year	80	141
More than 1 year	114	115
<b>Total</b>	<b>456</b>	<b>509</b>
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	16	29
Impairment loss	-	-4
<b>Carrying amount at the end of year</b>	<b>16</b>	<b>25</b>
Total Public Sector		
	2010	2009
	\$m	\$m
Receivables	3,691	3,481
Provision for impairment of receivables	-223	-187
<b>Total receivables</b>	<b>3,469</b>	<b>3,293</b>
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
Balance at start of year	187	209
Doubtful debts expense recognised in the income statement	52	11
Amounts written off during the year	-21	-34
Amounts recovered during the year	6	1
<b>Balance at the end of year</b>	<b>223</b>	<b>187</b>
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	283	276
More than 3 Months but less than 6 months	102	131
More than 6 months but less than 1 year	86	153
More than 1 year	122	123
<b>Total</b>	<b>593</b>	<b>683</b>
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	163	29
Impairment loss	-26	-4
<b>Carrying amount at the end of year</b>	<b>137</b>	<b>25</b>

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## NOTE 13: BIOLOGICAL ASSETS

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### General Government

	2010	2009
	\$m	\$m
Native and plantation standing trees <sup>(a)</sup>	-	-
Livestock and other	2	2
<b>Total Biological Assets</b>	<b>2</b>	<b>2</b>

(a) 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

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

### Total Public Sector

	2010	2009
	\$m	\$m
Native and plantation standing trees <sup>(a)</sup>	328	362
Livestock and other	2	2
<b>Total Biological Assets</b>	<b>330</b>	<b>364</b>

(a) 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

	Standing Trees \$m	Livestock and Other \$m	Total \$m
Carrying amount at beginning of year	362	2	364
Gain/(loss) from changes in fair value	-10	-	-10
Purchases	6	-	6
Other	-29	-	-29
<b>Carrying amount at end of year</b>	<b>328</b>	<b>2</b>	<b>330</b>

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## NOTE 14: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

### General Government

	2010	2009
	\$m	\$m
Land	42	14
Other	7	4
<b>Total Current</b>	<b>49</b>	<b>18</b>

Assets held for sale primarily relates to: the Department of Training and Workforce Development (\$21 million as non-current land held for sale), the Western Australia Police (\$14 million as non-current land held for sale, \$5 million as non-current buildings held for sale and land sold during the year of \$4 million), the Department of Water (\$5 million as non-current land held for sale) and the Department of Education (land sold during the year of \$3 million).

### 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:

	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	14	4	18
Assets reclassified as held for sale	36	2	38
Write down from cost to fair value less selling cost	-	-	-
Assets sold	-7	-1	-8
Transfers out/other	-	1	1
<b>Carrying amount at end of year</b>	<b>42</b>	<b>7</b>	<b>49</b>

### Total Public Sector

	2010	2009
	\$m	\$m
Land	55	14
Other	9	6
<b>Total Current</b>	<b>64</b>	<b>19</b>

Assets held for sale primarily relates to: the Department of Training and Workforce Development (\$21 million as non-current land held for sale), State Housing Authority (sale of rental properties of \$36 million), the Western Australia Police (\$14 million as non-current land held for sale, \$5 million as non-current buildings held for sale and sold land during the year of \$4 million), the Public Transport Authority (\$13 million as non-current land held for sale), the Department of Water (\$5 million as non-current land held for sale) and the Department of Education (land sold during the year of \$3 million).

### 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:

	Land	Other	Total
	\$m	\$m	\$m
Carrying amount at beginning of year	14	6	19
Assets reclassified as held for sale	48	39	87
Write down from cost to fair value less selling cost	-	-1	-1
Assets sold	-7	-36	-43
Transfers out/other	-	1	1
<b>Carrying amount at end of year</b>	<b>55</b>	<b>9</b>	<b>64</b>



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## NOTE 15: INVESTMENT PROPERTIES

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General Government		
	2010	2009
	\$m	\$m
Carrying amount at beginning of year	8	9
Additions	-	-
Revaluation increments/(decrements)	-	-1
Transfers from property, plant and equipment	-	-
<b>Carrying amount at end of year</b>	<b>8</b>	<b>8</b>
Total Public Sector		
	2010	2009
	\$m	\$m
Carrying amount at beginning of year	386	398
Additions	59	21
Revaluation increments/(decrements)	-17	-33
Transfers from property, plant and equipment	35	-
<b>Carrying amount at end of year</b>	<b>464</b>	<b>386</b>

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## NOTE 16: LAND

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General Government		
	2010	2009
	\$m	\$m
Land, at fair value <sup>(a)</sup>	16,089	16,348
Land under roads, at fair value <sup>(b)</sup>	21,801	23,040
<b>Total</b>	<b>37,890</b>	<b>39,389</b>
Total Public Sector		
	2010	2009
	\$m	\$m
Land, at fair value <sup>(a)</sup>	29,126	29,810
Land under roads, at fair value <sup>(b)</sup>	21,801	23,040
<b>Total</b>	<b>50,927</b>	<b>52,850</b>

(a) Land valuations are provided by the Western Australian Land Information Authority each financial year with an effective date of 1 July. The valuation is based on information on the stock of land as at 30 June 2010. Land vested in local authorities of \$2,559 million (2009: \$3,250 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 each financial year with an effective date of 1 July. The valuation based on information on the stock of land as at 30 June 2010.

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## NOTE 17: PROPERTY, PLANT AND EQUIPMENT

General Government		
	2010	2009
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	12,612	12,513
Accumulated Depreciation	52	122
<i>Total</i>	<i>12,560</i>	<i>12,391</i>
Electricity generation and transmission, at fair value <sup>(a)</sup>	1	1
Accumulated Depreciation	-	-
<i>Total</i>	<i>1</i>	<i>1</i>
Road networks, at fair value <sup>(b)</sup>	22,300	21,480
Accumulated Depreciation	7,711	7,542
<i>Total</i>	<i>14,589</i>	<i>13,938</i>
Water storage and distribution, at fair value <sup>(c)</sup>	-	-
Accumulated Depreciation	-	-
<i>Total</i>	<i>-</i>	<i>-</i>
Other infrastructure, at fair value <sup>(a)</sup>	303	252
Accumulated Depreciation	110	106
<i>Total</i>	<i>193</i>	<i>146</i>
Plant, equipment and other, at fair value	3,155	2,997
Accumulated depreciation	988	912
<i>Total</i>	<i>2,168</i>	<i>2,084</i>
Assets under construction	1,546	1,096
<b>Total Property, Plant and Equipment</b>	<b>31,056</b>	<b>29,657</b>
Total Public Sector		
	2010	2009
	\$m	\$m
Buildings, at fair value <sup>(a)</sup>	19,270	18,987
Accumulated Depreciation	324	344
<i>Total</i>	<i>18,945</i>	<i>18,642</i>
Electricity generation and transmission, at fair value <sup>(b)</sup>	10,800	9,401
Accumulated Depreciation	2,134	1,905
<i>Total</i>	<i>8,666</i>	<i>7,496</i>
Road networks, at fair value <sup>(c)</sup>	22,300	21,483
Accumulated Depreciation	7,711	7,542
<i>Total</i>	<i>14,589</i>	<i>13,941</i>
Water storage and distribution, at fair value <sup>(d)</sup>	25,696	24,603
Accumulated Depreciation	9,284	8,826
<i>Total</i>	<i>16,411</i>	<i>15,777</i>
Other infrastructure, at fair value <sup>(a)</sup>	9,677	4,672
Accumulated Depreciation	4,901	1,107
<i>Total</i>	<i>4,776</i>	<i>3,565</i>
Plant, equipment and other, at fair value	9,167	8,220
Accumulated depreciation	3,393	3,072
<i>Total</i>	<i>5,774</i>	<i>5,148</i>
Assets under construction	4,996	4,351
<b>Total Property, Plant and Equipment</b>	<b>74,158</b>	<b>68,921</b>

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### **NOTE 17: PROPERTY, PLANT AND EQUIPMENT (CONT.)**

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- (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.
  - (b) 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.
  - (c) Road infrastructure comprising roads, bridges and road furniture was valued at fair value by the Commissioner of Main Roads' Engineer at 30 June 2010.
  - (d) 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 18: RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

### General Government

	Land	Buildings	Infra- structure	Plant, equip & other	Fixed Assets under Construction	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>30 June 2010</b>						
Carrying amount at beginning of year	39,389	12,391	14,085	2,084	1,096	69,046
Assets classified as NCAHFS	-37	-	-	-	-	-38
Additions	216	247	853	385	1,325	3,025
Disposals	-48	-22	-34	-115	-43	-262
Transfers in/-out	-224	759	79	52	-816	-150
Revaluation increments/-decrements	-1,389	-485	-4	-27	-	-1,905
Depreciation	-	-345	-196	-244	-	-785
Impairment losses	-	-	-	-1	-	-1
Accumulated depreciation written back	-	17	-	10	-	26
Other	-17	-2	-	24	-16	-11
<b>Carrying amount at end of year</b>	<b>37,890</b>	<b>12,560</b>	<b>14,783</b>	<b>2,168</b>	<b>1,546</b>	<b>68,946</b>
<b>30 June 2009</b>						
Carrying amount at beginning of year	37,624	11,095	13,045	1,562	809	64,135
Assets classified as NCAHFS	-2	-1	-	-	-	-2
Additions	210	527	856	566	255	2,413
Disposals	-80	-40	-69	-369	-12	-569
Transfers in/-out	25	15	-34	38	49	93
Revaluation increments/-decrements	1,585	1,082	457	438	-	3,563
Depreciation	-	-310	-170	-237	-	-717
Impairment losses	-	-1	-	-	-	-1
Accumulated depreciation written back	-	36	-	-13	-	24
Other	27	-12	-	98	-5	107
<b>Carrying amount at end of year</b>	<b>39,389</b>	<b>12,391</b>	<b>14,085</b>	<b>2,084</b>	<b>1,096</b>	<b>69,046</b>

## NOTE 18: RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT (CONT.)

### Total Public Sector

<b>30 June 2010</b>	Land \$m	Buildings \$m	Infra- structure \$m	Plant, equip & other \$m	Fixed Assets under Construction \$m	Total \$m
Carrying amount at beginning of year	52,850	18,642	40,780	5,148	4,351	121,771
Assets classified as NCAHFS	-69	-19	-	-	-	-88
Additions	449	397	1,782	1,040	3,090	6,757
Disposals	-139	-96	-35	-150	-50	-470
Transfers in/(out)	-182	1,117	1,027	185	-2,377	-228
Revaluation increments/(decrements)	-1,965	-614	1,689	8	-	-882
Depreciation	-	-504	-1,125	-544	-	-2,173
Impairment losses	-	-	-11	-1	-1	-13
Accumulated depreciation written back	-	23	315	64	-	402
Other	-17	-2	20	24	-17	8
<b>Carrying amount at end of year</b>	<b>50,927</b>	<b>18,945</b>	<b>44,442</b>	<b>5,774</b>	<b>4,996</b>	<b>125,085</b>

<b>30 June 2009</b>	Land \$m	Buildings \$m	Infra- structure \$m	Plant, equip & other \$m	Fixed Assets under Construction \$m	Total \$m
Carrying amount at beginning of year	48,285	16,814	29,993	4,226	3,408	102,726
Assets classified as NCAHFS	-21	-24	-	-	-	-45
Additions	439	280	2,321	1,014	1,805	5,859
Disposals	-106	-77	-85	-405	-12	-685
Transfers in/(out)	41	208	729	-83	-808	87
Revaluation increments/(decrements)	4,183	1,859	8,875	807	-	15,724
Depreciation	-	-455	-1,026	-515	-	-1,996
Impairment losses	-	-1	-	-1	-	-2
Accumulated depreciation written back	-	50	12	3	-	65
Other	29	-11	-39	101	-43	36
<b>Carrying amount at end of year</b>	<b>52,850</b>	<b>18,642</b>	<b>40,780</b>	<b>5,148</b>	<b>4,351</b>	<b>121,771</b>

## NOTE 19: INTANGIBLE ASSETS

General Government		2010	2009
		\$m	\$m
Computer software		263	215
Software in progress		47	18
Other		98	103
<b>Total</b>		<b>408</b>	<b>336</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	215	18	103	336
Additions	99	9	8	116
Assets classified as held for sale	-	-	-	-
Disposals	-10	-	-	-10
Transfers in/-out	1	21	9	30
Revaluation increments/-decrements	-	-	-	-
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Amortisation	-41	-	-22	-63
Other	-	-	-	-1
<b>Carrying amount at end of year</b>	<b>263</b>	<b>47</b>	<b>98</b>	<b>408</b>

### Total Public Sector

		2010	2009
		\$m	\$m
Computer software		471	367
Software in progress		49	19
Renewable Energy Certificates		27	17
Other		195	177
<b>Total</b>		<b>743</b>	<b>580</b>

### Reconciliation of Intangibles

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	367	19	17	177	580
Additions	154	11	33	23	220
Assets classified as held for sale	-	-	-	-	-
Disposals	-11	-	-22	-	-33
Transfers in/-out	55	19	-	17	91
Revaluation increments/-decrements	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Amortisation	-92	-	-	-24	-116
Other	-2	-	-	2	-1
<b>Carrying amount at end of year</b>	<b>471</b>	<b>49</b>	<b>27</b>	<b>195</b>	<b>743</b>

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## NOTE 20: BORROWINGS

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### General Government

	2010	2009
	\$m	\$m
Bank overdrafts	-	13
Finance leases - secured <sup>(a)</sup>	281	288
Domestic and foreign borrowings <sup>(b)</sup>	4,034	1,546
Borrowings <sup>(c)</sup>	4,315	1,847
Unamortised net discounts	-	-
<b>Total</b>	<b>4,315</b>	<b>1,847</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:

	2010	2009
	\$m	\$m
Finance leases due:		
- not later than one year	20	20
- later than one year and not later than five years	47	51
- later than five years	225	231
Minimum lease payments	292	301
Future finance charges	-10	-13
<b>Total finance lease liabilities</b>	<b>281</b>	<b>288</b>
Classified as:		
- Current	18	17
- Non-current	264	271
<b>Total</b>	<b>281</b>	<b>288</b>

## (b) Foreign currency borrowings

The general government sector had no foreign currency borrowings at the reporting date or at the same time last year

## (c) Borrowings - maturity profile

	2010	2009
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	145	286
- later than one year and not later than five years	2,934	1,196
- later than five years	1,236	364
<b>Total</b>	<b>4,315</b>	<b>1,847</b>

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**NOTE 20: BORROWINGS (CONT.)**


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Total Public Sector		
	2010	2009
	\$m	\$m
Bank overdrafts	-	14
Finance leases - secured <sup>(a)</sup>	938	809
Domestic and foreign borrowings <sup>(b)</sup>	25,176	18,630
Borrowings <sup>(c)</sup>	26,114	19,453
<b>Total</b>	<b>26,114</b>	<b>19,453</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:

	2010	2009
	\$m	\$m
Finance leases due:		
- not later than one year	33	29
- later than one year and not later than five years	53	97
- later than five years	862	696
Minimum lease payments	948	822
Future finance charges	-10	-13
<b>Total finance lease liabilities</b>	<b>938</b>	<b>809</b>
Classified as:		
- Current	31	26
- Non-current	907	783
<b>Total</b>	<b>938</b>	<b>809</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>2010</i>	Current	Non-current
United States Dollar	3,382	-
Great Britain Pound	238	-
Singapore Dollar	17	-
	<b>3,636</b>	-
<i>2009</i>	Current	Non-current
United States Dollars	2,996	-
Hong Kong Dollars	52	-
	<b>3,048</b>	-

At the reporting date, all foreign currency borrowings have either been hedged, swapped, covered forward specifically or invested in the foreign currency market. 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

	2010	2009
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	12,500	8,706
- later than one year and not later than five years	8,398	5,750
- later than five years	5,216	4,997
<b>Total</b>	<b>26,114</b>	<b>19,453</b>

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## NOTE 21: UNFUNDED SUPERANNUATION

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General Government		
	2010	2009
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,228	2,265
Gold State Superannuation Scheme	4,106	3,906
Judges' Pension Scheme	278	254
Parliamentary Superannuation Scheme	144	143
Defined contribution superannuation scheme: West State Superannuation Scheme	493	518
<b>Total</b>	<b>7,249</b>	<b>7,086</b>

The superannuation liability for the general government sector at 30 June 2010 was \$7,249 million (2009: \$7,086 million). The liability represents 98.1% (2009: 98.1%) of the whole-of-government total superannuation liability of \$7,386 million at 30 June 2010 (2009: \$7,222 million).

The disclosure information included in the Total Public Sector note below also applies to the general government sector.

Total Public Sector		
	2010	2009
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,365	2,401
Gold State Superannuation Scheme	4,106	3,906
Judges' Pension Scheme	278	254
Parliamentary Superannuation Scheme	144	143
Defined contribution superannuation scheme: West State Superannuation Scheme	493	517
<b>Total</b>	<b>7,386</b>	<b>7,221</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 now 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.

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 PricewaterhouseCoopers 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 funded over the period to 2021.

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.

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## NOTE 21: UNFUNDED SUPERANNUATION (CONT.)

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(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:

	2010	2009
	%	%
Discount rate (gross of tax) <sup>(a)</sup>	5.2	5.5
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:

	2010	2009
	%	%
Australian equities	27	25
Overseas equities	23	27
Fixed interest securities	26	33
Property	7	7
Cash	12	8
Other	5	-
<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:

	2010	2009
	\$m	\$m
Total defined benefit obligations	9,189	8,721
Scheme assets <sup>(d)</sup>	-2,296	-2,017
Deficit/-Surplus	6,893	6,704

(d) Based on estimated accounts as at 30 June 2010 and audited accounts as at 30 June 2009

Current net liability	17	16
Non-current net liability	6,876	6,688

(v) 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 are shown below:

	Pension Scheme	Gold State Super Scheme <sup>(e)</sup>	Judges' Pension Scheme	Parliamentary Super Scheme
	2010	2010	2010	2010
	\$m	\$m	\$m	\$m
Gross accrued benefits	-2,541	-5,850	-278	-144
Net market value of plan assets	89	2,216	-	-
Deficit	-2,452	-3,634	-278	-144

(e) The amounts recorded for the Gold State Superannuation Scheme relate to the scheme as a whole (ie. The pre-transfer benefit component plus the 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.

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**NOTE 21: UNFUNDED SUPERANNUATION (CONT.)**


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(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		
		2010	2009
		\$m	\$m
	Net liability/(asset) in balance sheet at beginning of year	6,704	5,336
	Expense recognised in income statement	685	1,843
	Actual employer contributions	-496	-475
	Net liability/(asset) in balance sheet at end of year	6,893	6,704
(vii)	The amounts recognised in the income statement in respect of the defined benefit plans are as follows:		
		2010	2009
		\$m	\$m
	Total employer service cost	189	186
	Interest cost	462	485
	Expected return on plan assets	-148	-180
	Recognised actuarial (gains)/losses	182	1,352
	Total	685	1,843
(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		
		2010	2009
		\$m	\$m
	Fair value plan assets at beginning of year	2,017	2,400
	Employer contributions	510	482
	Actual participant contributions	72	71
	Actual operating costs	-	-11
	Actual benefit payments	-666	-551
	Expected return on plan assets	148	180
	Expected plan assets at end of year	2,081	2,570
	Actuarial (gain)/loss on assets	215	-553
	Fair value of plan assets at end of year	2,296	2,017
(ix)	Reconciliation of the fair value of defined benefit superannuation obligations at the beginning and at the end of the year are set out below		
		2010	2009
		\$m	\$m
	Defined benefit obligation at beginning of year	8,719	7,736
	Employer service cost plus operating costs	198	184
	Interest cost	461	487
	Actual participant contributions	76	70
	Actual operating costs	4	-11
	Actual benefit payments	-666	-549
	Expected defined benefit obligations at end of year	8,792	7,918
	Actuarial (gain)/loss on liabilities	396	801
	Defined benefit obligation at end of year	9,188	8,719
(x)	Reconciliation of actuarial (gain)/loss at the beginning and end of the year are set out below:		
		2010	2009
		\$m	\$m
	Unrecognised actuarial (gain)/loss at beginning of year	-	-
	Actuarial (gain)/loss on assets	-213	551
	Actuarial (gain)/loss on liabilities	396	801
	Amount recognised during year in operating statement	183	1,352
	Unrecognised actuarial (gain)/loss at end of year	-	-

For 2010, the assets were re-instated at 1 July 2009, resulting in an increase in the assets of \$42.555 million. For 2009, the assets were re-instated at 1 July 2008, resulting in an increase in the assets of \$4.3 million. The increases were treated as actuarial gains in the respective years.

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**NOTE 21: UNFUNDED SUPERANNUATION (CONT.)**


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(xi)	Interest costs are as follows:	2010	2009
	Defined benefit obligations at the beginning of the year (\$m)	8,719	7,736
	Actual benefit payments (\$m)	666	685
	Weighted for timing (\$m)	333	343
	Average benefit obligations (\$m)	8,386	7,394
	Discount rate (%)	5.50	6.50
	Calculated interest cost (\$m)	461	481
(xii)	Expected return on assets at the beginning and the end of the year are set out below:	2010	2009
	Fair value plan assets at beginning of year (\$m)	2,014	2,403
	Actual employer contributions (\$m)	510	482
	Weighted for timing (\$m)	255	241
	Actual participant contributions (\$m)	72	71
	Weighted for timing (\$m)	36	35
	Actual operating costs (admin plus insurance) (\$m)	-	-11
	Weighted for timing (\$m)	-	-5
	Actual benefit payments (\$m)	-666	-551
	Weighted for timing (\$m)	-333	-276
	Average expected assets (\$m)	1,972	2,398
	Assumed rate of return (%)	7.50	7.50
	Calculated expected return on assets (\$m)	148	180
(xiii)	Net liability	2010	2009
		\$m	\$m
	Total defined benefit obligation	9,189	8,719
	Actual assets	-2,296	-2,017
	Deficit/(surplus)	6,893	6,702
(xiv)	Actuarial gain/(loss)	2010	2009
		\$m	\$m
	Defined benefit obligations (prior year assumptions)	9,007	8,121
	Defined benefit obligations (current year assumptions)	9,189	8,719
	Actuarial (gain)/loss due to assumptions	181	598
	Actuarial (gain)/loss due to experience	217	201
	Actuarial (gain)/loss on assets	-215	553
	<b>Total actuarial (gain)/loss</b>	<b>183</b>	<b>1,352</b>
(xv)	History Summary		
	Total defined benefit obligations	9,189	8,719
	Actual assets	2,296	2,017
	Deficit/(surplus)	6,893	6,702
	Experience adjustment on liabilities	217	201
	Experience adjustment on assets	-215	553

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**NOTE 22: OTHER EMPLOYEE BENEFITS**

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**General Government**

	2010	2009
	\$m	\$m
Annual leave	790	722
Long service leave	1,268	1,167
Other	238	183
<b>Total</b>	<b>2,296</b>	<b>2,072</b>

Annual leave liabilities including leave loading have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows

	2010	2009
	\$m	\$m
- Within 12 months of reporting date	636	578
- More than 12 months after reporting date	154	144
	<b>790</b>	<b>722</b>

Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows

	2010	2009
	\$m	\$m
- Within 12 months of reporting date	429	462
- More than 12 months after reporting date	839	704
	<b>1,268</b>	<b>1,167</b>

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**Total Public Sector**

	2010	2009
	\$m	\$m
Annual leave	908	833
Long service leave	1,440	1,319
Other	277	230
<b>Total</b>	<b>2,625</b>	<b>2,382</b>

Annual leave liabilities including leave loading have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows

	2010	2009
	\$m	\$m
- Within 12 months of reporting date	731	667
- More than 12 months after reporting date	177	165
	<b>908</b>	<b>833</b>

Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows

	2010	2009
	\$m	\$m
- Within 12 months of reporting date	471	495
- More than 12 months after reporting date	969	824
	<b>1,440</b>	<b>1,319</b>

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**NOTE 23: OTHER LIABILITIES**


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General Government		2010	2009
		\$m	\$m
<b>Current</b>			
Insurance claims		-	-
Interest payable		57	10
Other provisions		15	11
Other liabilities and accruals		350	382
<b>Total Current Liabilities</b>		<b>422</b>	<b>402</b>
<b>Non Current</b>			
Insurance claims		-	-
Interest payable		-	-
Other provisions		8	9
Other liabilities and accruals		823	677
<b>Total Non Current Liabilities</b>		<b>831</b>	<b>686</b>
<b>Total</b>			
Insurance claims		-	-
Interest payable		57	10
Other provisions		23	19
Other liabilities and accruals		1,173	1,059
<b>Total Other Liabilities</b>		<b>1,253</b>	<b>1,088</b>

**Reconciliation of Other Provisions**

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	15	-	4	-	19
Additional provisions recognised	6	-	-	1	7
Amounts used	-1	-	-	-	-1
Unused amounts reversed	-	-	-	-	-
Unwinding of the discount	-1	-	-	-	-1
Other	-1	-	-	-	-1
<b>Carrying amount at end of year</b>	<b>18</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>23</b>

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## NOTE 23: OTHER LIABILITIES (CONT.)

Total Public Sector		
	2010	2009
	\$m	\$m
<b>Current</b>		
Insurance claims <sup>(a)</sup>	546	517
Interest payable	261	182
Other provisions	77	99
Other liabilities and accruals	1,193	1,173
<b>Total Current Liabilities</b>	<b>2,076</b>	<b>1,971</b>
<b>Non Current</b>		
Insurance claims <sup>(a)</sup>	1,457	1,399
Interest payable	-	-
Other provisions	225	199
Other liabilities and accruals	483	405
<b>Total Non Current Liabilities</b>	<b>2,165</b>	<b>2,002</b>
<b>Total</b>		
Insurance claims <sup>(a)</sup>	2,003	1,916
Interest payable	261	182
Other provisions	302	298
Other liabilities and accruals	1,676	1,578
<b>Total Other Liabilities</b>	<b>4,241</b>	<b>3,973</b>

### Reconciliation of Other Provisions

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	20	185	13	79	298
Additional provisions recognised	13	20	5	44	81
Amounts used	-8	-22	-2	-50	-83
Unused amounts reversed	-	-	-2	-	-2
Unwinding of the discount	-1	10	-	-	9
Other	-1	-	-	-	-1
<b>Carrying amount at end of year</b>	<b>23</b>	<b>193</b>	<b>14</b>	<b>72</b>	<b>302</b>

	2010	2009
	\$m	\$m
(a) Insurance claims		
The liabilities for outstanding insurance claims comprise:		
Third Party Insurance Fund	1,439	1,403
Government Insurance Fund	42	45
RiskCover	423	371
Other	98	97
<i>Total</i>	<i>2,003</i>	<i>1,916</i>
Liability for outstanding claims (undiscounted)	2,377	2,306
Discount to present value	-374	-390
<i>Total Liability for outstanding claims (undiscounted)</i>	<i>2,003</i>	<i>1,916</i>
	2010	2009
	%	%
Claims expected to be paid:		
Not later than one year		
Inflation rate	3.80	3.00
Discount rate	4.50	3.40
Later than one year		
Inflation rate	4.70	3.88
Discount rate	5.45	5.93

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## NOTE 24: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS FOR PERIOD

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General Government		
	2010	2009
	\$m	\$m
Surplus for period	831	318
Non-cash movements		
Depreciation	848	765
Increase/-decrease in accrual in employees benefits	194	245
-Increase/decrease in inventories	4	-13
-Increase/decrease in receivables	-501	216
-Increase/decrease in prepayments and other assets	-38	29
Increase/-decrease in payables	194	100
Increase/-decrease in other liabilities and accruals	165	230
Net GST receipts/-payments	-26	-16
Other non cash net asset transfers	68	34
Adjustment for other non-cash items	207	-191
<b>Total</b>	<b>1,946</b>	<b>1,717</b>
Net cash flows from operating activities per Cash Flow Statement.	1,946	1,717
Total Public Sector		
	2010	2009
	\$m	\$m
Surplus for period	859	87
Non-cash movements		
Depreciation	2,292	2,088
Premium discount amortisation	94	83
Increase/-decrease in accrual in employees benefits	171	277
-Increase/decrease in inventories	-1,331	-713
-Increase/decrease in receivables	-196	348
-Increase/decrease in prepayments and other assets	-112	45
Increase/-decrease in payables	768	492
Increase/-decrease in other liabilities and accruals	268	86
Net cash decrease/-increase in investment, borrowing and lending	488	-142
Net GST receipts/-payments	-91	-83
Other non cash net asset transfers	69	41
Adjustment for other non-cash items	-56	173
<b>Total</b>	<b>3,223</b>	<b>2,782</b>
Net cash flows from operating activities per Cash Flow Statement.	3,223	2,782

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### NOTE 25: CLOSING CASH BALANCES

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

General Government		
	2010	2009
	\$m	\$m
The amount comprises:		
Cash assets as per the Balance Sheet	586	380
Bank Overdrafts	-	-13
Investments included as cash on the Statement of Cash Flows	4,760	3,967
<b>Total closing cash balance</b>	<b>5,346</b>	<b>4,334</b>
Total Public Sector		
	2010	2009
	\$m	\$m
The amount comprises:		
Cash assets as per the Balance Sheet	1,255	916
Bank Overdrafts	-	-14
Investments included as cash on the Statement of Cash Flows	7,857	6,085
<b>Total closing cash balance</b>	<b>9,112</b>	<b>6,987</b>

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

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### NOTE 26: RESTRICTED FINANCIAL ASSETS

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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 \$442 million (2009: \$427 million).

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### NOTE 27: MONEYS HELD IN TRUST

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Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$291 million was recorded for 2010, compared with \$259 million in 2009.

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## NOTE 28: EXPENDITURE COMMITMENTS

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### General Government

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**Capital expenditure commitments<sup>(a)</sup>**

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

	2010	2009
	\$m	\$m
Not later than one year	1,830	2,276
Later than one year and not later than five years	935	1,192
Later than five years	111	60
<b>Total</b>	<b>2,876</b>	<b>3,529</b>

**Operating leases expenditure commitments**

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

	2010	2009
	\$m	\$m
Not later than one year	135	350
Later than one year and not later than five years	296	832
Later than five years	126	430
<b>Total</b>	<b>558</b>	<b>1,612</b>

Operating lease expenses for the year amounted to \$363 million (2008-09: \$316 million)

**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:

	2010	2009
	\$m	\$m
Not later than one year	1,185	1,116
Later than one year and not later than five years	2,372	1,839
Later than five years	1,947	6,831
<b>Total</b>	<b>5,504</b>	<b>9,786</b>

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## NOTE 28: EXPENDITURE COMMITMENTS (CONT.)

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### Total Public Sector

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**Capital expenditure commitments<sup>(a)</sup>**

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

	2010	2009
	\$m	\$m
Not later than one year	3,594	4,150
Later than one year and not later than five years	1,411	2,083
Later than five years	113	60
<b>Total</b>	<b>5,118</b>	<b>6,293</b>

**Operating leases expenditure commitments**

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

	2010	2009
	\$m	\$m
Not later than one year	227	474
Later than one year and not later than five years	550	1,212
Later than five years	214	802
<b>Total</b>	<b>991</b>	<b>2,488</b>

Operating lease expenses for the year amounted to \$475 million (2008-09: \$416 million).

**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:

	2010	2009
	\$m	\$m
Not later than one year	2,363	2,056
Later than one year and not later than five years	8,172	5,413
Later than five years	13,997	15,534
<b>Total</b>	<b>24,532</b>	<b>23,003</b>

(a) The capital commitments include the following material amounts.

The Commonwealth's Building *the Education Revolution* stimulus program - Primary Schools for the 21st Century and Secondary Schools Science and Language facilities; new secondary and primary schools; additions and improvements to secondary, primary and district high schools, trade training centres in schools and agricultural colleges and miscellaneous projects \$1,381 million (2009: \$1,565 million).

Southern Seawater Desalination Plant and miscellaneous capital expenditure programs \$749 million (2009: \$1,155 million).

Capital and operating projects and works on various hospitals and care groups \$584 million (2009: \$627 million).

Increased building activities as a result of Commonwealth and State stimulus package and GROH funding under the *Royalties for Regions* for construction and refurbishment of housing throughout the State \$473 million (2009: \$174 million).

Network enhancements for various towns, Carnarvon Power Station Upgrade, Safety Improvement projects, customer driven projects and Aboriginal and remote communities power supply project phase 2 \$378 million (2009: \$297 million).

Perth Arena project; upgrades to restrooms and other plant and equipment at Challenge Stadium \$196 million.

High efficiency Gas Turbines project and the Dry Ash Hopper project \$181 million (2009: \$27 million).

New and upgraded transmission lines and substations; reinforcement, replacement and expansion of distribution networks, supply and delivery of single phase meters and underground power projects \$161 million (2009: \$305 million).

Information technology infrastructure, Counter-Terrorism Initiatives and fleet and equipment purchases \$135 million (2009: \$148 million).

Reid Highway and Alexander Drive interchange; hire of plant and equipment for Lancelin Cervantes Stage 2 project, Great Northern Highway Kimberley project, Great Eastern Highway Alliance-Tammin to Walgoolan \$89 million (2009: \$344 million).

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## NOTE 29: CONTINGENT ASSETS AND LIABILITIES

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The consolidated financial statements do not contain any provision in respect of either quantifiable or unquantifiable contingent assets and liabilities noted below

	2010	2009
	\$m	\$m
<i>Contingent Assets</i>		
General Government	531	40
Public Non-Financial Corporations	40	-
<b>Total</b>	<b>571</b>	<b>40</b>
<i>Contingent Liabilities</i>		
General Government		
Contingent liabilities under guarantees, warranties, indemnities and sureties <sup>(a)</sup>	1,173	571
Other contingent liabilities <sup>(b)</sup>	567	704
Contingent liabilities in relation to public universities' superannuation liabilities <sup>(c)</sup>	102	107
Guaranteed obligations of the Bank of Western Australia Ltd at credit risk equivalents	-	11
<b>Total</b>	<b>1,842</b>	<b>1,393</b>

### Contingent Assets

#### *General Government*

A Heads of Agreement was signed by the State Government, BHP Billiton (BHPB) and Rio Tinto (RIO) in June 2010, regarding Royalty Equalisation and State Agreement issues. The parties agreed to amendments to the State Agreements (SAs), intended to enable more efficient iron ore operations in Western Australia, and thereby create value through reduced costs and increased production. The agreement includes a one-off payment totalling \$350 million by BHPB/RIO to the State Government once variations to the relevant SAs pass through Parliament and receive Royal Assent.

The State Government is involved in negotiations with a mining company to recover unpaid royalties. State Government believes that royalty on pisolite lump produced under the *Iron Ore (Robe River) Agreement Act 1964* should have been paid at the royalty rate of 7.5% of the free on board revenue rather than the lower royalty rate of 3.75%. The outstanding royalty as at 30 June 2010 is estimated to be \$128 million.

The Commissioner of Main Roads has contingent assets in relation to claims against various contractors for deficient works. These claims (\$50 million) are currently proceeding through dispute resolution processes. A damages claim (\$3 million) which relates to damage to Main Roads infrastructure by a third party is also in progress.

#### *Public Non-Financial Corporations*

Verve Energy has commenced litigation against North West Shelf gas sellers. The quantum of the claim is up to \$40 million and concerns the interpretation of the long term agreement for the supply of gas in relation to shortfall gas and the failure to supply gas as required in the period June 2008 to September 2008.

**(a) Contingent liabilities under guarantees, warranties indemnities and sureties**

***Public Trustee Common Fund***

Guarantees for the Public Trustee's Common Fund of \$1,162 million (2009: \$334 million). The substantial increase is due to funds held in trust pending legal appeal.

***Department of Treasury and Finance***

The State Government has provided a guarantee of \$10.4 million to the Australia and New Zealand Banking Group in relation to facilities provided to the Western Australian Football Commission.

**(b) Other contingent liabilities**

***Western Australian Planning Commission***

Under the operation of the Metropolitan, Peel and Greater Bunbury 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 and the regional land Acquisition Appropriation. It is estimated that the Commission's contingent liabilities at 30 June 2010 are in the order of \$261 million.

***Commissioner of Main Roads***

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability of \$227 million is the difference between the owners' claim and the estimated settlement price determined by Main Roads in accordance with an independent valuation. Claims have been submitted by contractors in relation to services provided under roadwork contracts. The contingent liability of \$3.3 million is the difference between the amount of the claim and the liability estimated by Main Roads based on legal advice.

***Various Agencies***

Other quantifiable contingent liabilities include various legal and contractual claims against individual agencies (totalling \$76 million) as reported in their financial statements.

**(c) 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 \$102 million have been actuarially assessed as at 30 June 2010 (2009: \$107 million).

**(d) Non-quantifiable contingent liabilities**

***Home Indemnity Insurance***

The Treasurer has entered into Deeds of Indemnity that provide catastrophe cover for loss under the Home Indemnity Insurance scheme resulting from death, insolvency or disappearance of a builder or building group. The Treasurer's exposure to these indemnities is limited to a maximum of \$90 million under any one builder or building group.

***Insurance Commission of Western Australia***

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

***Native Title***

The *Commonwealth Native Title Act 1993*, 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.

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.

***Insurance Commission of Western Australia***

The Insurance Commission has agreed to fund the costs of the liquidators of the Bell Group in the liquidator's action against a syndicate of banks. Contingent upon the outcome of this litigation, the Insurance Commission is likely at a future point in time to either realise an asset or incur a liability.

During the year, the liquidators were successful in obtaining judgement in the Supreme Court of Western Australia which required the banks to repay in excess of \$1.6 billion. The judgement is the subject of appeal processes. The contingent asset relates to the amount which the Insurance Commission will receive from the liquidators, if the recovery action against the banking syndicate is upheld after all rights of appeal are exhausted.

The contingent liability relates to the Insurance Commission's share of any amounts required to be paid in respect of costs ordered by the Court, in the event that the banks' appeals are successful. To mitigate the extraordinary and unforeseen level of funding of the liquidators, an insurance cover program was put in place in relation to some of the exposure to this contingent liability. The Insurance Commission continues to monitor, and where considered appropriate, modify the insurance program in respect of exposure to the funding of the litigation.

As the Court outcome and the amounts of any resulting contingent asset or liability are subject to inherent uncertainty, it is not practical to estimate the potential effect upon the Insurance Commission at balance sheet date.

### ***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 30: 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 12, 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 2010 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 2010.

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**NOTE 30: FINANCIAL INSTRUMENTS (CONT.)**


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General Government

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*Categories of Financial Instruments*

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:

	2010	2009
	\$m	\$m
<b>Financial Assets</b>		
Cash and cash equivalents	586	380
Receivables and advances	2,566	2,042
Investments, loans and placements	5,174	4,168

**Financial Liabilities**

Advances and borrowings	4,798	2,343
Deposits held and payables measured at amortised cost	1,358	864

Financial assets and liabilities exclude GST receivable/payable to the ATO but include other statutory receivables relating to taxation and royalty income.

	Notional face Value 2010 \$m	Net fair Value 2010 \$m	Credit Exposure 2010 \$m
<i>Fair Values</i>			
Interest rate contracts	-	-	-
Forward exchange contracts	20	21	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
<b>Total</b>	<b>20</b>	<b>21</b>	<b>-</b>

	Notional face Value 2009 \$m	Net fair Value 2009 \$m	Credit Exposure 2009 \$m
<i>Fair Values</i>			
Interest rate contracts	-	-	-
Forward exchange contracts	1	1	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>

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## NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

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### Total Public Sector

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*Categories of Financial Instruments*

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:

	2010	2009
	\$m	\$m
<b>Financial Assets</b>		
Cash and cash equivalents	1,255	916
Receivables and advances	7,676	6,037
Investments, loans and placements	11,211	9,528
Shares and other equity	1,029	1,004
Other financial assets	36	26
<b>Financial Liabilities</b>		
Advances and borrowings	26,596	19,949
Deposits held and payables measured at amortised cost	4,355	3,528

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 2010 \$m	Net fair Value 2010 \$m	Credit Exposure 2010 \$m
<i>Fair Values</i>			
Interest rate contracts	5,562	223	250
Forward exchange contracts	577	12	-
Futures contracts	88	-	-
Commodity contracts	144	-	-
<b>Total</b>	<b>6,370</b>	<b>235</b>	<b>250</b>

	Notional face Value 2009 \$m	Net fair Value 2009 \$m	Credit Exposure 2009 \$m
<i>Fair Values</i>			
Interest rate contracts	3,430	178	165
Forward exchange contracts	336	16	-
Futures contracts	205	9	-
Commodity contracts	-	-10	-
<b>Total</b>	<b>3,970</b>	<b>192</b>	<b>165</b>

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## NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

### General Government

#### *Interest rate risk exposure*

The general government sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2010 are as follows:

	Fixed interest rate maturing in:								Non-interest bearing	Total carrying amount	Weighted average effective interest rate %
	Floating interest rate	Up to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>Financial assets</b>											
Cash and deposits	258	160	4	-	-	-	-	-	165	586	3.1
Receivables <sup>(a)</sup>	6	-	-	-	-	-	-	-	1,852	1,858	4.1
Investments, loans and placements	105	4,166	892	1	2	-	-	7	2	5,174	4.2
Advances paid:											
Non-government schools	-	7	20	17	21	23	25	71	-	184	8.0
Other	-	-	-	-	-	-	-	-	524	524	6.5
<b>Total financial assets</b>	<b>368</b>	<b>4,333</b>	<b>916</b>	<b>18</b>	<b>23</b>	<b>23</b>	<b>25</b>	<b>78</b>	<b>2,542</b>	<b>8,326</b>	
<b>Financial liabilities</b>											
Deposits held	469	117	5	11	13	-	-	-	67	683	3.8
Advances received	-	-	-	-	-	-	-	-	482	482	-
Borrowings	218	636	1,129	224	443	215	213	1,235	1	4,315	5.4
Payables	3	-	6	-	-	-	-	-	666	675	-
<b>Total financial liabilities</b>	<b>689</b>	<b>753</b>	<b>1,140</b>	<b>236</b>	<b>457</b>	<b>215</b>	<b>213</b>	<b>1,235</b>	<b>1,216</b>	<b>6,155</b>	

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

(a) The amount of receivables excludes GST recoverable from ATO (statutory receivable) and NTERs.

## NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

### General Government (Cont.)

*Interest rate risk exposure*

The general government sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2009 are as follows:

	Fixed interest rate maturing in:								Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	Up to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Financial assets</b>											
Cash and deposits	304	9	-	-	-	-	-	-	67	380	2.9
Receivables <sup>(a)</sup>	-	-	-	-	-	-	-	-	1,326	1,326	-
Investments, loans and placements	1,025	2,777	282	84	-	-	-	-	-	4,168	5.4
Advances paid:											
Non-government schools	-	4	16	21	19	21	22	81	-	184	8.2
Other	13	-	-	-	-	-	-	-	519	532	-
<b>Total financial assets</b>	<b>1,342</b>	<b>2,790</b>	<b>298</b>	<b>105</b>	<b>19</b>	<b>21</b>	<b>22</b>	<b>81</b>	<b>1,912</b>	<b>6,590</b>	
<b>Financial liabilities</b>											
Deposits held	177	-	-	-	-	-	-	-	214	391	5.6
Advances received	-	-	-	-	-	-	-	-	496	496	-
Borrowings	1,126	111	72	48	45	40	36	370	-	1,847	4.2
Payables <sup>(b)</sup>	-	-	-	-	-	-	-	-	473	473	-
<b>Total financial liabilities</b>	<b>1,303</b>	<b>111</b>	<b>72</b>	<b>48</b>	<b>45</b>	<b>40</b>	<b>36</b>	<b>370</b>	<b>1,183</b>	<b>3,207</b>	

(a) The amount of receivables excludes GST recoverable from ATO (statutory receivable) and NTERs.

(b) The amount of payables excludes NTERs.

## NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

### Total Public Sector

*Interest rate risk exposure*

The total 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 2010 are as follows:

	Fixed interest rate maturing in:								Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	Up to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Financial assets</b>											
Cash and deposits	620	351	99	-	-	-	-	-	186	1,255	3.8
Receivables <sup>(a)</sup>	32	22	1	1	1	2	2	21	3,247	3,329	5.5
Investments, loans and placements	537	2,015	4,015	1,228	737	699	867	930	184	11,211	4.5
Advances paid:											
Homebuyers	-	-	-	1	1	1	1	4,122	-	4,125	5.7
Non-government schools	-	7	20	17	21	23	25	71	-	184	8.0
Other	-	-	-	-	-	-	-	-	38	38	-
Shares and other equity	-	-	-	-	-	-	-	-	1,029	1,029	-
Other financial assets	-	-	-	-	-	-	-	-	36	36	-
<b>Total financial assets</b>	<b>1,189</b>	<b>2,394</b>	<b>4,135</b>	<b>1,247</b>	<b>760</b>	<b>724</b>	<b>894</b>	<b>5,144</b>	<b>4,721</b>	<b>21,208</b>	
<b>Financial liabilities</b>											
Deposits held	2	120	5	2	-	-	-	-	72	201	4.2
Advances received	-	-	14	1	1	1	2	463	-	482	5.1
Borrowings	-	5,960	6,539	89	5,854	71	2,503	5,098	1	26,114	5.0
Payables <sup>(a)</sup>	235	-	-	-	-	-	-	-	3,919	4,154	0.9
<b>Total financial liabilities</b>	<b>237</b>	<b>6,080</b>	<b>6,558</b>	<b>91</b>	<b>5,855</b>	<b>72</b>	<b>2,505</b>	<b>5,561</b>	<b>3,992</b>	<b>30,951</b>	

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

(a) The amount of receivables excludes GST recoverable from ATO (statutory receivable).

## NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

### Total Public Sector (Cont.)

*Interest rate risk exposure*

The total 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 2009 are as follows:

	Fixed interest rate maturing in:								Non-interest bearing	Total carrying amount	Weighted average effective interest rate
	Floating interest rate	Up to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%
<b>Financial assets</b>											
Cash and deposits	665	34	132	-	-	-	-	-	85	916	3.2
Receivables <sup>(a)</sup>	-	-	635	-	-	-	-	12	2,521	3,168	0.4
Investments, loans and placements	878	5,877	2,038	322	12	37	27	156	181	9,528	4.6
Advances paid:											
Homebuyers	-	-	-	-	-	-	-	2,652	-	2,652	6.2
Non-government schools	-	4	16	21	19	21	22	81	-	184	8.2
Other	-	-	19	-	-	-	-	-	14	33	-
Shares and other equity	-	-	-	-	-	-	-	-	1,004	1,004	-
Other financial assets	-	-	-	-	-	-	-	-	26	26	-
<b>Total financial assets</b>	<b>1,543</b>	<b>5,915</b>	<b>2,840</b>	<b>343</b>	<b>31</b>	<b>58</b>	<b>49</b>	<b>2,901</b>	<b>3,831</b>	<b>17,511</b>	
<b>Financial liabilities</b>											
Deposits held	-	-	-	-	-	-	-	-	141	141	-
Advances received	-	-	19	19	19	19	18	252	150	496	3.1
Borrowings	37	5,285	3,469	3,141	101	2,460	94	4,866	-	19,453	5.5
Payables	-	-	141	-	-	-	-	-	3,245	3,387	0.1
<b>Total financial liabilities</b>	<b>37</b>	<b>5,285</b>	<b>3,629</b>	<b>3,160</b>	<b>120</b>	<b>2,479</b>	<b>112</b>	<b>5,118</b>	<b>3,536</b>	<b>23,477</b>	

(a) The amount of receivables excludes GST recoverable from ATO (statutory receivable).

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**NOTE 30: FINANCIAL INSTRUMENTS (CONT.)**


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General Government

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	2010					2009				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Financial Assets</b>										
Cash and cash equivalents	586	-4	-4	4	4	380	-3	-3	3	3
Receivables	1,858	-	-	-	-	1,326	-	-	-	-
Other financial assets	5,881	-32	-32	32	32	4,884	-31	-31	31	31
<b>Financial Liabilities</b>										
Payables	675	-	-	-	-	473	-	-	-	-
Borrowings	4,315	7	7	-7	-7	1,847	12	12	-12	-12
Other financial liabilities	1,165	6	6	-6	-6	887	2	2	-2	-2
Total Increase/(Decrease)		-24	-24	24	24		-20	-20	20	20

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**NOTE 30: FINANCIAL INSTRUMENTS (CONT.)**

Total Public Sector

	2010					2009				
	Carrying amount	-1% change		+1% change		Carrying amount	-1% change		+1% change	
		Profit	Equity	Profit	Equity		Profit	Equity	Profit	Equity
<i>Interest rate sensitivity analysis</i>	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Financial Assets</b>										
Cash and cash equivalents	1,255	-9	-9	9	9	916	-7	-7	7	7
Receivables	3,329	-	-	-	-	3,168	-	-	-	-
Other financial assets	16,623	-21	-21	21	21	13,427	-53	-53	53	53
<b>Financial Liabilities</b>										
Payables	4,154	2	2	-2	-2	3,387	-	-	-	-
Borrowings	26,114	45	45	-45	-45	19,453	40	40	-40	-40
Other financial liabilities	683	1	1	-1	-1	637	-	-	-	-
Total Increase/(Decrease)		18	18	-18	-18		-20	-20	20	20

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**NOTE 31: OTHER 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 Government Finance Statistics purposes. Details of the classification of State agencies are provided in Note 32: Composition of Sectors.

**(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.

## OTHER DISAGGREGATED INFORMATION (CONT.)

### Operating Statement for the year ended 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
<b>RESULTS FROM TRANSACTIONS</b>										
<b>REVENUE</b>										
Taxation	6,324	5,706	-	-	-	-	-297	-275	6,026	5,432
Current grants and subsidies	8,228	8,089	1,861	1,628	3	-	-1,864	-1,628	8,228	8,089
Capital grants	1,978	411	177	46	-	-	-177	-46	1,978	411
Sales of goods and services	1,635	1,410	13,057	9,186	774	719	-561	-518	14,905	10,797
Interest Income	227	285	203	163	1,205	994	-1,001	-795	633	648
Dividends from other sector entities	570	466	-	-	-	-	-570	-466	-	-
Tax equivalent income	350	355	-	-	-	-	-350	-355	-	-
Royalty income	2,324	2,348	-	-	-	-	-	-	2,324	2,348
Other	405	364	421	580	1	8	-26	-26	801	926
<i>Total</i>	<i>22,039</i>	<i>19,435</i>	<i>15,720</i>	<i>11,604</i>	<i>1,983</i>	<i>1,722</i>	<i>-4,847</i>	<i>-4,109</i>	<i>34,895</i>	<i>28,651</i>
<b>EXPENSES</b>										
<b>Employee Expenses</b>										
Salaries	8,284	7,764	883	835	36	35	-	-	9,203	8,634
Superannuation concurrent costs	793	746	82	80	3	3	-	-	878	829
Superannuation interest cost	338	330	-	-	-	-	-	-	338	330
Other employee costs	323	326	43	39	2	2	-129	-119	238	248
Depreciation and amortisation	848	764	1,430	1,310	14	14	-	-	2,292	2,088
Services and contracts	1,523	1,339	598	557	2	3	-11	867	2,112	2,766
Other gross operating expenses	2,959	2,575	10,201	6,791	744	689	-586	-1,434	13,318	8,621
Other interest	187	118	790	707	1,142	969	-1,001	-795	1,116	1,000
Dividends and tax equivalents	-	-	306	344	44	10	-350	-354	-	-
Current transfers	4,882	4,554	779	682	4	3	-2,024	-1,762	3,642	3,477
Capital transfers	1,071	600	2	17	-	-	-177	-46	897	570
<i>Total</i>	<i>21,208</i>	<i>19,117</i>	<i>15,113</i>	<i>11,363</i>	<i>1,991</i>	<i>1,728</i>	<i>-4,277</i>	<i>-3,644</i>	<i>34,036</i>	<i>28,564</i>
<b>NET OPERATING BALANCE</b>	<b>831</b>	<b>318</b>	<b>606</b>	<b>242</b>	<b>-8</b>	<b>-6</b>	<b>-570</b>	<b>-467</b>	<b>859</b>	<b>87</b>

## OTHER DISAGGREGATED INFORMATION (CONT.)

### Operating Statement for the year ended 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Other economic flows</i>										
Gains on net assets	228	52	173	124	106	-298	-	-	506	-122
Net actuarial gains - superannuation	-169	-1,277	-25	-23	1	-	-	-	-193	-1,301
Provision for doubtful debts	-32	24	-25	-19	-	-1	-	-	-57	3
All other	-	-	-	-	-	-	-	-	-	-
<i>Total other economic flows</i>	27	-1,201	122	81	107	-300	-	-	256	-1,420
<b>OPERATING RESULT</b>	<b>858</b>	<b>-883</b>	<b>728</b>	<b>323</b>	<b>99</b>	<b>-306</b>	<b>-570</b>	<b>-466</b>	<b>1,115</b>	<b>-1,332</b>
<i>Other non-owner movements in equity</i>										
Revaluations	-2,055	3,563	805	12,184	83	-24	-	-	-1,168	15,724
Gains recognised directly in equity	-5	6	307	316	93	130	-	-	396	452
Changes in accounting policy/correction of prior period errors	117	-204	186	-156	36	-101	-	-	339	-461
Capital injections from general government	-	-	-	-	-	-	-	-	-	-
Change in net worth of the public corporations sectors	1,768	11,901	-	-	-	-	-1,768	-11,901	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	-176	15,266	1,298	12,344	212	6	-1,768	-11,901	-433	15,715
<i>Movements in owner equity</i>										
Dividends	-	-	-558	-464	-12	-2	570	466	-	-
Capital injections	-	-	665	367	-	-	-665	-367	-	-
<i>Total movements in owner equity</i>	-	-	106	-97	-12	-2	-94	99	-	-
<b>TOTAL CHANGE IN NET WORTH <sup>(b)</sup></b>	<b>682</b>	<b>14,382</b>	<b>2,133</b>	<b>12,570</b>	<b>299</b>	<b>-302</b>	<b>-2,432</b>	<b>-12,268</b>	<b>682</b>	<b>14,382</b>
<b>KEY FISCAL AGGREGATES</b>										
<b>NET OPERATING BALANCE</b>	<b>831</b>	<b>318</b>	<b>606</b>	<b>242</b>	<b>-8</b>	<b>-6</b>	<b>-570</b>	<b>-467</b>	<b>859</b>	<b>87</b>
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	2,974	2,255	3,855	3,566	9	8	-10	-34	6,828	5,795
Changes in inventories	-4	13	1,335	700	-	-	-	-	1,331	714
Other movement in non-financial assets	-72	-36	85	-43	-	-	-	-	13	-79
<i>less:</i>										
Sales of non-financial assets	161	164	637	444	-	-	-9	-34	789	574
Depreciation	848	764	1,430	1,310	14	14	-	-	2,292	2,088
<i>Total net acquisition of non-financial assets</i>	<b>1,889</b>	<b>1,305</b>	<b>3,207</b>	<b>2,470</b>	<b>-5</b>	<b>-6</b>	<b>-</b>	<b>-</b>	<b>5,091</b>	<b>3,768</b>
<b>NET LENDING/-BORROWING</b>	<b>-1,058</b>	<b>-987</b>	<b>-2,601</b>	<b>-2,228</b>	<b>-2</b>	<b>-</b>	<b>-570</b>	<b>-467</b>	<b>-4,232</b>	<b>-3,681</b>

## OTHER DISAGGREGATED INFORMATION (CONT.)

### Balance Sheet as at 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>ASSETS</b>										
<i>Financial assets</i>										
Cash and deposits	586	380	1,118	774	38	20	-486	-257	1,255	916
Advances paid	708	716	-	-	4,125	2,654	-485	-499	4,347	2,871
Investments, loans and placements	5,174	4,168	4,476	3,089	26,101	19,552	-24,540	-17,281	11,211	9,528
Receivables	2,042	1,549	1,016	1,423	956	702	-545	-381	3,469	3,293
Investment property	8	8	25	20	431	359	-	-	464	386
Shares and other equity										
Investments in other public sector entities - equity method	42,474	40,952	-	-	-	-	-42,474	-40,952	-	-
Investments in other public sector entities - direct injections	4,075	3,164	-	-	-	-	-4,075	-3,164	-	-
Investments in other entities	-	-	34	14	995	990	-	-	1,029	1,004
Other financial assets	-	-	741	579	36	26	-741	-579	36	26
<i>Total financial assets</i>	<i>55,067</i>	<i>50,937</i>	<i>7,410</i>	<i>5,898</i>	<i>32,681</i>	<i>24,302</i>	<i>-73,347</i>	<i>-63,114</i>	<i>21,811</i>	<i>18,024</i>
<i>Non-financial assets</i>										
Land	37,890	39,389	12,941	13,438	96	24	-	-	50,927	52,850
Property, plant and equipment	31,056	29,657	42,868	39,003	233	261	-	-	74,158	68,921
Biological assets	2	2	327	362	-	-	-	-	330	364
Inventories										
Land inventories	102	96	1,507	1,387	-	-	-	-	1,609	1,483
Other inventories	68	72	3,035	1,700	-	-	-	-	3,102	1,771
Intangibles	408	336	325	234	10	10	-	-	743	580
Non-current assets held for sale	49	18	15	1	-	-	-	-	64	19
Other	155	117	147	85	4	3	-	-1	306	204
<i>Total non-financial assets</i>	<i>69,730</i>	<i>69,686</i>	<i>61,165</i>	<i>56,209</i>	<i>344</i>	<i>298</i>	<i>-</i>	<i>-1</i>	<i>131,238</i>	<i>126,192</i>
<b>TOTAL ASSETS</b>	<b>124,797</b>	<b>120,624</b>	<b>68,575</b>	<b>62,107</b>	<b>33,025</b>	<b>24,600</b>	<b>-73,347</b>	<b>-63,115</b>	<b>153,049</b>	<b>144,216</b>

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**OTHER DISAGGREGATED INFORMATION (CONT.)**


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## Balance Sheet as at 30 June (Cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
<b>LIABILITIES</b>										
Deposits held	683	391	5	8	-	-	-486	-257	201	141
Advances received	482	496	482	496	3	3	-486	-499	482	496
Borrowings	4,315	1,847	17,190	13,692	29,149	21,195	-24,540	-17,281	26,114	19,453
Unfunded superannuation	7,249	7,086	126	124	10	11	-	-	7,386	7,221
Other employee benefits	2,296	2,072	321	302	8	8	-	-	2,625	2,382
Payables	675	481	3,726	3,068	28	54	-274	-216	4,155	3,387
Other liabilities	1,253	1,088	1,484	1,310	2,518	2,320	-1,013	-745	4,241	3,973
<b>TOTAL LIABILITIES</b>	<b>16,953</b>	<b>13,462</b>	<b>23,334</b>	<b>19,000</b>	<b>31,717</b>	<b>23,591</b>	<b>-26,798</b>	<b>-18,998</b>	<b>45,205</b>	<b>37,054</b>
<b>NET ASSETS</b>	<b>107,844</b>	<b>107,162</b>	<b>45,241</b>	<b>43,108</b>	<b>1,308</b>	<b>1,009</b>	<b>-46,549</b>	<b>-44,117</b>	<b>107,844</b>	<b>107,162</b>
<i>Of which:</i>										
Contributed equity	-	-	4,075	3,410	-	-	-4,075	-3,410	-	-
Accumulated surplus	9,367	8,516	18,416	17,537	1,110	894	65	247	28,958	27,194
Other reserves	98,478	98,646	22,750	22,160	198	115	-42,539	-40,953	78,887	79,968
<b>NET WORTH</b>	<b>107,844</b>	<b>107,162</b>	<b>45,241</b>	<b>43,108</b>	<b>1,308</b>	<b>1,009</b>	<b>-46,549</b>	<b>-44,117</b>	<b>107,844</b>	<b>107,162</b>

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## OTHER DISAGGREGATED INFORMATION (CONT.)

### Cash Flow Statement for the year ended 30 June

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>										
<i>Cash received</i>										
Taxes received	6,329	5,865	-	-	-	-	-337	-306	5,991	5,559
Grants and subsidies received	10,113	8,538	1,884	1,531	3	-	-1,887	-1,531	10,113	8,538
Receipts from sales of goods and services	1,767	1,556	13,076	10,108	808	756	-518	-443	15,134	11,978
Interest receipts	203	295	183	168	1,181	1,098	-921	-832	646	729
Dividends and tax equivalents	882	877	-	-	-	-	-882	-877	-	-
Other	3,558	3,692	1,108	815	108	90	-277	-167	4,499	4,431
<i>Total cash received</i>	<i>22,853</i>	<i>20,822</i>	<i>16,252</i>	<i>12,622</i>	<i>2,101</i>	<i>1,944</i>	<i>-4,823</i>	<i>-4,154</i>	<i>36,382</i>	<i>31,234</i>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-9,221	-8,595	-992	-885	-39	-37	3	-	-10,248	-9,516
Payments for goods and services	-4,594	-4,441	-10,551	-7,676	-670	-592	760	587	-15,055	-12,122
Interest paid	-146	-131	-790	-722	-962	-892	921	832	-976	-914
Grants and subsidies paid	-5,364	-4,650	-615	-550	-1	-1	1,905	1,542	-4,076	-3,658
Dividends and tax equivalents	-	-	-354	-336	-1	-74	355	410	-	-
Other payments	-1,582	-1,289	-1,429	-1,142	-146	-129	351	317	-2,805	-2,243
<i>Total cash paid</i>	<i>-20,907</i>	<i>-19,106</i>	<i>-14,731</i>	<i>-11,311</i>	<i>-1,818</i>	<i>-1,724</i>	<i>4,295</i>	<i>3,688</i>	<i>-33,160</i>	<i>-28,453</i>
<i>NET CASH FLOWS FROM OPERATING ACTIVITIES</i>	<i>1,946</i>	<i>1,717</i>	<i>1,521</i>	<i>1,311</i>	<i>283</i>	<i>220</i>	<i>-527</i>	<i>-466</i>	<i>3,223</i>	<i>2,782</i>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>										
<i>Cash flows from investments in non-financial assets</i>										
Purchase of non-financial assets	-2,974	-2,255	-3,855	-3,566	-9	-8	10	34	-6,828	-5,795
Sales of non-financial assets	161	164	637	444	-	-	-9	-34	789	574
<i>Total cash flows from investments in non-financial assets</i>	<i>-2,813</i>	<i>-2,091</i>	<i>-3,217</i>	<i>-3,122</i>	<i>-8</i>	<i>-8</i>	<i>-</i>	<i>-</i>	<i>-6,038</i>	<i>-5,221</i>
<i>Cash flows from investments in financial assets</i>										
<i>Cash received</i>										
For policy purposes	19	1	-	-	-	-	-	-	19	1
For liquidity purposes	83	25	268	260	4,091	3,966	-12	-10	4,430	4,242
<i>Cash paid</i>										
For policy purposes	-659	-368	-	-	-	-	639	367	-19	-1
For liquidity purposes	-2	-3	-273	-193	-4,802	-5,215	12	10	-5,065	-5,402
<i>Total cash flows from investments in financial assets</i>	<i>-559</i>	<i>-345</i>	<i>-5</i>	<i>68</i>	<i>-711</i>	<i>-1,249</i>	<i>639</i>	<i>367</i>	<i>-6,35</i>	<i>-1,160</i>
<i>NET CASH FLOWS FROM INVESTING ACTIVITIES</i>	<i>-3,371</i>	<i>-2,437</i>	<i>-3,222</i>	<i>-3,054</i>	<i>-720</i>	<i>-1,257</i>	<i>639</i>	<i>367</i>	<i>-6,674</i>	<i>-6,381</i>

## OTHER DISAGGREGATED INFORMATION (CONT.)

### Cash Flow Statement for the year ended 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 \$m	2009 \$m
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>										
<i>Cash received</i>										
Advances received	14	14	-	-	-	-	-14	-14	-	-
Borrowings	2,754	1,012	42,892	19,229	64,785	33,437	-86,701	-37,448	23,730	16,230
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	32	30	582	329	-	-	-545	-312	68	47
<i>Total cash receipts from financing activities</i>	<i>2,799</i>	<i>1,056</i>	<i>43,473</i>	<i>19,557</i>	<i>64,785</i>	<i>33,437</i>	<i>-87,260</i>	<i>-37,774</i>	<i>23,799</i>	<i>16,277</i>
<i>Cash paid</i>										
Advances paid	-14	-14	-14	-14	-	-	14	14	-14	-14
Borrowings repaid	-299	-182	-40,942	-17,068	-63,573	-32,429	86,701	37,448	-18,114	-12,231
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-49	-43	48	-	-	-	-94	-55	-95	-98
Dividends paid	-	-	-515	-464	-12	-2	527	466	-	-
<i>Total payments for financing activities</i>	<i>-362</i>	<i>-239</i>	<i>-41,423</i>	<i>-17,545</i>	<i>-63,585</i>	<i>-32,432</i>	<i>87,148</i>	<i>37,873</i>	<i>-18,223</i>	<i>-12,343</i>
<i>NET CASH FLOWS FROM FINANCING ACTIVITIES</i>	<i>2,438</i>	<i>818</i>	<i>2,050</i>	<i>2,012</i>	<i>1,200</i>	<i>1,006</i>	<i>-112</i>	<i>98</i>	<i>5,576</i>	<i>3,934</i>
<b>Net increase in cash and cash equivalents</b>	<b>1,012</b>	<b>98</b>	<b>349</b>	<b>268</b>	<b>764</b>	<b>-32</b>	<b>-</b>	<b>-</b>	<b>2,125</b>	<b>335</b>
Cash and cash equivalents at the beginning of the year	4,334	4,236	1,080	812	1,572	1,604	1	-	6,987	6,652
Cash and cash equivalents at the end of the year	5,346	4,334	1,430	1,080	2,336	1,572	-	-	9,112	6,987
<b>KEY FISCAL AGGREGATES</b>										
Net cash flows from operating activities	1,946	1,717	1,521	1,311	283	220	-527	-466	3,223	2,782
Net cash flows from investing in non-financial assets	-2,813	-2,091	-3,217	-3,122	-8	-8	-	-	-6,038	-5,221
Dividends paid	-	-	-515	-464	-12	-2	527	466	-	-
<b>Cash surplus/- deficit</b>	<b>-867</b>	<b>-375</b>	<b>-2,212</b>	<b>-2,275</b>	<b>263</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-2,816</b>	<b>-2,439</b>



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**NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)**


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## Statement of Changes in Equity for the year ended 30 June

	Equity at 1 July 2009 \$m	Total Comprehensive Result \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2010 \$m
<b>General Government Sector</b>						
Accumulated surplus/(deficit)	8,516	970	-	-	-119	9,367
Reserves	57,694	-2,055	-	-	365	56,004
Accumulated net gain on equity investments in other sector entities	40,952	1,768	-	-	-246	42,474
	<b>107,162</b>	<b>682</b>	-	-	-	<b>107,844</b>
<b>Public Non Financial Corporations sector</b>						
Contributed equity	3,410	-	665	-	-	4,075
Accumulated surplus/(deficit)	17,537	1,328	-	-558	109	18,416
Reserves	22,160	805	-	-	-215	22,750
	<b>43,108</b>	<b>2,133</b>	<b>665</b>	<b>-558</b>	<b>-106</b>	<b>45,241</b>
<b>Public Financial Corporations sector</b>						
Contributed Equity	-	-	-	-	-	-
Accumulated surplus/(deficit)	894	216	-	-12	12	1,110
Reserves	115	83	-	-	-	198
	<b>1,009</b>	<b>299</b>	-	<b>-12</b>	<b>12</b>	<b>1,308</b>
Public Corporation net assets held by general government	-44,117	-2,432	-665	570	94	-46,549
<b>Total Public Sector</b>	<b>107,162</b>	<b>682</b>	-	-	-	<b>107,844</b>

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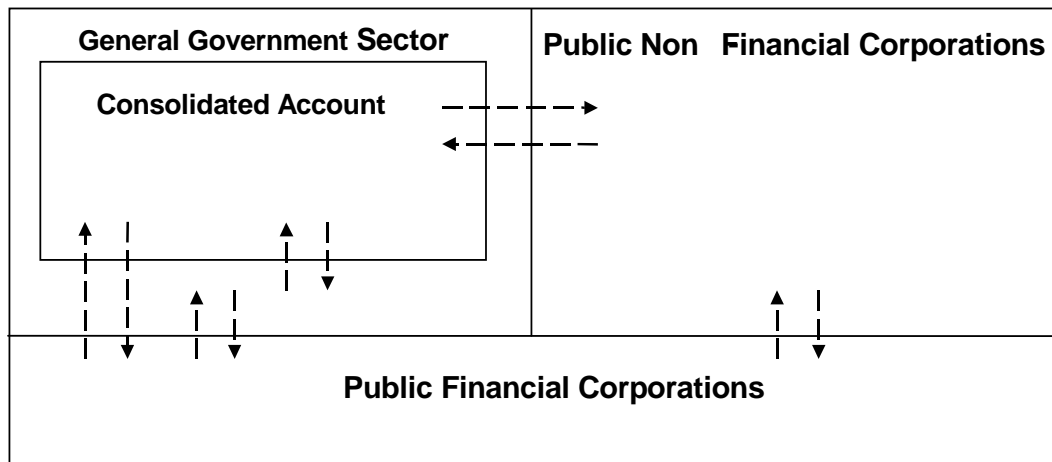
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**NOTE 32: COMPOSITION OF SECTORS**

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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 and are wholly owned by the Government of Western Australia.

## General Government

Agricultural Practices Board of Western Australia	Great Southern Institute of Technology <sup>(a)</sup>
Agricultural Produce Commission	Heritage Council of Western Australia
Botanic Gardens and Parks Authority	Independent Market Operator
Building and Construction Industry Training Board	Keep Australia Beautiful Council (W.A.)
Central Institute of Technology <sup>(a)</sup>	Kimberley TAFE
Challenger Institute of Technology <sup>(a)</sup>	Kimberley Development Commission
Chemistry Centre (W.A)	Law Reform Commission of Western Australia
Commissioner for Children and Young People	Legal Aid Commission of Western Australia
Commissioner of Equal Opportunity	Legal Costs Committee
Commissioner of Main Roads	Local Health Authorities Analytical Committee
Corruption and Crime Commission	Mental Health Commission <sup>(a)</sup>
Country High School Hostels Authority	Mid-West Development Commission
Curriculum Council	Minerals and Energy Research Institute of Western Australia
C.Y. O'Connor College of TAFE	Office of Energy
Department for Child Protection	Office of Health Review
Department for Communities	Office of the Auditor General
Department of Agriculture and Food	Office of the Director of Public Prosecutions
Department of Commerce	Office of the Environmental Protection Authority <sup>(a)</sup>
Department of Corrective Services	Office of the Information Commissioner
Department of Culture and the Arts	Office of the Inspector of Custodial Services
Department of Education <sup>(a)</sup>	Office of the Parliamentary Inspector of the Corruption and Crime Commission
Department of Education Services	Office of the Public Sector Standards Commissioner
Department of Environment and Conservation	Parliamentary Commissioner for Administrative Investigations
Department of Fisheries	Parliamentary Services Department
Department of Health (including Public Hospitals)	Peel Development Commission
Department of Housing	Perth Theatre Trust
Department of Indigenous Affairs	Pilbara Development Commission
Department of Local Government	Pilbara TAFE
Department of Mines and Petroleum	Police Service
Department of Planning	Polytechnic West <sup>(a)</sup>
Department of Racing, Gaming and Liquor	Professional Combat Sports Commission
Department of Regional Development and Lands	Professional Standards Council
Department of Sport and Recreation	Public Sector Commission
Department of State Development	Racing Penalties Appeal Tribunal of Western Australia
Department of Training and Workforce Development <sup>(a)</sup>	Rural Business Development Corporation
Department of Transport	Salaries and Allowances Tribunal
Department of the Legislative Assembly	Screen West (Inc.)
Department of the Legislative Council	Small Business Development Corporation
Department of the Premier and Cabinet	South West Development Commission
Department of the Attorney General	South West Regional College of TAFE
Department of the Registrar, Western Australian Industrial Relations Commission	Swan River Trust
Department of Treasury and Finance	The Aboriginal Affairs Planning Authority
Department of Water	The Agriculture Protection Board of Western Australia
Disability Services Commission	The Anzac Day Trust
Durack Institute of Technology <sup>(a)</sup>	The Board of the Art Gallery of Western Australia
Economic Regulation Authority	The Burswood Park Board
Fire and Emergency Services Authority of Western Australia	The Coal Miners' Welfare Board of Western Australia
Gaming and Wagering Commission of Western Australia	The Library Board of Western Australia
Gascoyne Development Commission	The National Trust of Australia (W.A.)
Goldfields-Esperance Development Commission	The Queen Elizabeth II Medical Centre Trust
Governor's Establishment	The Western Australia Museum
Great Southern Development Commission	Trustees of the Public Education Endowment

(a) Agency, which has been either created, abolished, amalgamated or renamed since the 14 May 2009 presentation of the 2009-10 State Budget.

## General Government (cont.)

West Coast Institute of Training <sup>(a)</sup>	Western Australian Land Information Authority
Western Australian Alcohol and Drug Authority	Western Australian Meat Industry Authority
Western Australian Building Management Authority	Western Australian Planning Commission
Western Australian Electoral Commission	Western Australian Sports Centre Trust
Western Australian Energy Disputes Arbitrator	Western Australian Tourism Commission
Western Australian Greyhound Racing Association	Wheatbelt Development Commission
Western Australian Health Promotion Foundation	WorkCover Western Australia Authority
Western Australian Institute of Sport	Zoological Parks Authority

## Public Non-Financial Corporations

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

## Public Financial Corporations

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

(a) Agency which has been either created, abolished, amalgamated or renamed since the 14 May 2009 presentation of the 2009-10 State Budget.

## **Agencies Outside the State's Public Sector**

Some State agencies are not covered by the whole-of-government reporting framework as defined under Australian Accounting Standards and/or the GFS framework. The entities listed below, which administer superannuation and like funds and/or hold private funds in trust or fidelity type funds, are examples of such agencies not included in the definition of the public sector used in the budget. This is because the assets are not available for the benefit of, and/or are not controlled by, the State.

Coal Industry Superannuation Board  
Construction Industry Long Service Leave Payments Board  
Curtin University of Technology and its subsidiaries  
Edith Cowan University and its subsidiary  
Fire and Emergency Services Superannuation Board  
Government Employees Superannuation Board  
Legal Contribution Trust  
Murdoch University and its subsidiaries  
Public Trustee  
Real Estate and Business Agents Supervisory Board  
Settlement Agents Supervisory Board  
The University of Western Australia and its subsidiaries

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## **NOTE 33: BUDGETARY INFORMATION**

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Explanations of significant variances between actual results for 2009-10 and the original Budget (brought down in May 2009) for the general government sector and the total public sector are included in Chapter 1.

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## **NOTE 34: KEY TECHNICAL TERMS USED IN THE FINANCIAL REPORT**

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### **ABS GFS manual**

The Australian Bureau of Statistics publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005*, as updated from time to time.

### **Cash surplus (deficit)**

Reported in the cash flow statement it measures the net impact of cash flows during the period. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets, less distributions paid less value of assets acquired under finance leases and similar arrangements.

### **Capital transfers**

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, in which cash is transferred to enable the recipient to acquire another asset, for which no economic benefits of equal value are receivable in return.

**Contingent asset**

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

**Contingent liability**

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

**Convergence difference**

The difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

**Current transfers**

The provision of something of value for no specific return or consideration and include grants, subsidies and donations.

**Finance lease**

Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).

**Financial asset**

Any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or

- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

### **General government sector**

Defined in GFS as an entity or group of entities which are mainly engaged in the production of goods and/or services outside the normal market mechanism. Goods and services are provided free of charge or at nominal charges well below costs of production.

### **Government Finance Statistics (GFS)**

Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. GFS in Australia are developed by the ABS in conjunction with all governments and are mainly based on international statistical standards developed, in consultation with member countries, by the International Monetary Fund.

### **Government Purpose Classification (GPC)**

Classifies outlays or expenditure transactions by the purpose served such as health, education.

### **Key fiscal aggregates**

Financial aggregates that are important for analysis purposes, including assessing the impact of a government and its sectors on the economy.

### **Net acquisition (disposal) of non-financial assets from transactions**

Includes purchases (or acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (or net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non-financial assets.

### **Net actuarial gains**

Includes actuarial gains and losses on defined benefit superannuation plans.

### **Net cash flows from investments in financial assets (liquidity management purposes)**

Includes cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

### **Net cash flows from investments in financial assets (policy purposes)**

Includes cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by Government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.

### **Net debt**

Net debt measures the public sector's net stock of selected gross financial liabilities less financial assets. Net debt equals sum of deposits held, advances received, government securities, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.

### **Net financial liabilities**

Equals total liabilities less financial assets, other than equity in public corporations. This measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

### **Net financial worth**

Measures the public sector's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt, in that it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.

### **Net lending (borrowing)**

An operating statement measure that differs from the net operating balance in that it includes spending on capital items but excludes depreciation. The net lending/borrowing measure more accurately reflects the cash requirements of the public sector in any given year. A net lending (or fiscal surplus) balance indicates that the public sector is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) position indicates that the public sector's level of investment is greater than its level of savings.

### **Net operating balance**

This is calculated as income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions.



### **Net other economic flows**

The net change in the volume or value of assets and liabilities that does not result from transactions.

### **Net worth**

It is an economic measure of wealth and provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities less shares and other contributed capital. For the general government sector, net worth is assets less liabilities, since shares and contributed capital do not exist in a general government sector context. The change in net worth is the preferred measure for assessing the sustainability of fiscal activities.

### **Total Non-financial assets**

Assets that are not 'financial assets', predominantly land and other fixed assets.

### **Operating result**

A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.

### **Other revenue**

Revenue other than from taxes, sales of goods and services, Commonwealth grants, etc.

### **Other economic flows**

Changes in the volume or value of an asset or liability that do not result from transactions (i.e. revaluations and other changes in the volume of assets).

### **Public financial corporations (PFC) sector**

The sector comprises government controlled entities mainly engaged in financial activities, such as providing banking and insurance services.

### **Public non-financial corporations (PNC) sector**

The PNC 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 Private Partnerships (PPPs)**

A term used to describe a method of procuring government infrastructure and associated services. PPPs create opportunities with the private sector for increasing investment in social and economic infrastructure.

### **Securities other than shares**

Negotiable financial instruments serving as evidence of the obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. The security normally specifies a schedule for interest payments and principal repayments. Some examples are bills, bonds and debentures, commercial paper, and securitised mortgage loans.

### **Superannuation concurrent cost**

Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are considered other economic flows.

### **Superannuation interest cost**

Represents the carrying cost of unfunded superannuation liabilities, net of interest revenue on plan assets of defined benefit schemes.

### **Tax equivalents regime**

The mechanism to ensure that public corporations incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government controlled trading entities and the private sector, aiding in the achievement of competitive neutrality.

### **Total change in net worth**

The net result of all items of income and expense recognised for the period. This is sometimes also referred to as the 'Comprehensive Result'. It is the aggregate of operating result and other movements in equity, other than transactions with owners as owners.

### **Total Non-financial public sector**

The sector formed through a consolidation of the general government and public non-financial corporation sub sectors.

### **Uniform Presentation Framework**

The Uniform Presentation Framework (UPF) was first agreed by the Australian Loan Council in 1993, The UPF was further updated and reissued in April 2008 to incorporate the new accounting standard AASB 1049: *Whole Government and General Government Sector Financial Reporting*. The UPF specifies that the Commonwealth, State and Territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis according to an agreed format and specified Loan Council reporting arrangements.

### **Whole-of-government financial report**

A financial report prepared by a Government that is prepared in accordance with Australian Accounting Standards, including AASB 127: *Consolidated and Separate Financial Statements*, and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the Government on a line-by-line basis.

## Operating Revenue

The tables in this appendix 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: *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 internal 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

## OPERATING REVENUE

### General Government

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>TAXATION</b>						
<i>Payroll tax</i>	2,246	2,216	2,327	2,296	2,303	87
Property taxes						
<i>Land tax</i>	568	547	541	541	528	-19
Transfer Duty	1,102	1,186	1,293	1,565	1,552	366
Landholder Duty	24	37	52	72	87	51
<i>Total duty on transfers</i>	1,126	1,223	1,345	1,637	1,639	416
Mortgages	4	-	-	-	-	-
Other stamp duties	1	1	1	1	-	-
Metropolitan Region Improvement Tax	82	81	81	81	78	-3
Emergency Services Levy	157	168	168	168	169	1
Loan guarantee fees	19	26	25	21	28	2
<i>Total other property taxes</i>	264	275	274	270	275	-
Taxes on provision of goods and services						
Lotteries Commission	134	126	126	128	130	3
Video lottery terminals	-	1	-	-	-	-
Casino Tax	91	84	90	90	92	8
Betting tax	32	37	34	34	32	-6
<i>Total taxes on gambling</i>	257	248	251	253	254	6
Insurance Duty	377	388	401	403	404	16
Other	21	18	18	23	24	6
<i>Total taxes on insurance</i>	397	407	419	426	428	22
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	318	323	328	329	332	8
Permits - Oversize Vehicles and Loads	4	4	4	4	5	1
Motor Vehicle recording fee	40	41	41	43	43	2
Motor Vehicle registrations	486	490	515	515	516	25
<i>Total motor vehicle taxes</i>	848	859	888	892	895	36
<b>Total Taxation</b>	<b>5,706</b>	<b>5,775</b>	<b>6,046</b>	<b>6,316</b>	<b>6,324</b>	<b>549</b>
<b>CURRENT GRANTS AND SUBSIDIES</b>						
<i>General Purpose Grants</i>						
GST Grants	3,529	3,332	3,415	3,585	3,590	258
North West Shelf grants	844	930	746	766	897	-32
Compensation for condensate excise	23	60	94	94	50	-10
<i>Grants Through the State</i>						
Schools assistance – non-government schools	751	654	967	634	769	116
Local government financial assistance grants	132	137	137	137	136	-1
Local government roads	89	92	92	92	90	-1
First Home Owners' Boost	100	31	111	159	168	137
Other	-	25	25	25	-	-25
<i>National Specific Purpose Payment Grants</i>						
National Healthcare	1,056	1,136	1,136	1,136	1,136	-
National Schools	318	329	329	329	329	-
National Skills and Workforce Development	131	132	132	132	132	-
National Disability Services	75	78	78	78	78	-
National Affordable Housing	122	125	125	125	125	-
<i>Nation Building and Jobs Plan</i>						
Schools	78	77	77	70	70	-7
Housing	22	40	20	20	20	-20
Transport	15	10	9	9	5	-5
<i>Other Grants/National Partnerships</i>						
Health	439	324	323	323	318	-6
Housing	29	127	11	11	23	-105
Roads	38	52	52	52	2	-49
Other	298	150	352	344	290	140
<b>Total Current Grants and Subsidies</b>	<b>8,089</b>	<b>7,838</b>	<b>8,230</b>	<b>8,119</b>	<b>8,228</b>	<b>389</b>

Note: Columns may not add due to rounding.

Table 2.1 (cont)

**OPERATING REVENUE**  
General Government

	2008-09		2009-10			Variation on Budget \$m (4) - (1)
	Actual	Budget	MYR	Estimated	Actual	
	\$m	Estimate \$m (1)	Revision \$m (2)	Outturn \$m (3)	\$m (4)	
<b>CAPITAL GRANTS</b>						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	18	-	-	333	309	309
<i>Nation Building and Jobs Plan</i>						
Schools	-	628	629	651	651	23
Housing	4	387	368	368	368	-19
Transport	10	5	7	7	5	-
<i>Other Grants/National Partnerships</i>						
Housing	40	87	188	188	180	92
Roads	229	198	198	158	232	34
Other	111	255	230	219	233	-22
<b>Total Capital Grants</b>	<b>411</b>	<b>1,560</b>	<b>1,620</b>	<b>1,922</b>	<b>1,978</b>	<b>418</b>
<b>SALES OF GOODS AND SERVICES</b>						
WA Health	340	350	339	339	350	-
Department of Education	135	196	185	148	188	-8
Department of Transport	142	160	143	145	155	-5
Department of Training and Workforce Development	35	1	1	39	17	16
State Training Providers	100	102	111	111	113	11
Western Australian Land Information Authority	81	103	101	101	99	-4
Department of the Attorney General	69	83	82	69	70	-13
Department of Corrective Services	21	19	19	19	22	3
Department of Environment	69	107	77	76	81	-26
Department of Commerce	41	41	44	46	48	7
Department of Fisheries	24	25	27	27	25	-
Department of Culture and the Arts	24	21	27	22	25	4
Western Australia Police	28	26	26	26	33	7
All Other	300	391	341	383	409	18
<b>Total Sales of Goods and Services</b>	<b>1,410</b>	<b>1,627</b>	<b>1,523</b>	<b>1,552</b>	<b>1,635</b>	<b>8</b>
<b>INTEREST INCOME</b>	<b>285</b>	<b>144</b>	<b>153</b>	<b>200</b>	<b>227</b>	<b>83</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>						
Dividends	466	536	592	666	570	34
Tax Equivalent Regime	355	319	387	394	350	31
<b>Total Revenue from Public Corporations</b>	<b>821</b>	<b>855</b>	<b>979</b>	<b>1,061</b>	<b>920</b>	<b>65</b>
<b>ROYALTY INCOME</b>	<b>2,348</b>	<b>2,577</b>	<b>2,000</b>	<b>2,217</b>	<b>2,324</b>	<b>-253</b>
<b>OTHER</b>						
Lease Rentals	65	64	64	72	76	11
Fines	138	129	129	119	136	6
Revenue not elsewhere counted	161	130	140	175	193	63
<b>Total Other</b>	<b>364</b>	<b>324</b>	<b>334</b>	<b>365</b>	<b>405</b>	<b>81</b>
<b>GRAND TOTAL</b>	<b>19,435</b>	<b>20,700</b>	<b>20,884</b>	<b>21,752</b>	<b>22,038</b>	<b>1,338</b>

Note: Columns may not add due to rounding.

Table 2.2

## OPERATING REVENUE Total Public Sector

	2008-09	2009-10			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
<b>TAXATION</b>						
Payroll tax	2,204	2,189	2,298	2,266	2,241	52
Property taxes						
Land tax	523	505	499	495	484	-21
Transfer Duty	1,102	1,186	1,293	1,565	1,551	365
Landholder Duty	24	37	52	72	87	51
Total duty on transfers	1,126	1,223	1,345	1,637	1,639	416
Mortgages	4	-	-	-	-	-
Other stamp duties	1	1	1	1	-	-
Metropolitan Region Improvement Tax	82	81	81	81	78	-3
Emergency Services Levy	154	165	165	165	165	-
Loan guarantee fees	1	2	2	1	1	-1
Total other property taxes	243	248	248	248	245	-3
Taxes on provision of goods and services						
Lotteries Commission	-	-	-	-	-	-
Video lottery terminals	-	1	-	-	-	-1
Casino Tax	91	84	90	90	92	8
Betting tax	-	-	-	-	-	-
Total taxes on gambling	91	85	90	90	92	7
Insurance Duty	377	388	401	403	404	16
Other	21	18	18	23	23	5
Total taxes on insurance	397	407	419	426	428	22
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	318	323	328	329	331	8
Permits - Oversize Vehicles and Loads	4	4	4	4	4	-
Motor Vehicle recording fee	40	41	41	43	43	-
Motor Vehicle registrations	486	490	515	515	515	25
Total motor vehicle taxes	848	859	888	892	895	36
<b>Total Taxation</b>	<b>5,432</b>	<b>5,516</b>	<b>5,789</b>	<b>6,054</b>	<b>6,026</b>	<b>511</b>
<b>CURRENT GRANTS AND SUBSIDIES</b>						
General Purpose Grants						
GST Grants	3,529	3,332	3,415	3,585	3,590	258
North West Shelf grants	844	930	746	766	897	-32
Compensation for condensate excise	23	60	94	94	50	-10
Grants Through the State						
Schools assistance – non-government schools	751	654	967	634	769	116
Local government financial assistance grants	132	137	137	137	136	-1
Local government roads	89	92	92	92	90	-1
First Home Owners' Boost	100	31	111	159	168	137
Other	-	25	25	25	-	-25
National Specific Purpose Payment Grants						
National Healthcare	1,056	1,136	1,136	1,136	1,136	-
National Schools	318	329	329	329	329	-
National Skills and Workforce Development	131	132	132	132	132	-
National Disability Services	75	78	78	78	78	-
National Affordable Housing	122	125	125	125	125	-
Nation Building and Jobs Plan						
Schools	78	77	77	70	70	-7
Housing	22	40	20	20	20	-20
Transport	15	10	9	9	5	-5
Other Grants/National Partnerships						
Health	439	324	323	323	318	-6
Housing	29	127	11	11	23	-105
Roads	38	52	52	52	2	-49
Other	298	150	352	344	290	140
<b>Total Current Grants and Subsidies</b>	<b>8,089</b>	<b>7,838</b>	<b>8,230</b>	<b>8,119</b>	<b>8,228</b>	<b>389</b>

Note: Columns may not add due to rounding.

Table 2.2 (cont)

**OPERATING REVENUE**  
Total Public Sector

	2008-09		2009-10			Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
<b>CAPITAL GRANTS</b>						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	18	-	-	333	309	309
<i>Nation Building and Jobs Plan</i>						
Schools	-	628	629	651	651	23
Housing	4	387	368	368	368	-19
Transport	10	5	7	7	5	-
<i>Other Grants/National Partnerships</i>						
Housing	40	87	188	188	180	92
Roads	229	198	198	158	232	34
Other	111	255	230	219	233	-22
<b>Total Capital Grants</b>	<b>411</b>	<b>1,560</b>	<b>1,620</b>	<b>1,922</b>	<b>1,978</b>	<b>418</b>
<b>SALES OF GOODS AND SERVICES</b>	<b>10,797</b>	<b>11,221</b>	<b>10,738</b>	<b>13,846</b>	<b>14,905</b>	<b>3,684</b>
<b>INTEREST INCOME</b>	<b>648</b>	<b>534</b>	<b>645</b>	<b>684</b>	<b>633</b>	<b>99</b>
<b>ROYALTY INCOME</b>	<b>2,348</b>	<b>2,577</b>	<b>2,000</b>	<b>2,217</b>	<b>2,324</b>	<b>-253</b>
<b>OTHER</b>						
Lease Rentals	65	64	64	72	76	11
Fines	140	129	129	119	139	10
Revenue not elsewhere counted	721	482	587	536	587	105
<b>Total Other</b>	<b>926</b>	<b>677</b>	<b>782</b>	<b>727</b>	<b>801</b>	<b>124</b>
<b>GRAND TOTAL</b>	<b>28,651</b>	<b>29,923</b>	<b>29,803</b>	<b>33,570</b>	<b>34,895</b>	<b>4,972</b>

Note: Columns may not add due to rounding.





## Other Uniform Presentation Framework Information

Under an intergovernmental agreement between the States, Territories and the Commonwealth in the early 1990s, all jurisdictions release whole-of-government and other public sector information in a consistent format.

The Uniform Presentation Framework (UPF) assists users by disclosing information in a consistent format. This supports transparency and interjurisdictional comparisons.

Western Australia's whole-of-government financial disclosures, found in its annual Budget Papers, mid-year review and monthly, quarterly and annual outturn reporting (including this *Annual Report on State Finances* (ARSF)) are consistent with the UPF disclosure requirements.

In particular, UPF information in this ARSF includes:

- financial statements by sector of government and for the consolidated total public sector (see Appendix 1: *Financial Statements*);
- information on grants and transfer payments are available in the notes to the financial statements (see Appendix 1);
- detailed operating revenue information (disclosed in Appendix 2: *Operating Revenue*); and
- detailed general government expenses and purchases of non-financial assets by function (required by the UPF), along with outcome information for the State's Loan Council Allocation (detailed in this appendix).

Table 3.1

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION** <sup>(a)</sup>  
General Government

	2008-09	2009-10			Actual \$m	Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (3)	Estimated Outturn \$m (4)		
<b>EXPENSES</b>						
<i>General Public Services</i>	500	648	684	624	428	-220
Government superannuation benefits	205				288	
Other general public services	295				140	
<i>Public Order and Safety</i>	2,187	2,201	2,354	2,398	2,459	257
Police and fire protection services	1,135				1,083	
Police services	919				836	
Fire protection services	216				247	
Law courts and legal services	448				702	
Prisons and corrective services	578				648	
Other public order and safety	26				25	
<i>Education</i>	4,884	4,884	5,188	5,533	5,651	767
Primary and secondary education	4,088				4,826	
Primary education	2,220				2,667	
Secondary education	1,868				2,159	
Primary and secondary education nec.	-				-	
Tertiary education	481				539	
University education	24				29	
Technical and further education	457				510	
Tertiary education nec.	-				-	
Pre-school education and education not definable by level	215				185	
Pre-school education	63				119	
Special education	152				66	
Other education not definable by level	-				-	
Transportation of students	98				101	
Transportation of non-urban school children	97				101	
Transportation of other students	1				-	
Education nec.	2				-	
<i>Health</i>	4,722	4,914	4,883	5,080	5,028	114
Acute care institutions	3,176				3,271	
Admitted patient services in acute care institutions	2,453				2,579	
Non-admitted patient services in acute care institutions	723				692	
Mental health institutions	156				161	
Nursing homes for the aged	64				62	
Community health services	698				783	
Community mental health	210				260	
Patient transport	88				114	
Other community health services	400				409	
Public health services	210				218	
Pharmaceuticals, medical aids and appliances	332				421	
Health research	34				36	
Health administration nec.	51				75	

Note: Columns may not add due to rounding.

Table 3.1 (cont.)  
(a)

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION**  
General Government

	2008-09	2009-10			Actual \$m (5)	Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (3)	Estimated Outturn \$m (4)		
<i>Social Security and Welfare</i>	1,127	1,292	1,256	1,301	1,263	-29
Social security	-				-	
Welfare services	1,127				1,263	
Family and child welfare services	378				439	
Welfare services for the aged	256				301	
Welfare services for people with a disability	414				489	
Welfare services nec.	79				35	
Social security and welfare nec.	-				-	
<i>Housing and Community Amenities</i>	1,866	1,726	1,716	1,842	1,982	256
Housing and community development	984				1,191	
Housing	639				739	
Aboriginal community development	24				85	
Other community development	321				367	
Water supply	533				588	
Sanitation and protection of the environment	100				102	
Other community amenities	250				101	
<i>Recreation and Culture</i>	620	559	593	666	695	136
Recreation facilities and services	364				421	
National parks and wildlife	207				223	
Recreation facilities and services nec.	156				198	
Cultural facilities and services	178				183	
Broadcasting and film production	-				12	
Recreation and culture nec.	78				79	
<i>Fuel and Energy</i>	120	365	311	326	312	-52
Fuel affairs and services	-				-	
Gas	-				-	
Fuel affairs and services nec.	-				-	
Electricity and other energy	105				291	
Electricity	72				291	
Other energy	33				-	
Fuel and energy nec.	15				21	
<i>Agriculture, Forestry, Fishing and Hunting</i>	418	421	377	381	354	-67
Agriculture	314				260	
Forestry, fishing and hunting	104				95	
<i>Mining and mineral resources other than fuels; manufacturing; and construction</i>	237	166	174	181	161	-6
Mining and mineral resources other than fuels	201				134	
Manufacturing	12				-	
Construction	24				26	

Note: Columns may not add due to rounding.

Table 3.1 (cont.)  
(a)

**SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION**  
General Government

	2008-09	2009-10			Actual \$m (5)	Variation on Budget \$m (5) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (3)	Estimated Outturn \$m (4)		
<i>Transport and Communications</i>	1,476	1,738	1,716	1,624	1,535	-203
Road transport	876				894	
Road maintenance	133				322	
Road rehabilitation/Aboriginal community road transport service	138				151	
Road construction	463				290	
Road transport nec.	142				131	
Water transport	25				25	
Urban water transport services	-				-	
Other water transport services	25				25	
Rail transport	78				82	
Urban rail transport services	-				-	
Non-urban rail transport freight services	29				35	
Non-urban rail transport passenger services	49				48	
Air transport	22				19	
Pipelines	-				-	
Other transport	475				515	
Multi-mode urban transport	475				515	
Other transport nec.	-				-	
Communications	-				-	
<i>Other Economic Affairs</i>	380	596	510	766	678	82
Storage, saleyards and markets	2				3	
Tourism and area promotion	101				144	
Labour and employment affairs	188				319	
Vocational training	91				239	
Other labour and employment affairs	96				80	
Other economic affairs	89				212	
<i>Other Purposes</i>	581	477	717	739	662	186
Public debt transactions	449				525	
General purpose inter-government transactions	132				136	
Natural disaster relief	-				2	
Other purposes nec.	-				-	
<b>TOTAL EXPENSES</b>	<b>19,117</b>	<b>20,291</b>	<b>20,834</b>	<b>21,462</b>	<b>21,208</b>	<b>917</b>
<b>PURCHASES OF NON-FINANCIAL ASSETS</b>						
General public services	270	226	265	253	193	-33
Public order and safety	176	424	441	250	209	-215
Education	301	1,098	1,106	994	916	-182
Health	347	552	523	558	471	-81
Social security and welfare	39	46	61	64	55	9
Housing and community amenities	184	280	219	202	126	-155
Recreation and culture	70	238	265	202	210	-28
Fuel and energy	3	2	2	3	2	1
Agriculture, forestry, fishing and hunting	16	25	20	19	13	-13
Mining and mineral resources (other than fuels), manufacturing and construction	6	1	1	1	1	-1
Transport and communications	790	661	705	629	621	-41
Other economic affairs	54	358	359	136	157	-201
Other purposes	-	-	-350	-	-	-
<b>TOTAL PURCHASES OF NON-FINANCIAL ASSETS</b>	<b>2,255</b>	<b>3,912</b>	<b>3,619</b>	<b>3,312</b>	<b>2,974</b>	<b>-938</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.

## 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 \$4,398 million in 2009-10, down \$934 million on the 2009-10 Budget estimate.

The lower LCA deficit was largely driven by lower than expected cash deficits across the total non-financial public sector. The general government cash deficit outturn of \$867 million was \$1.4 billion lower than the \$2.3 billion deficit forecast at the time of the 2009-10 State Budget. The cash deficit for the public non-financial corporations sector was also significantly lower, with the \$2.2 billion outturn an improvement of \$1.0 billion on the budget-time estimate. These movements are discussed in more detail in Chapter 1 of this report.

Partially offsetting these outcomes was a significant turnaround in the LCA memorandum items (up \$1.5 billion)<sup>2</sup>. This increase primarily reflects higher Keystart home lending activity (up \$1.4 billion) due to the impact of the Commonwealth's First Home Owners Boost stimulus initiative on demand, and the tighter lending conditions imposed by private institutions following the global financial turmoil during the last year (which made Keystart the 'lender of last resort' for many borrowers).

The \$934 million variance exceeded the LCA tolerance limit of \$579 million for 2009-10.

Table 3.2

### 2009-10 LOAN COUNCIL ALLOCATIONS Western Australia

	Nomination <sup>(a)</sup> \$m	Budget Estimate \$m (1)	Estimated Outturn \$m (2)	Actual \$m (3)	Variation on Budget \$m (3)-(1)
General government cash surplus/deficit	856	2,308	1,900	867	-1,442
Public non-financial Corporations sector cash surplus/deficit	2,495	3,248	2,889	2,212	-1,036
<i>Total non-financial public sector cash surplus/deficit</i>	<i>3,351</i>	<i>5,556</i>	<i>4,789</i>	<i>3,079</i>	<i>-2,478</i>
Acquisitions under finance leases and similar arrangements	130	130	136	144	13
<i>GFS cash surplus/deficit</i>	<i>3,481</i>	<i>5,687</i>	<i>4,925</i>	<i>3,222</i>	<i>-2,464</i>
Less: Non-financial public sector net cash flows from investments in financial assets for policy purposes	-	-	-	-	-
Plus: Memorandum items	-423	-355	1,196	1,175	1,530
<b>Loan Council Allocation</b>	<b>3,058</b>	<b>5,332</b>	<b>6,121</b>	<b>4,398</b>	<b>-934</b>
<i>Tolerance Limit<sup>(b)</sup></i>	<i>579</i>				

(a) 2008-09 Government Mid-year Financial Projections Statement, released 17 December 2008.

(b) ±2% of total non-financial public sector revenue at the time of the original LCA nomination.

Note: Columns may not add due to rounding.

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

<sup>2</sup> Memorandum items are used to adjust the ABS cash 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).



# Policy Decisions Affecting Spending

This appendix outlines by agency the impact of policy decisions on general government expenses and total public sector infrastructure spending since the 2009-10 State Budget cut-off date of 16 April 2009.

The policy decisions listed in the following table have been discussed in detail in related publications released since the 2009-10 State Budget. These disclosures<sup>1</sup> include:

- Appendix 3 *Policy Decisions Affecting Spending* of the 2009-10 *Government Mid-year Financial Projections Statement*, released on 17 December 2009; and
- Chapter 5: *General Government Expenses* and Chapter 6: *Asset Investment* of the 2010-11 State Budget Paper 3: *Economic and Fiscal Outlook*, presented to Parliament on 20 May 2010.

Details of decisions taken since the 2009-10 State Budget can be obtained from the documents listed above.

Since the 2010-11 Budget cut-off date of 22 April 2010, the Government approved extension of its second round voluntary severance program to accommodate higher than expected interest in the offer. This increased spending on the offer to a total \$32.7 million.

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<sup>1</sup> These publications are available from the Department of Treasury and Finance website (<http://www.dtf.wa.gov.au/cms/index.aspx>).



Table 4.1

**SPENDING POLICY DECISIONS TAKEN SINCE  
THE 2009-10 BUDGET**

<b>GENERAL GOVERNMENT EXPENSES</b>	<b>\$m</b>
Agriculture and Food	2.3
Attorney General	0.3
Country High School Hostels Authority	0.2
Culture and the Arts	2.2
Child Protection	3.7
Communities	-24.9
Corrective Services	0.4
Education	9.1
Education Services	1.5
Fire and Emergency Services Authority	7.3
Fisheries	3.3
Housing Authority <sup>(a)</sup>	0.6
Indigenous Affairs	1.9
Kimberley Development Commission	15.0
Mines and Petroleum	8.1
Office of Energy	2.7
Planning	1.1
Premier and Cabinet	0.3
Public Sector Commission	0.6
Public Transport Authority <sup>(a)</sup>	0.4
Regional Development and Lands	5.0
Royalties for Regions	-130.0
State Development	34.4
Swan River Trust	1.0
Training and Workforce Development	9.8
Transport	11.6
Treasury and Finance	0.9
WA Health	-4.7
Water	3.9
Western Australia Police	1.0
Western Australian Planning Commission	0.7
Western Australian Sports Centre Trust	1.8
Western Australian Tourism Commission	0.1
Western Power <sup>(a)</sup>	7.3
Global Provision - Voluntary Severances	32.7
<b>TOTAL EXPENSE POLICY DECISIONS</b>	<b>11.4</b>
<b>TOTAL PUBLIC SECTOR PURCHASE OF NON-FINANCIAL ASSETS</b>	
Bunbury Port Authority	4.6
Child Protection	24.9
Corrective Services	32.8
East Perth Redevelopment Authority	0.9
Esperance Port Authority	8.8
Geraldton Port Authority	2.0
Lotteries Commission	0.4
Main Roads	0.5
Public Transport Authority	4.1
Royalties for Regions	-9.0
Sport and Recreation	0.2
Treasury and Finance	6.0
Water Corporation	2.0
Western Australia Police	0.5
Western Australian Land Authority	0.2
Western Power	10.0
<b>TOTAL PURCHASE OF NON-FINANCIAL ASSETS DECISIONS</b>	<b>88.9</b>

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

Note: Columns may not add due to rounding.

# Monthly and Quarterly Financial Results – June 2010

This appendix completes the monthly and quarterly data series for the 2009-10 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 final year-end accruals that differ from estimated accruals submitted by agencies through the year, and reclassification of some aggregates in previously reported, unaudited data. Accordingly, monthly and quarterly outcomes for June 2010 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.

As noted in the May 2010 *Monthly Report on General Government Finances*<sup>1</sup>, monthly reporting of general government finances will cease from release of this report which completes the 2009-10 reporting cycle. Interim financial reports will still be available in the form of the *Quarterly Financial Results Report*, as required by the *Government Financial Responsibility Act 2000*.

## **General Government**

### ***Month of June 2010***

The general government sector recorded an operating surplus of \$863 million for the month of June 2010, an increase of \$576 million on the surplus of \$287 million recorded in June 2009.

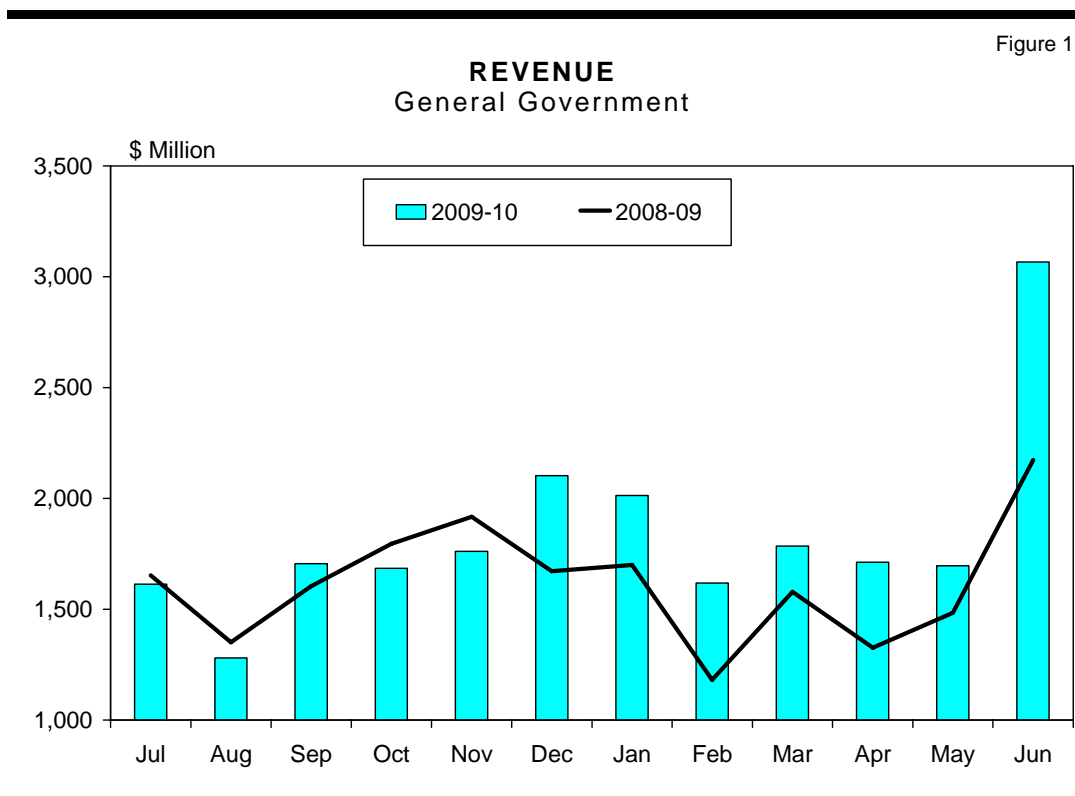
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<sup>1</sup> Available at <http://www.dtf.wa.gov.au/cms/content.aspx?id=553>.

Revenue for the month of June 2010 totalled \$3,066 million, \$892 million higher than June 2009. The increase in June monthly revenue relative to last year was primarily due to higher:

- royalty income (up \$352 million), mainly attributed to higher production volumes and higher prices for iron ore, partially offset by a stronger exchange rate;
- grants from the Commonwealth (up \$327 million), primarily due to:
  - higher GST grants (up \$219 million), reflecting the timing of payments received in 2009-10;
  - higher North West Shelf petroleum grants (up \$135 million), mainly reflecting higher prices and sale volumes for LNG and LPG, partially offset by lower sale volumes of domestic gas, condensate and oil and the stronger Australian dollar;
  - lower on-passed grants to the education sector (down \$71 million), mainly reflecting the timing of payments for the *Digital Education Revolution (DER)* program;
  - higher housing grants (up \$33 million), primarily relating to investment in social housing; and
  - higher funding for roads (up \$29 million) as a result of the *Nation Building and Jobs Plan* economic stimulus package;
- sales of goods and services (up \$113 million), mainly due to the impact of changes to the accounting treatment for some departmental revenue (particularly in the Department of Planning), the introduction of the Mining Safety Levy, higher overseas student course fees and higher collections by VenuesWest; and
- revenue from public corporations (up \$53 million), due to a higher operating profit of the Water Corporation and the payment of Western Power's final dividend for the 2008-09 financial year.

The following chart shows monthly revenue collections for 2009-10 relative to those recorded through 2008-09.

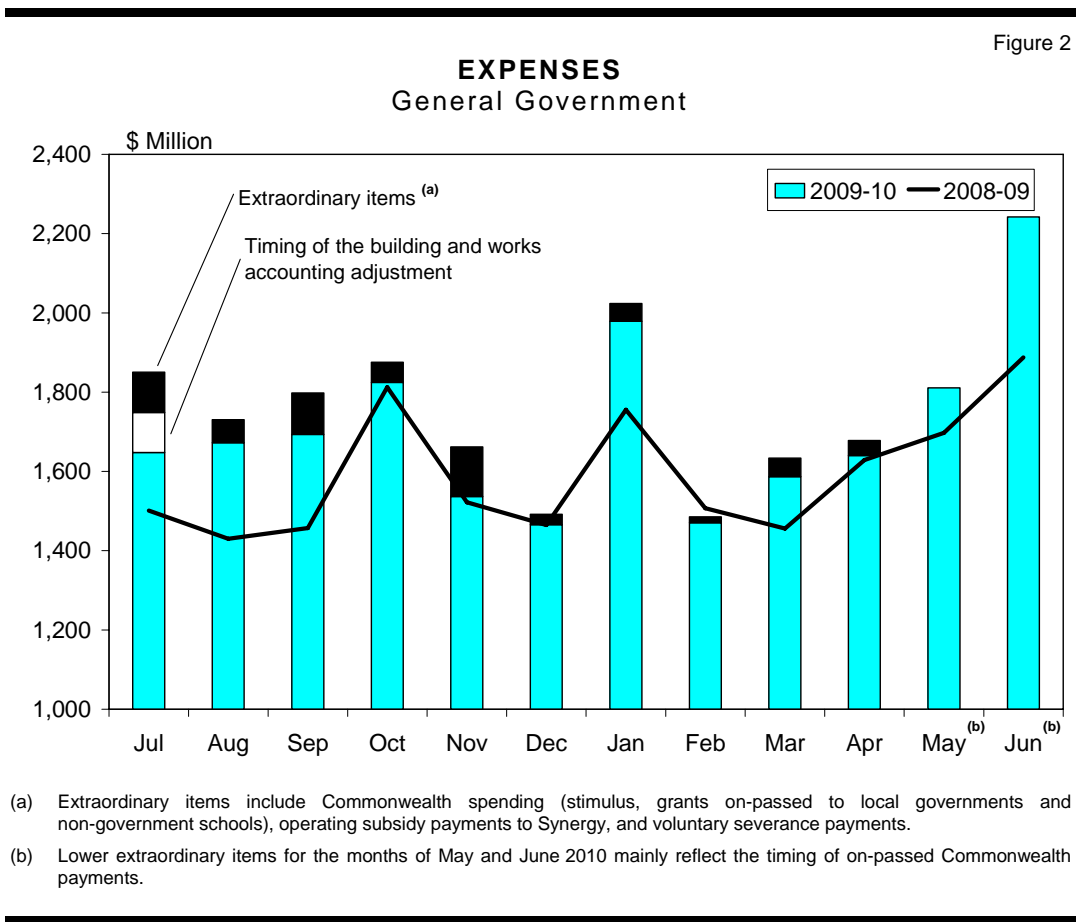


Totalling \$2,203 million, expenses for the month of June 2010 were \$315 million higher than June 2009. This largely reflects:

- higher 'other' gross operating expenses (up \$215 million), mainly due to higher spending on school support services as part of the Commonwealth's National School Pride stimulus program, increases in contract staff costs and other professional services in the education sector, higher equipment repair and maintenance costs, and higher accommodation expenses across the sector;
- higher capital transfers (up \$96 million), primarily due to the net effect of:
  - higher on-passed grants to non-government schools (up \$66 million) as part of the Commonwealth's stimulus initiatives;
  - funding to local governments in June 2009 as part of the *Royalties for Regions* (RfR) spending on for the Pilbara Revitalisation Plan (down \$59 million);
  - higher funding to the housing sector (up \$52 million), mainly due to the Remote Indigenous Housing Program;
  - higher transfers of assets (up \$34 million), reflecting a transfer of land to the Yawuru Aboriginal Group (\$80 million), partially offset by lower infrastructure assets (mainly roads) transferred to the local government sector (\$46 million); and

- lower First Home Owner Grant payments (down \$22 million), reflecting the end of the Commonwealth’s Boost initiative on 31 December 2009; and
- lower current transfers (down \$51 million), due largely to a deferral of spending on RfR initiatives and a lower appropriation to the Housing Authority reflecting the timing of payments under the *Nation Building and Jobs Plan* stimulus package.

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



A cash surplus of \$376 million was recorded for the month of June 2010, similar to the \$378 million surplus in June 2009. This reflects the impact of the operating surplus outcome on net cash flows of \$680 million and a net cash outflow for infrastructure investment (i.e. capital spending) of \$303 million.

### ***Three Months to 30 June 2010***

The general government sector recorded an \$816 million operating surplus for the three months to 30 June 2010. This compares with a \$229 million deficit for the same period in 2008-09.

Revenue for the three months to 30 June 2010 totalled \$6,475 million, up \$1,491 million or 29.9% compared with the same period the previous year. This mainly reflects higher:

- Commonwealth grants (up \$731 million), due to the net effect of:
  - higher GST grants (up \$279 million), reflecting timing issues discussed above;
  - higher on-passed grants for housing (up \$252 million), mainly for the social and indigenous housing programs;
  - higher North West Shelf petroleum grants (up \$175 million), due to issues noted earlier in the monthly discussion;
  - higher funding for the education sector (up \$89 million), due mainly to higher on-passed grants to non-government schools, partially offset by the timing of grants received for the DER stimulus program;
  - lower grants for roads (down \$52 million), mainly due to the completion of the New Perth-Bunbury Highway project; and
  - lower First Home Owner Grants (down \$15 million), due to the cessation of the Commonwealth's Boost initiative on 31 December 2009;
- royalty income (up \$392 million), primarily due to higher production volumes and higher prices for iron ore royalties, partly offset by the higher exchange rate;
- taxation revenue (up \$146 million), due to:
  - higher transfer and landholder duty collections (up \$64 million), driven by a recovery in the Western Australian property market;
  - higher payroll tax collections (up \$38 million), due to a strengthening labour market and wage outcomes; and
  - higher collections of motor vehicle licences and vehicle licence duty (up \$25 million), primarily reflecting improvement in overall volumes on the back of stronger economic activity;
- sales of goods and services (up \$122 million), mainly due to higher regulatory and overseas student fee collections, the introduction of the Mining Safety Levy, and higher volume and demand for other goods and services provided across the sector; and
- dividends from public corporations (up \$75 million), due to timing of final dividend declarations for the 2008-09 financial year by the Water Corporation and Western Power.

Expenses for the three months to 30 June 2010 totalled \$5,658 million, up \$445 million (or 8.5%) compared to the same period last year. This was primarily due to:

- higher 'other' gross operating expenses (up \$218 million), due to reasons outlined in the monthly discussion above;
- higher capital transfers (up \$141 million), mainly due to higher non-government schools funding as part of stimulus initiatives;
- lower current transfers (down \$121 million), mainly due to:
  - lower appropriations to the Housing Authority (due to one-off payments in the 2008-09 year to compensate for the impact of the Global Financial Crisis on the Department's land sales) and the timing of payments under the *Nation Building and Jobs Plan* stimulus package (down \$106 million);
  - a deferral in RfR spending on the Country Local Government Fund as part of the 2009-10 mid-year review corrective measures (down \$99 million);
  - a higher operating subsidy to Synergy (up \$34 million); and
  - higher subsidies for country water, sewerage and drainage operations (up \$16 million);
- higher services and contracts expense (up \$104 million), primarily due to an increase in public patients placed in private health facilities, and the timing of transactions across the general government sector; and
- higher salaries expense (up \$72 million), reflecting higher pay rates and employee numbers across the public sector (particularly for the health, education, and law and order sectors, which account for 74.3% of the increase), and the Government's second round voluntary severance offers (\$34 million).

A cash surplus of \$28 million was recorded for the June 2010 quarter, reflecting a net cash inflow from operating activities of \$873 million and a net cash outflow for capital investment of \$844 million.

Spending on infrastructure by the general government sector increased by \$182 million (or 24%), mainly due to higher spending on schools and health projects (including the construction of the Fiona Stanley Hospital), and spending on Perth Arena.

## **Total Public Sector**

### ***Three Months to 30 June 2010***

The total public sector recorded a \$46 million operating surplus for the June 2010 quarter, compared to the \$455 million operating deficit recorded for the same quarter in 2008-09. Revenue totalled \$12,365 million, up \$4,827 million (or 64.1%) on the same period in 2008-09, while expenses were up \$4,326 million (or 54.1%) at \$12,319 million. These significant increases reflect the Gold Corporation's acquisition of a gold refinery in March 2010 (see Chapter 1: *Financial Results*).

A cash deficit of \$1,014 million was recorded for the three months to 30 June 2010, compared to the \$1,367 million cash deficit recorded for the same period the previous year. This included a net cash inflow from operating activities of \$922 million (\$576 million higher than the June 2009 quarter) and a net cash outflow for capital investment of \$1,937 million (\$223 million higher than the outcome recorded in the same period a year earlier).

In addition to the general government infrastructure spending movements noted above, higher infrastructure investment also includes land development acquisitions by the Western Australian Land Authority and higher construction spending on public housing.



Table 5.1

## GENERAL GOVERNMENT Operating Statement

	2009-10			2008-09		
	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>RESULTS FROM TRANSACTIONS</b>						
<i>Revenue</i>						
Taxation	474	1,374	6,324	429	1,228	5,706
Current grants and subsidies	751	2,077	8,228	775	2,166	8,089
Capital grants	413	927	1,978	62	107	411
Sales of goods and services	177	452	1,635	64	331	1,410
Interest income	28	85	227	20	47	285
Revenue from public corporations						
Dividends from other sector entities	420	463	570	354	387	466
Tax equivalent income	52	99	350	65	112	355
Royalty income	707	896	2,324	355	505	2,348
Other	46	102	405	50	101	364
<i>Total</i>	<b>3,066</b>	<b>6,475</b>	<b>22,039</b>	<b>2,174</b>	<b>4,984</b>	<b>19,435</b>
<i>Expenses</i>						
Salaries	763	2,172	8,284	762	2,100	7,764
Superannuation						
Concurrent costs	74	208	793	69	198	746
Superannuation interest cost	-47	33	338	20	81	330
Other employee costs	44	100	323	57	107	326
Depreciation and amortisation	83	234	848	75	206	764
Services and contracts	270	523	1,523	169	419	1,339
Other gross operating expenses	375	835	2,959	161	618	2,575
Other interest	21	65	187	-1	19	118
Current transfers	363	1,055	4,882	414	1,175	4,554
Capital transfers	257	432	1,071	162	291	600
<i>Total</i>	<b>2,203</b>	<b>5,658</b>	<b>21,208</b>	<b>1,888</b>	<b>5,213</b>	<b>19,117</b>
<b>NET OPERATING BALANCE</b>	<b>863</b>	<b>816</b>	<b>831</b>	<b>287</b>	<b>-229</b>	<b>318</b>
<i>Other economic flows</i>						
Net gains on assets/liabilities		241	228		48	52
Net actuarial gains - superannuation		-169	-169		-1,277	-1,277
Provision for doubtful debts		-32	-32		24	24
All other		-	-		-	-
<i>Total other economic flows</i>		<b>40</b>	<b>27</b>		<b>-1,206</b>	<b>-1,201</b>
<b>OPERATING RESULT</b>		<b>856</b>	<b>858</b>		<b>-1,435</b>	<b>-883</b>
<i>All other movements in equity</i>						
Revaluations		-2,384	-2,055		2,892	3,563
Gains recognised directly in equity		3	-5		12	6
Changes in accounting policy/correction of prior period errors		88	117		-141	-204
Change in net worth of the public corporations sectors		388	1,768		-	11,901
All other		-	-		-	-
<i>Total all other movements in equity</i>		<b>-1,905</b>	<b>-176</b>		<b>11,549</b>	<b>15,266</b>
<b>TOTAL CHANGE IN NET WORTH</b>		<b>-1,049</b>	<b>682</b>		<b>14,312</b>	<b>14,382</b>
<b>KEY FISCAL AGGREGATES</b>						
<b>NET OPERATING BALANCE</b>		<b>816</b>	<b>831</b>		<b>-229</b>	<b>318</b>
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets		939	2,974		757	2,255
Changes in inventories		-5	-4		10	13
Other movement in non-financial assets		-75	-72		-40	-36
<i>less:</i>						
Sales of non-financial assets		94	161		47	164
Depreciation		234	848		206	764
<i>Total net acquisition of non-financial assets</i>		<b>531</b>	<b>1,889</b>		<b>474</b>	<b>1,305</b>
<b>NET LENDING/-BORROWING</b>		<b>286</b>	<b>-1,058</b>		<b>-703</b>	<b>-987</b>

Note: Columns may not add due to rounding.

Table 5.2

**GENERAL GOVERNMENT**  
Operating Revenue

	2009-10			2008-09		
	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>						
<i>Payroll tax</i>	184	581	2,303	175	543	2,246
Property taxes						
<i>Land tax</i>	-	-7	528	-4	-8	568
Transfer Duty	123	342	1,552	99	275	1,102
Landholder Duty	11	21	87	2	24	24
<i>Total duty on transfers</i>	134	363	1,639	101	299	1,126
Mortgages	-	-	-	-	-	4
Other stamp duties	-	-	-	-	1	1
Metropolitan Region Improvement Tax	-	-	78	-	-1	82
Emergency Services Levy	1	15	169	14	14	157
Loan guarantee fees	3	7	28	1	5	19
<i>Total other property taxes</i>	3	21	275	15	19	264
Taxes on provision of goods and services						
Lotteries Commission	12	33	130	15	26	134
Video lottery terminals	-	-	-	-	-	-
Casino Tax	10	24	92	7	25	91
Betting tax	2	8	32	2	8	32
<i>Total taxes on gambling</i>	24	65	254	24	59	257
Insurance Duty	32	100	404	31	92	377
Other	1	5	24	2	5	21
<i>Total taxes on insurance</i>	33	105	428	33	97	397
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	36	94	332	32	79	318
Permits - Oversize Vehicles and Loads	1	2	5	-	1	4
Motor Vehicle recording fee	4	11	43	4	10	40
Motor Vehicle registrations	53	138	516	49	128	486
<i>Total motor vehicle taxes</i>	94	245	895	86	219	848
<i>Total Taxation</i>	474	1,374	6,324	429	1,228	5,706
<b>CURRENT GRANTS AND SUBSIDIES</b>						
<i>General Purpose Grants</i>						
GST Revenue Grants	375	1,038	3,590	156	760	3,529
North West Shelf grants	187	336	897	52	161	844
Compensation for condensate excise	6	15	50	23	11	23
<i>Grants Through the State</i>						
Schools assistance - non-government schools	-	11	769	88	101	751
Local government financial assistance grants	-	25	136	-	33	132
Local government roads	-	17	90	-	22	89
First Home Owners' Boost	9	33	168	20	47	100
Other	-	-	-	-	-	-
<i>National Specific Purpose Payment Grants</i>						
National Healthcare	95	284	1,136	157	307	1,056
National Schools	28	82	329	39	104	318
National Skills and Workforce Development	11	33	132	24	47	131
National Disability Services	7	20	78	11	23	75
National Affordable Housing	10	31	125	30	55	122
<i>Nation Building and Jobs Plan</i>						
Schools	-	-	70	78	78	78
Housing	2	5	20	7	17	22
Transport	5	5	5	-	15	15
<i>Other Grants/National Partnerships</i>						
Health	39	92	318	140	201	454
Housing	-2	-	23	25	29	29
Roads	-49	-14	2	-14	-	38
Other	28	63	290	-61	155	283
<i>Total Current Grants and Subsidies</i>	751	2,077	8,228	775	2,166	8,089

Note: Columns may not add due to rounding.

Table 5.2 (cont)

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

	2009-10			2008-09		
	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>CAPITAL GRANTS</b>						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	67	149	309	2	6	18
<i>Nation Building and Jobs Plan</i>						
Schools	-	183	651	-	-	-
Housing	85	207	368	-	4	4
Transport	1	1	5	10	10	10
<i>Other Grants/National Partnerships</i>						
Housing	82	101	180	-7	-4	40
Roads	147	152	232	20	57	229
Other	30	133	233	38	35	111
<i>Total Capital Grants</i>	<b>413</b>	<b>927</b>	<b>1,978</b>	<b>62</b>	<b>107</b>	<b>411</b>
<b>SALES OF GOODS AND SERVICES</b>	<b>177</b>	<b>452</b>	<b>1,635</b>	<b>64</b>	<b>331</b>	<b>1,410</b>
<b>INTEREST INCOME</b>	<b>28</b>	<b>85</b>	<b>227</b>	<b>20</b>	<b>47</b>	<b>285</b>
<b>REVENUE FROM PUBLIC CORPORATIONS</b>						
Dividends	420	463	570	354	387	466
Tax Equivalent Regime	52	99	350	65	112	355
<i>Total Revenue from Public Corporations</i>	<b>472</b>	<b>561</b>	<b>920</b>	<b>419</b>	<b>499</b>	<b>821</b>
<b>ROYALTY INCOME</b>	<b>707</b>	<b>896</b>	<b>2,324</b>	<b>355</b>	<b>505</b>	<b>2,348</b>
<b>OTHER</b>						
Lease Rentals	6	16	76	6	16	65
Fines	6	29	136	13	36	138
Revenue not elsewhere counted	34	57	193	31	49	161
<i>Total Other</i>	<b>46</b>	<b>102</b>	<b>405</b>	<b>50</b>	<b>101</b>	<b>364</b>
<b>GRAND TOTAL</b>	<b>3,067</b>	<b>6,476</b>	<b>22,039</b>	<b>2,174</b>	<b>4,984</b>	<b>19,435</b>

Note: Columns may not add due to rounding.

Table 5.3

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

	2009-10			2008-09		
	Month of	Three	Actual	Month of	Three	Actual
	June	Months to		June	Months to	
	\$m	30 June	\$m	\$m	30 June	\$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<i>Cash received</i>						
Taxes received	647	1,633	6,329	479	1,319	5,865
Grants and subsidies received	1,120	2,911	10,113	890	2,337	8,538
Receipts from sales and goods and services	223	490	1,767	132	406	1,556
Interest receipts	54	90	203	39	62	295
Dividends and tax equivalents	414	472	882	378	432	877
Other receipts	396	941	3,558	533	873	3,692
<i>Total cash received</i>	<b>2,853</b>	<b>6,538</b>	<b>22,853</b>	<b>2,450</b>	<b>5,430</b>	<b>20,822</b>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-818	-2,525	-9,221	-711	-2,319	-8,595
Payments for goods and services	-435	-1,155	-4,594	-308	-1,031	-4,441
Interest paid	-26	-71	-146	-20	-42	-131
Grants and subsidies paid	-848	-1,528	-5,364	-656	-1,374	-4,650
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-47	-387	-1,582	-41	-289	-1,289
<i>Total cash paid</i>	<b>-2,173</b>	<b>-5,665</b>	<b>-20,907</b>	<b>-1,737</b>	<b>-5,056</b>	<b>-19,106</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>680</b>	<b>873</b>	<b>1,946</b>	<b>713</b>	<b>374</b>	<b>1,717</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<i>Cash flow from investment in non-financial assets</i>						
Purchase of non-financial assets	-381	-939	-2,974	-358	-757	-2,255
Sales of non-financial assets	78	94	161	23	47	164
<i>Total cash flows from investments in financial assets</i>	<b>-303</b>	<b>-844</b>	<b>-2,813</b>	<b>-335</b>	<b>-710</b>	<b>-2,091</b>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	1	6	19	-	-	1
For liquidity purposes	1	23	83	-	1	25
<i>Cash paid</i>						
For policy purposes	-26	-53	-659	-120	-159	-368
For liquidity purposes	-1	-1	-2	4	4	-3
<i>Total cash flows from investments in financial assets</i>	<b>-25</b>	<b>-26</b>	<b>-559</b>	<b>-116</b>	<b>-154</b>	<b>-345</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-329</b>	<b>-870</b>	<b>-3,371</b>	<b>-451</b>	<b>-864</b>	<b>-2,437</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<i>Cash received</i>						
Advances received	11	14	14	13	14	14
Borrowings	29	904	2,754	555	975	1,012
Deposit received	-	-	-	-	-	-
Other financing receipts	5	7	32	-	10	30
<i>Total cash received</i>	<b>46</b>	<b>925</b>	<b>2,799</b>	<b>568</b>	<b>999</b>	<b>1,056</b>
<i>Cash paid</i>						
Advances paid	-11	-14	-14	-4	-10	-14
Borrowings repaid	-140	-38	-299	-22	-13	-182
Deposits paid	-	-	-	-	-	-
Other financing payments	-4	-9	-49	-16	-20	-43
<i>Total cash paid</i>	<b>-155</b>	<b>-61</b>	<b>-362</b>	<b>-43</b>	<b>-43</b>	<b>-239</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-109</b>	<b>864</b>	<b>2,438</b>	<b>525</b>	<b>956</b>	<b>818</b>
<b>Net increase in cash and cash equivalents</b>	<b>242</b>	<b>866</b>	<b>1,012</b>	<b>787</b>	<b>467</b>	<b>98</b>
Cash and cash equivalents at beginning of the period	5,105	4,480	4,334	3,547	3,867	4,236
Cash and cash equivalents at end of the period	5,346	5,346	5,346	4,334	4,334	4,334
<b>KEY FISCAL AGGREGATES</b>						
Net cash flows from operating activities	680	873	1,946	713	374	1,717
Net cash flows from investing in non-financial assets	-303	-844	-2,813	-335	-710	-2,091
<b>Cash surplus/-deficit</b>	<b>376</b>	<b>28</b>	<b>-867</b>	<b>378</b>	<b>-336</b>	<b>-375</b>

Note: Columns may not add due to rounding.

Table 5.4

**TOTAL PUBLIC SECTOR**  
Operating Statement

	2009-10		2008-09	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>RESULTS FROM TRANSACTIONS</b>				
<i>Revenue</i>				
Taxation	1,288	6,026	1,168	5,432
Current grants and subsidies	2,077	8,228	2,166	8,089
Capital grants	927	1,978	107	411
Sales of goods and services	6,791	14,905	3,208	10,797
Interest Income	165	633	86	648
Royalty income	896	2,324	505	2,348
Other	220	801	298	926
<i>Total revenue</i>	12,365	34,895	7,537	28,651
<i>Expenses</i>				
Salaries	2,387	9,203	2,327	8,634
Superannuation				
Concurrent costs	227	878	220	829
Superannuation interest cost	33	338	81	330
Other employee costs	79	238	86	248
Depreciation and amortisation	631	2,292	817	2,088
Services and contracts	711	2,112	844	2,766
Other gross operating expenses	6,784	13,318	2,214	8,621
Other interest	332	1,116	213	1,000
Current transfers	793	3,642	896	3,477
Capital transfers	342	897	296	570
<i>Total expenses</i>	12,319	34,036	7,993	28,564
<b>NET OPERATING BALANCE</b>	<b>46</b>	<b>859</b>	<b>-455</b>	<b>87</b>
<i>Other economic flows</i>				
Net gains on assets/liabilities	377	506	-184	-122
Net actuarial gains - superannuation	-193	-193	-1,301	-1,301
Provision for doubtful debts	-44	-57	12	3
All other	-	-	-	-
<i>Total other economic flows</i>	139	256	-1,474	-1,420
<b>OPERATING RESULT</b>	<b>185</b>	<b>1,115</b>	<b>-1,929</b>	<b>-1,332</b>
<i>All other movements in equity</i>				
Revaluations	-1,410	-1,168	14,885	15,724
Gains recognised directly in equity	75	396	47	452
Changes in accounting policy/correction of prior period errors	101	339	-	-461
All other	-	-	-	-
<i>Total all other movements in equity</i>	-1,234	-433	14,805	15,715
<b>TOTAL CHANGE IN NET WORTH</b>	<b>-1,049</b>	<b>682</b>	<b>12,876</b>	<b>14,382</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>46</b>	<b>859</b>	<b>-455</b>	<b>87</b>
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	2,208	6,828	1,924	5,795
Changes in inventories	1,203	1,331	150	714
Other movement in non-financial assets	-17	13	-51	-79
<i>less:</i>				
Sales of non-financial assets	272	789	211	574
Depreciation	631	2,292	817	2,088
<i>Total net acquisition of non-financial assets</i>	2,492	5,091	995	3,768
<b>NET LENDING-BORROWING</b>	<b>-2,446</b>	<b>-4,232</b>	<b>-1,450</b>	<b>-3,681</b>

Note: Columns may not add due to rounding.

**TOTAL PUBLIC SECTOR**  
Operating Revenue

Table 5.5

	2009-10		2008-09	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>TAXATION</b>				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	551	2,241	532	2,204
Property taxes				
<i>Land tax</i>	-14	484	-18	523
Transfer Duty	341	1,551	275	1,102
Landholder Duty	21	87	24	24
<i>Total duty on transfers</i>	362	1,639	299	1,126
Mortgages	-	-	-	4
Other stamp duties	-	-	1	1
Metropolitan Region Improvement Tax	-	78	-1	82
Emergency Services Levy	14	165	13	154
Loan guarantee fees	-	1	-	1
<i>Total other property taxes</i>	13	245	14	243
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	-	-	-
Casino Tax	24	92	25	91
Betting tax	-	-	-	-
<i>Total taxes on gambling</i>	24	92	25	91
Insurance Duty	100	404	92	377
Other	4	23	5	21
<i>Total taxes on insurance</i>	105	428	97	397
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	93	331	79	318
Permits - Oversize Vehicles and Loads	2	4	1	4
Motor Vehicle recording fee	11	43	10	40
Motor Vehicle registrations	138	515	128	486
<i>Total motor vehicle taxes</i>	245	895	219	848
<i>Total Taxation</i>	1,288	6,026	1,168	5,432
<b>CURRENT GRANTS AND SUBSIDIES</b>				
<i>General Purpose Grants</i>				
GST Grants	1,038	3,590	760	3,529
North West Shelf grants	336	897	161	844
Compensation for condensate excise	15	50	11	23
<i>Grants Through the State</i>				
Schools assistance – non-government schools	11	769	101	751
Local government financial assistance grants	25	136	33	132
Local government roads	17	90	22	89
First Home Owners' Boost	33	168	47	100
Other	-	-	-	-
<i>National Specific Purpose Payment Grants</i>				
National Healthcare	284	1,136	307	1,056
National Schools	82	329	104	318
National Skills and Workforce Development	33	132	47	131
National Disability Services	20	78	23	75
National Affordable Housing	31	125	55	122
<i>Nation Building and Jobs Plan</i>				
Schools	-	70	78	78
Housing	5	20	17	22
Transport	5	5	15	15
<i>Other Grants/National Partnerships</i>				
Health	92	318	192	439
Housing	-	23	29	29
Roads	-14	2	-	38
Other	63	290	163	298
<i>Total Current Grants and Subsidies</i>	2,077	8,228	2,166	8,089

Note: Columns may not add due to rounding.

Table 5.5 (cont)

**TOTAL PUBLIC SECTOR**  
Operating Revenue

	2009-10		2008-09	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>CAPITAL GRANTS</b>				
<i>Grants Through the State</i>				
Schools assistance – non-government schools	149	309	6	18
<i>Nation Building and Jobs Plan</i>				
Schools	183	651	-	-
Housing	207	368	4	4
Transport	1	5	10	10
<i>Other Grants/National Partnerships</i>				
Housing	101	180	-4	40
Roads	152	232	57	229
Other	133	233	35	111
<i>Total Capital Grants</i>	927	1,978	107	411
<b>SALES OF GOODS AND SERVICES</b>	6,791	14,905	3,208	10,797
<b>INTEREST INCOME</b>	165	633	86	648
<b>ROYALTY INCOME</b>	896	2,324	505	2,348
<b>OTHER</b>				
Lease Rentals	16	76	16	65
Fines	29	139	37	140
Revenue not elsewhere counted	174	587	245	721
<i>Total Other</i>	220	801	298	926
<b>GRAND TOTAL</b>	12,365	34,894	7,537	28,651

Note: Columns may not add due to rounding.

Table 5.6

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

	2009-10		2008-09	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Cash received</i>				
Taxes received	1,427	5,991	1,156	5,559
Grants and subsidies received	2,911	10,113	2,337	8,538
Receipts from sales and goods and services	6,853	15,134	3,488	11,978
Interest receipts	215	646	116	729
Dividends and tax equivalents	-	-	-	-
Other receipts	1,172	4,499	1,053	4,431
<i>Total cash received</i>	<i>12,578</i>	<i>36,382</i>	<i>8,150</i>	<i>31,234</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-2,791	-10,248	-2,541	-9,516
Payments for goods and services	-6,776	-15,055	-3,415	-12,122
Interest paid	-368	-976	-311	-914
Grants and subsidies paid	-1,003	-4,076	-998	-3,658
Dividends and tax equivalents	-	-	-	-
Other payments	-717	-2,805	-539	-2,243
<i>Total cash paid</i>	<i>-11,656</i>	<i>-33,160</i>	<i>-7,804</i>	<i>-28,453</i>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>922</b>	<b>3,223</b>	<b>346</b>	<b>2,782</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-2,208	-6,828	-1,924	-5,795
Sales of non-financial assets	272	789	211	574
<i>Total cash flows from investments in financial assets</i>	<i>-1,937</i>	<i>-6,038</i>	<i>-1,713</i>	<i>-5,221</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	6	19	-	1
For liquidity purposes	1,086	4,430	941	4,242
<i>Cash paid</i>				
For policy purposes	-2	-19	1	-1
For liquidity purposes	-1,007	-5,065	-1,789	-5,402
<i>Total cash flows from investments in financial assets</i>	<i>83</i>	<i>-635</i>	<i>-847</i>	<i>-1,160</i>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-1,853</b>	<b>-6,674</b>	<b>-2,560</b>	<b>-6,381</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	5,912	23,727	4,236	16,230
Deposit received	-	-	-	-
Other financing receipts	27	68	15	47
<i>Total cash received</i>	<i>5,939</i>	<i>23,795</i>	<i>4,251</i>	<i>16,277</i>
<i>Cash paid</i>				
Advances paid	-14	-14	-10	-14
Borrowings repaid	-3,667	-18,111	-1,997	-12,231
Deposits paid	-	-	-	-
Other financing payments	-31	-95	-27	-98
<i>Total cash paid</i>	<i>-3,711</i>	<i>-18,219</i>	<i>-2,034</i>	<i>-12,343</i>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>2,228</b>	<b>5,576</b>	<b>2,216</b>	<b>3,934</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,297</b>	<b>2,125</b>	<b>3</b>	<b>335</b>
Cash and cash equivalents at beginning of the period	7,815	6,987	6,984	6,652
Cash and cash equivalents at end of the period	9,112	9,112	6,987	6,987
<b>KEY FISCAL AGGREGATES</b>				
Net cash flows from operating activities	922	3,223	346	2,782
Net cash flows from investing in non-financial assets	-1,937	-6,038	-1,713	-5,221
<b>Cash surplus/-deficit</b>	<b>-1,014</b>	<b>-2,816</b>	<b>-1,367</b>	<b>-2,439</b>

Note: Columns may not add due to rounding.





# 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 6.1 shows that the aggregate balance of the Public Ledger at 30 June 2010 was \$373 million higher than the balance at 30 June 2009. This reflects a \$997 million increase in the balances of TSPAs partially offset by a \$621 million increase in the Consolidated Account deficit.

<b>PUBLIC LEDGER BALANCES AT 30 JUNE</b>			Table 6.1
	2010 \$m	2009 \$m	
<b>THE PUBLIC LEDGER</b>			
Consolidated Account <sup>(a)</sup>	-4,465	-3,844	
Treasurer's Special Purpose Accounts	6,765	5,768	
Treasurer's Advance Account – Net Advances	-8	-5	
<b>Total</b>	<b>2,292</b>	<b>1,919</b>	

(a) The balance of the Consolidated Account at 30 June 2010 includes cash and non-cash balances. Non-cash appropriations of \$4,781 million at 30 June 2010 (30 June 2009: \$4,051 million) represent the balance of 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. In cash terms, the Consolidated Account recorded a surplus of \$317 million at 30 June 2010 (30 June 2009: \$207 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 deficit at 30 June 2010 was \$4,465 million, an increase of \$621 million on the accumulated deficit a year earlier. This included \$4,781 million in Agency Holding Account balances, associated with accrual (non-cash) appropriations for depreciation and leave entitlements, with these accrued balances increasing by \$730 million during 2009-10.

In cash terms, the Consolidated Account recorded a surplus of \$317 million at 30 June 2010. This compares with the \$207 million cash surplus recorded at 30 June 2009.

The Consolidated Account borrowed \$2,650 million during the year to 30 June 2010 (up from \$872 million the previous year), in support of the State's record Asset Investment Program.

## CONSOLIDATED ACCOUNT TRANSACTIONS

Table 6.2

	2010 \$m	2009 \$m
<b>REVENUE</b>		
<i>Operating Activities</i>		
Taxation	5,317	4,920
Commonwealth Grants <sup>(a)</sup>	6,846	3,635
Government Enterprises	885	881
Revenue from other agencies <sup>(a)</sup>	3,162	5,295
Other	207	361
<i>Total Operating Activities</i>	<b>16,417</b>	<b>15,092</b>
<i>Financing Activities</i>		
Repayments of Recoverable Advances	10	11
Transfers from:		
Public Bank Account Interest Earned Account	3	79
Bankwest Pension Trust	2	2
Other Receipts	1	12
Borrowings	2,650	872
<i>Total Financing Activities</i>	<b>2,666</b>	<b>976</b>
<b>TOTAL REVENUE</b>	<b>19,083</b>	<b>16,068</b>
<b>EXPENDITURE</b>		
<i>Recurrent</i>		
Authorised by Other Statutes	1,375	1,209
Appropriation Act (No. 1)	14,530	13,079
Recurrent Expenditure under the Treasurer's Advance	819	1,002
<i>Total Recurrent Expenditure</i>	<b>16,724</b>	<b>15,290</b>
<i>Investing Activities</i>		
Authorised by Other Statutes	82	113
Appropriation Act (No. 2)	2,803	1,764
Investing Expenditure under the Treasurer's Advance	94	139
<i>Total Investing Activities</i>	<b>2,979</b>	<b>2,016</b>
<i>Financing Activities</i>		
Loan repayments	-	-
Other financing	-	11
<i>Total Financing Activities</i>	<b>-</b>	<b>11</b>
<b>TOTAL EXPENDITURE</b>	<b>19,703</b>	<b>17,317</b>
<b>NET MOVEMENT (REVENUE LESS EXPENDITURE)</b>	<b>-620</b>	<b>-1,249</b>
<b>Consolidated Account Balance</b>		
Opening balance at 1 July	-3,844	-2,595
Closing balance at 30 June	-4,465	-3,844
Of which:		
Appropriations payable	-4,781	-4,051
Cash balance at 30 June	317	207

(a) From January 2009, reflecting a national move to streamline the administration of grants, most Commonwealth funding is now received centrally by the Department of Treasury and Finance (DTF). Under these arrangements, most grants are received by a Special Purpose Account and then on-passed to the agencies that spend the funds. Prior to 1 January 2009, these grants were disclosed as Commonwealth grants revenue in the financial statements of the individual agencies that received the funding.

A limited number of grants received by DTF are paid into the Consolidated Account. This mirrors the arrangements prior to 1 January 2009. Examples include grants received for the National Health Care Agreement (previously administered by the Department of Health), the First Home Owners Boost grant, and funds received under the Commonwealth's *Nation Building and Jobs Plan* (which are by and large used to construct assets such as public housing and schools facilities and are generally appropriated from the Consolidated Account as capital contributions).

Note: Columns may not add due to rounding.

## 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 \$997 million increase in TSPA balances during 2009-10 largely reflects movement in Agency Holding Accounts, which increased by \$730 million during the year. This increase primarily reflects the impact of non-cash appropriations for depreciation and accrued leave entitlements for centrally funded government agencies.

The Royalties for Regions Special Purpose Account increased by \$390 million while the balance of the Fiona Stanley Hospital Construction Account decreased by \$158 million (representing spending on the new hospital net of interest revenue credited to the account).

Other Special Purpose Accounts increased by \$35 million, due largely to the increase in the balances held for Accrued Salaries (\$25 million).

Table 6.3

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

	2010 \$m	2009 \$m
Agency Holding Accounts	4,781	4,051
Fiona Stanley Hospital Construction Account	1,162	1,320
Royalties for Regions Special Purpose Account	416	26
Other Special Purpose Accounts	406	371
<b>TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE</b>	<b>6,765</b>	<b>5,768</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 \$1,150 million was authorised by section 29 of the FMA and the *Treasurer's Advance Authorisation Act 2010* for the year ended 30 June 2010. This compares with a \$1,200 million limit authorised for the preceding year.

Of the \$1,150 million authorised limit, \$928 million was drawn down in 2009-10, comprising \$914 million against increases in recurrent and capital appropriations (see Table 6.5), \$8 million at 30 June 2010 in the form of net recoverable advances (see Table 6.4), and \$7 million for an overdrawn Special Purpose Account chargeable against the Treasurer's Advance under section 19 of the FMA.

Table 6.4

### TREASURER'S ADVANCE AT 30 JUNE

	2010 \$m	2009 \$m
<b>AUTHORISED LIMIT</b>	<b>1,150.0<sup>(a)</sup></b>	<b>1,200.0</b>
Total Drawn Against Treasurer's Advance Account	928.1	1,146.0
<i>Comprising:</i>		
Net recoverable advances as at 30 June (see below)	7.6	5.2
Overdrawn Special Purpose Account <sup>(b)</sup>	6.8	-
Excesses and New Items (see Table 6.5)		
- recurrent	819.3	1,001.8
- capital	94.4	139.0
<b>NET RECOVERABLE ADVANCES</b>		
Public Sector Standards Commissioner – CEO selection	0.5	0.5
Western Australian Electoral Commission	0.2	-
Energy Smart Government Program	0.5	1.1
Gas Review Board	0.5	0.5
Inspector of Custodial Services	0.3	-
Suitors Fund	1.5	1.1
Planning and Infrastructure	-	2.0
Programmed Building Maintenance	0.1	-
Sport and Recreation	2.0	-
Transport	2.0	-
<b>TOTAL RECOVERABLE TREASURER'S ADVANCES</b>	<b>7.6</b>	<b>5.2</b>

(a) The original limit for the year ending 30 June 2010, as authorised by section 29 of the FMA, was \$469.2 million. However, this was increased to \$1,150 million by the *Treasurer's Advance Authorisation Act 2010*, which received Royal Assent on 3 May 2010.

(b) The Treasurer has given approval to the Department of Mines and Petroleum to overdraw a Special Purpose Account. Any overdrawn SPA is taken to be an advance to be charged in the relevant financial year to the Treasurer's Advance Account.

## Transfers, Excesses and New Items

Table 6.5 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 2010* and section 27 of the FMA).

Table 6.5

### TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2010

	Treasurer's Advance					Drawn against Treasurer's Advance \$m
	Budget \$m	Transfers <sup>(a)</sup> \$m	New Items \$m	Excesses \$m	Revised Appropriation \$m	
<b>Recurrent Appropriations</b>						
<i>Parliamentary Commissioner for</i>						
<i>Administrative Investigations</i>						
Item 4: Delivery of Services	4.7	-	-	0.5	5.2	0.5
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	103.4	-5.7	-	0.4	98.0	-
<i>Public Sector Commission</i>						
Item 6: Delivery of Services	20.7	2.1	-	-	22.9	-
<i>State Development</i>						
Item 12: Delivery of Services	45.4	1.0	-	6.3	52.7	6.3
<i>Health</i>						
Item 14: Delivery of Services	858.9	-15.2	-	-	843.7	-
Item 15: Contribution to Hospital Fund	3,361.3	12.2	-	197.3	3,570.8	193.0
<i>Indigenous Affairs</i>						
Item 16: Delivery of Services	29.5	0.6	-	2.6	32.8	2.6
<i>Mines and Petroleum</i>						
Item 17: Delivery of Services	68.2	2.4	-	-	70.5	-
Item 18: Administered Grants, Subsidies and Other Transfer Payments	13.8	-	-	3.8	17.7	3.8
<i>Chemistry Centre (WA)</i>						
Item 19: Delivery of Services	6.7	0.7	-	-	7.4	-
<i>Fisheries</i>						
Item 20: Delivery of Services	28.8	1.3	-	5.7	35.8	5.7
<i>Western Australian Electoral Commission</i>						
Item 21: Delivery of Services	6.2	-	-	1.3	7.5	1.3
<i>Regional Development and Lands</i>						
Item 22: Delivery of Services	32.0	0.2	-	-	32.2	-
<i>Wheatbelt Development Commission</i>						
Item 24: Delivery of Services	1.6	-	-	-(b)	1.6	-(b)
<i>Kimberly Development Commission</i>						
Item 27: Delivery of Services	4.0	-	-	0.5	4.4	0.5
<i>Pilbara Development Commission</i>						
Item 28: Delivery of Services	1.7	-	-	0.7	2.4	0.7
<i>South West Development Commission</i>						
Item 30: Delivery of Services	16.5	-	-	4.6	21.1	4.6

Table 6.5 (cont)

**TRANSFERS, EXCESSES AND NEW ITEMS**  
For the twelve months to 30 June 2010

	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance			Drawn against Treasurer's Advance \$m
			New Items \$m	Excesses \$m	Revised Appropriation \$m	
<i>Western Australian Land Information Authority</i>						
Item 32: Delivery of Services	27.3	4.1	-	-	31.4	-
<i>Education</i>						
Item 33: Delivery of Services	3,320.7	-245.6	-	67.7	3,142.8	67.7
<i>Training and Workforce Development</i>						
New item: Delivery of Services	-	259.1	9.6	-	268.7	8.5
<i>Curriculum Council</i>						
Item 36: Delivery of Services	24.2	1.1	-	-	25.3	-
<i>Country High School Hostels Authority</i>						
Item 37: Delivery of Services	5.1	-	-	0.2	5.3	0.2
<i>Western Australian Tourism Commission</i>						
Item 38: Delivery of Services	56.9	2.0	-	-	58.9	-
<i>Transport</i>						
Item 39: Delivery of Services	92.4	36.9	-	4.4	133.7	4.1
<i>Commissioner of Main Roads</i>						
Item 40: Delivery of Services	179.5	9.0	-	-	188.5	-
<i>Public Transport Authority of Western Australia</i>						
Item 41: Delivery of Services	703.4	2.0	-	-	705.4	-
<i>Disability Services Commission</i>						
Item 42: Delivery of Services	383.2	0.4	-	6.9	390.4	6.9
<i>Treasury and Finance</i>						
Item 43: Delivery of Services	189.5	2.3	-	3.0	194.8	0.2
Item 49: Aerial Shark Surveillance Program	0.2	-	-	0.2	0.4	0.2
Item 53: First Home Owners' Assistance	122.0	-	-	235.0	357.0	203.3
Item 55: Office of Health Review	1.7	-	-	0.3	1.9	0.3
Item 58: Provision for Unfunded Liabilities in the Government Insurance Fund	2.1	-	-	2.3	4.4	2.3
Item 60: Refunds of Past Years Revenue - All Other	33.6	-	-	15.0	48.6	5.4
Item 62: Royalties for Regions Fund	289.4	-	-	48.8	338.2	48.8
Item 64: Voluntary Severance Package	48.0	-82.1	-	36.0	1.9	34.1
Item 65: Water Corporation of Western Australia - State Water Strategy Rebate Scheme	0.5	-	-	2.4	2.9	2.4
<i>Economic Regulation Authority</i>						
Item 68: Delivery of Services	6.4	0.3	-	-	6.7	-
<i>Office of the Auditor General</i>						
Item 69: Delivery of Services	16.8	0.3	-	-	17.0	-
<i>Commerce</i>						
Item 70: Delivery of Services	123.9	4.0	-	-	127.9	-



Table 6.5 (cont)

## TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2010

	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance			Drawn against Treasurer's Advance \$m
			New Items \$m	Excesses \$m	Revised Appropriation \$m	
<i>Registrar, Western Australian Industrial Relations Commission</i>						
Item 72: Delivery of Services	8.4	0.4	-	-	8.8	-
<i>Housing Authority</i>						
Item 73: Delivery of Services	137.6	2.6	-	-	140.1	-
<i>Police Service</i>						
Item 74: Delivery of Services	911.5	0.9	-	24.9	937.4	24.8
<i>Fire and Emergency Services Authority of Western Australia</i>						
Item 75: Delivery of Services	25.2	0.5	-	20.2	45.9	20.2
<i>Western Australian Sports Centre Trust</i>						
Item 78: Delivery of Services	8.2	0.2	-	2.9	11.4	2.9
<i>Racing, Gaming and Liquor</i>						
Item 80: Administered Grants, Subsidies and Other Transfer Payments	74.8	-	-	9.7	84.5	6.2
<i>Planning</i>						
Item 81: Delivery of Services	63.5	-29.0	-	-	34.5	-
<i>Culture and the Arts</i>						
Item 84: Delivery of Services	68.3	0.4	-	6.4	75.2	6.4
Item 85: Art Gallery of Western Australia	3.7	-	-	0.2	3.8	0.2
Item 86: Library Board of Western Australia	11.6	0.8	-	0.2	12.6	0.2
Item 88: Western Australian Museum	4.0	0.5	-	0.9	5.4	0.6
<i>Office of Energy</i>						
Item 89: Delivery of Services	44.0	0.1	-	-	44.2	-
<i>Attorney General</i>						
Item 90: Delivery of Services	228.3	0.7	-	26.1	255.2	26.1
<i>Office of the Director of Public Prosecutions</i>						
Item 93: Delivery of Services	24.7	0.4	-	-	25.1	-
<i>Office of the Information Commissioner</i>						
Item 95: Delivery of Services	1.3	0.2	-	-	1.5	-
<i>Corrective Services</i>						
Item 96: Delivery of Services	518.7	0.5	-	66.0	585.2	66.0
<i>Office of the Inspector of Custodial Services</i>						
Item 97: Delivery of Services	2.1	0.1	-	-	2.2	-
<i>Child Protection</i>						
Item 98: Delivery of Services	324.9	3.3	-	16.6	344.8	16.6
<i>Communities</i>						
Item 99: Delivery of Services	161.4	-1.5	-	-	160.0	-
<i>Water</i>						
Item 101: Delivery of Services	76.5	1.5	-	-	78.0	-
<i>Mental Health Commission</i>						
New item: Delivery of Services	-	16.7	-	-	16.7	-

Table 6.5 (cont)

## TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2010

	Budget \$m	Transfers <sup>(a)</sup> \$m	Treasurer's Advance			Drawn against Treasurer's Advance \$m
			New Items \$m	Excesses \$m	Revised Appropriation \$m	
<i>Local Government</i>						
Item 103: Delivery of Services	16.6	0.9	-	-	17.6	-
<i>Heritage Council of Western Australia</i>						
Item 105: delivery of Services	5.1	-	-	5.0	10.1	5.0
<i>Agriculture and Food</i>						
Item 107: Delivery of Services	159.7	0.6	-	-	160.3	-
<i>Environment and Conservation</i>						
Item 110: Delivery of Services	171.2	-0.5	-	39.4	210.1	39.4
<i>Office of the Environmental Protection Authority</i>						
New Item: Delivery of Services	-	6.3	0.3	-	6.7	0.3
<i>Swan River Trust</i>						
Item 112: Delivery of Services	12.4	0.1	-	0.8	13.3	0.8
<i>Total Recurrent</i>			0.3	865.3		819.3
<b>Capital Appropriations</b>						
<i>Parliamentary Services</i>						
Item 114: Capital Appropriation	2.9	-	-	0.2	3.1	0.2
<i>Health</i>						
Item 116: Capital Appropriation	268.0	-	-	64.9	332.8	64.8
<i>Education</i>						
Item 126: Capital Appropriation	1,018.3	-34.8	-	-	983.5	-
<i>Training and Workforce Development</i>						
New Item: Capital Appropriation	-	34.8	-	-	34.8	-
<i>Transport</i>						
Item 130: Capital Contribution	3.4	11.8	-	-	15.2	-
<i>Treasury and Finance</i>						
Item 134: Capital Appropriation	39.2	10.2	-	6.0	55.4	6.0
Item 140: Forest Products Commission	1.2	-	-	0.1	1.3	0.1
<i>Planning</i>						
Item 156: Capital Appropriation	33.9	-22.0	-	-	11.9	-
<i>Library Board of Western Australia</i>						
Item 160: Capital Appropriation	0.1	-	-	-(b)	0.1	-(b)
<i>Perth Theatre Trust</i>						
Item 161: Capital Appropriation	0.6	-	-	0.4	0.9	0.4
<i>Child Protection</i>						
Item 168: Capital Appropriation	6.1	-	-	24.9	31.0	22.9
<i>Environment and Conservation</i>						
Item 172: Capital Appropriation	12.9	-0.4	-	-	12.6	-
<i>Office of the Environmental Protection Authority</i>						
New Item: Capital Appropriation	-	0.4	-	-	0.4	-
<i>Total Capital</i>		-	-	96.5		94.4
<b>TOTAL</b>		-	<b>0.3</b>	<b>961.8</b>		<b>913.7</b>

(a) Authorised under section 25 of the FMA.

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

Note: Columns and rows may not add due to rounding.

Transfers of appropriations between agencies (which do not impact on the Treasurer's Advance) were for the following purposes during 2009-10:

- \$0.1 million from the Public Sector Commission to the Department of Local Government for accommodation costs;
- \$48.7 million (including the transfer of both recurrent and capital appropriations) from the Department of Planning to the Department of Transport in support of spending on coastal infrastructure, transport policy and support of the National Transport Commission;
- \$0.1 million from the Department of Agriculture and Food to the Department of Treasury and Finance (DTF) for costs associated with procurement management;
- \$0.7 million from the Department of Health to DTF for the transfer of Health procurement services;
- \$0.2 million from the Department of the Premier and Cabinet to the Office of the Information Commissioner for the transfer of the Freedom of Information audit function;
- \$289.3 million (including the transfer of both recurrent and capital appropriations) from the restructured Department of Education to the newly created Department of Training and Workforce Development, for the transfer of functions following the disaggregation of the previous Department of Education and Training from 30 October 2009;
- \$6.3 million (including both recurrent and capital appropriations) from the Department of Environment and Conservation to the newly created Office of the Environmental Protection Authority following the transfer of responsibility for policy development and environmental impact assessments under the *Environmental Protection Act 1986*;
- \$0.1 million from the Public Sector Commission to the Department of the Attorney General for the transfer of administering Western Australia's copyright responsibilities;
- \$40,000 from the Legislative Council to the Parliamentary Services Department for costs associated with a records management software licence;
- \$0.1 million from the Department of Local Government to the Department of Regional Development and Lands for the administration of the Rural, Remote and Regional Women's Network;
- \$2.5 million from DTF to the Department of Commerce for costs associated with the establishment of the Building Commission as a division of the Department of Commerce;
- \$1.2 million from the Department of Commerce to the Department of Mines and Petroleum for the transfer of functions for the resources safety division;

- \$0.2 million from the Department of Education (DoE) to the Department of Local Government for DoE's portion of funding for the Integrated Services Centres program;
- \$16.7 million from the Department of Health to the Mental Health Commission for the transfer of responsibilities and associated funding for mental health services;
- \$1.8 million from the Department of Communities to the Department for Child Protection (DCP) for the transfer of various functions appropriately administered by DCP;
- \$8.2 million from the Department of the Premier and Cabinet to the Commissioner of Main Roads for the transfer of administrative functions of the Office of Road Safety;
- \$1.9 million from the Department of Transport to the Department of Planning for the transfer of the corporate services function for the Licensing Business Unit;
- \$0.4 million from the Department of Planning to the Department of Transport for the transfer of transport operational policy functions;
- \$10.2 million from the Department of Planning to DTF for work under the Government Office Accommodation Master Plan; and
- \$82.1 million from DTF to various agencies for funding of voluntary severances. The original appropriation of \$48 million was increased by supplementary funding totalling \$36 million to provide for a second round of offers. The following table summarises voluntary severance costs by agency<sup>1</sup>.

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## VOLUNTARY SEVERANCE PROGRAM

Table 6.6

Item	Agency	Transfer from Original	Transfer from	Total
		Appropriation	Supplementary Funding	
		\$m	\$m	\$m
5	Premier and Cabinet	1.3	1.4	2.7
6	Public Sector Commission	1.7	0.6	2.3
12	State Development	0.2	0.8	1.0
14	Health	1.3	0.9	2.2
15	Contribution to Hospital Fund	7.4	4.8	12.2
16	Indigenous Affairs	0.6	-	0.6
17	Mines and Petroleum	-	1.2	1.2
19	Chemistry Centre (WA)	0.1	0.6	0.7
20	Fisheries	0.3	1.0	1.3
22	Regional Development and Lands	-	0.1	0.1
32	Western Australian Land Information Authority	4.0	-	4.0

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<sup>1</sup> For the second round of voluntary severance offers, the Government approved appropriation funding totalling \$36 million. Agencies drew \$34.3 million for severance payments approved under the second round of the program (of which \$34.1 million was funded from the second round supplementation, and \$0.2 million was funded from unspent first round appropriation funding). Of the \$34.3 million funding provided to agencies, \$32.7 million was actually paid out (the remainder, representing approved offers that did not proceed, is to be returned to the Consolidated Account during 2010-11).

Table 6.6 (cont.)

**VOLUNTARY SEVERANCE PROGRAM**

Item	Agency	Transfer from Original	Transfer from	Total
		Appropriation	Supplementary	
		\$m	\$m	\$m
33	Education	4.3	4.8	9.1
New	Training and Workforce			
item	Development	3.5	1.2	4.7
36	Curriculum Council	0.6	0.4	1.0
38	Western Australian Tourism			
	Commission	0.1	1.9	2.0
39	Transport	0.8	0.7	1.5
40	Commissioner of Main Roads	-	0.8	0.8
41	Public Transport Authority	0.7	1.3	2.0
42	Disability Services Commission	-	0.4	0.4
43	Treasury and Finance	2.6	1.5	4.1
68	Economic Regulation Authority	0.3	-	0.3
69	Office of the Auditor General	-	0.3	0.3
70	Commerce	1.5	1.2	2.7
72	Registrar, Western Australia			
	Industrial Relations Commission	0.3	0.1	0.4
73	Housing Authority	2.6	-	2.6
74	Police Service	-	0.9	0.9
75	Fire and Emergency Services			
	Authority of Western Australian	0.1	0.4	0.5
78	Western Australian Sports Centre			
	Trust	0.2	-	0.2
81	Planning	2.8	3.6	6.4
84	Culture and the Arts	0.4	-	0.4
86	Library Board of Western Australia	0.8	-	0.8
88	Western Australian Museum	0.2	0.3	0.5
89	Office of Energy	-	0.1	0.1
90	Attorney General	0.6	-	0.6
93	Office of the Director of Public			
	Prosecutions	-	0.4	0.4
96	Corrective Services	0.2	0.3	0.5
97	Office of the Inspector of Custodial			
	Services	-	0.1	0.1
98	Child Protection	1.5	-	1.5
99	Communities	0.2	0.1	0.3
101	Water	-	1.5	1.5
103	Local Government	0.3	0.3	0.6
107	Agriculture and Food	0.7	-	0.7
110	Environment and Conservation	5.5	-	5.5
New	Office of the Environmental			
item	Protection Authority	-	0.3	0.3
112	Swan River Trust	-	0.1	0.1
	<b>Total</b>	<b>47.8</b>	<b>34.3</b>	<b>82.1</b>

Note: Columns may not add due to rounding.

## 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 114: **Capital Appropriation** (\$0.2 million) for the refurbishment of the Legislative Council Chamber.

### *Parliamentary Commissioner for Administrative Investigations*

Item 4: **Net Amount Appropriated to Deliver Services** (\$0.5 million) for additional costs to process a significant increase in complaints.

### *Premier and Cabinet*

Item 5: **Net Amount Appropriated to Deliver Services** (\$0.4 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.7
Premier and Cabinet		
	<b>\$m</b>	
Red Cross Appeal	0.3	
Appealathon Donation	0.2	
Toodyay Fires	0.2	
Telethon Donation	0.2	
Danny Green World Title Fight	0.1	
Ethnic Council Donation	0.1	
Karya Deaf School	0.1	
State Fleet Savings	-0.1	
Procurement Savings	-0.6	
<b>TOTAL</b>	<b>0.4</b>	

Note: Column may not add due to rounding.

*State Development*

Item 12: **Net Amount Appropriated to Deliver Services** (\$6.3 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

Table 6.8

<b>SUPPLEMENTARY FUNDING</b>	
State Development	
	<b>\$m</b>
Browse LNG Project	12.9
Oakajee Port and Rail	7.4
Ashburton North Strategic Industrial Area	0.5
Procurement Savings	-0.4
Grant Savings	-0.6
Ord East Kimberley Expansion Project	-13.5
<b>TOTAL</b>	<b>6.3</b>

Note: Column may not add due to rounding.

*Health*

Item 15: **Contribution to Hospital Fund** (\$197.3 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

Table 6.9

<b>SUPPLEMENTARY FUNDING</b>	
Health	
	<b>\$m</b>
Increased Activity and Cost Growth	210.0
National Partnership Agreement: Indigenous Economic Participation	0.6
Pre-Risk Medico Legal	0.4
National Health Care Agreement	0.3
Hospital Nurses Support Fund: Recurrent to Capital	-1.4
Western Australia Suicide Prevention Strategy	-6.3
Depreciation	-6.3
<b>TOTAL</b>	<b>197.3</b>

Note: Column may not add due to rounding.

Item 116: **Capital Appropriation** (\$64.9 million) consisting of \$110.0 million appropriated to address liquidity problems and to restore cash balances, partially offset by the deferral of capital projects (\$45.1 million).

*Indigenous Affairs*

Item 16: **Net Amount Appropriated to Deliver Services** (\$2.6 million) for National Partnership Indigenous Economic Participation (\$1.9 million) and the Yagan's Memorial Park project (\$0.7 million).

*Mines and Petroleum*

Item 18: **Administered Grants, Subsidies and Other Transfer Payments** (\$3.8 million) mainly for mining tenement refunds (\$5.0 million) partially offset by the deferral of the Coal Industry Development funding to 2012–13.

*Fisheries*

Item 20: **Net Amount Appropriated to Deliver Services** (\$5.7 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.10
Fisheries		
	<b>\$m</b>	
Cash Shortfall due to Reduction in Industry Revenue	1.6	
Increase in FTEs to Administer New Recreational Fishing Licences	1.4	
Office Accommodation	0.9	
Increased Rental Expense for Government Regional Officers Housing	0.6	
Insurance Premiums	0.5	
Increased Fuel Expense	0.4	
Software Licensing	0.3	
Vehicle Leases	0.2	
Procurement Savings	-0.2	
<b>TOTAL</b>	<b>5.7</b>	

Note: Column may not add due to rounding.



*Western Australian Electoral Commission*

Item 21: **Net Amount Appropriated to Deliver Services** (\$1.3 million).

The following table summarises the key issues contributing to supplementary funding of the commission's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.11
Western Australian Electoral Commission		
	<b>\$m</b>	
Non-Voter Activity Costs	1.6	
By-Election Costs for Fremantle and Willagee	0.3	
Political Parties' Finance Audits	0.1	
Procurement Savings	-0.1	
Electoral Roll Maintenance System Development	-0.6	
<b>TOTAL</b>	<b>1.3</b>	

Note: Column may not add due to rounding.

*Wheatbelt Development Commission*

Item 24: **Net Amount Appropriated to Deliver Services** for recruitment of Chief Executive Officer (\$24,000).

*Kimberley Development Commission*

Item 27: **Net Amount Appropriated to Deliver Services** (\$0.5 million) for the Weaber Plains Flood Mitigation proposal.

*Pilbara Development Commission*

Item 28: **Net Amount Appropriated to Deliver Services** (\$0.7 million) for a shortfall in operational funds (\$0.6 million) and employment of an acting Chief Finance Officer (\$0.1 million).

*South West Development Commission*

Item 30: **Net Amount Appropriated to Deliver Services** (\$4.6 million), mainly for the Busselton Jetty Refurbishment project (\$4.0 million) and the Collie Town Centre redevelopment (\$0.4 million).

*Education*

Item 33: **Net Amount Appropriated to Deliver Services** (\$67.7 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.12
Education		
	<b>\$m</b>	
3% Efficiency Dividend Shortfall	51.9	
Growth in Student Numbers and Additional School Support Staff	21.6	
Provision of English as a Second Language Tuition for Temporary 457 Visa Holders	6.9	
Gold State Superannuation Contribution	5.6	
Recalculation of Depreciation	4.8	
Education Assistants, Cleaners, Gardeners EBA Offer	1.8	
Resourcing Small Secondary Schools for the Half-cohort impact – 2010 School Year	1.2	
State Fleet Savings	-0.4	
Adjustment to expensed capital works	-11.1	
Procurement Savings	-14.8	
<b>TOTAL</b>	<b>67.7</b>	

Note: Column may not add due to rounding.

*Country High School Hostels Authority*

Item 37: **Net Amount Appropriated to Deliver Services** (\$0.2 million) for Kununurra Secondary Education Students Hostel.

*Training and Workforce Development*

New Item: **Net Amount Appropriated to Deliver Services** (\$9.6 million), mainly for additional training places (\$9.5 million).

*Transport*

Item 39: **Net Amount Appropriated to Deliver Services** (\$4.4 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.13
Transport		
	<b>\$m</b>	
Additional Costs Associated with Issuing Motor Vehicle Licences and Motor Drivers Licenses	3.7	
Reinstatement of Appropriation in Lieu of Advertising Revenue	2.5	
Esperance Lead Nickel Clean-up Costs	1.9	
Travelsmart Pedestrian Project Savings	-0.1	
State Fleet Savings	-0.1	
Transfer to Capital Appropriation	-0.1	
North West Shipping Subsidy deferral to 2010-11	-0.5	
Procurement Savings	-0.7	
Fremantle Port Rail Service Subsidy deferral to 2010-11	-2.1	
<b>TOTAL</b>	<b>4.4</b>	

Note: Column may not add due to rounding.

*Disability Services Commission*

Item 42: **Net Amount Appropriated to Deliver Services** (\$6.9 million).

The following table summarises the key issues contributing to supplementary funding of the commission's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.14
Disability Services		
	<b>\$m</b>	
Non-Government Human Services Sector Indexation	4.0	
Out of Home Respite Facilities	2.0	
Recalculation of Depreciation	1.2	
Gold State Superannuation Contribution	0.3	
State Fleet Savings	-0.2	
Procurement Savings	-0.4	
<b>TOTAL</b>	<b>6.9</b>	

Note: Columns may not add due to rounding.

*Treasury and Finance*

Item 43: **Net Amount Appropriated to Deliver Services** (\$3.0 million) to enable Building Management and Works to directly manage delivery of the State Government's non-residential building program.

Item 49: **Aerial Shark Surveillance Program** (\$0.2 million) to conduct mid-week aerial shark patrols during the 2009-10 summer holidays.

Item 53: **First Home Owners' Assistance** (\$235.0 million) due to a significant increase in demand for First Home Owner Grants following the extension of the First Home Owners' Boost scheme to 31 December 2009, announced in the Commonwealth's 2009-10 Budget.

Item 55: **Office of Health Review** (\$0.3 million) for employment of a medical consultant and escalation of accommodation costs.

Item 58: **Provision for Unfunded Liabilities in the Government Insurance Fund** (\$2.3 million) for an increase in unfunded liabilities as determined by the Insurance Commission's actuary.

Item 60: **Refund of Past Years Revenue Collections – All Other** (\$15.0 million) for higher taxation refunds impacting on a range of tax bases managed by the Office of State Revenue.

Item 62: **Royalties for Regions Fund**

Supplementary funding of \$48.8 million was provided for:

- a change in designation from 'capital' to 'recurrent' of spending for some *Royalties for Regions* initiatives (worth \$23.8 million, these designation changes have no overall impact on total appropriations to the Royalties for Regions Fund); and
- an amount of \$25.0 million representing savings measures identified as part of the Government's suite of corrective action implemented in the 2009-10 State Budget. With the passage of the *Royalties for Regions Act 2009*, the appropriation increased in line with the statutory funding formula contained in the Act. However, the planned savings impact was achieved by retaining the additional monies unspent in the Royalties for Regions Fund.

Item 64: **Voluntary Severance Package** (\$36.0 million) for a second round of voluntary severance offers announced in March 2010 (see Table 6.6 earlier in this appendix).

Item 65: **Water Corporation of Western Australia – State Water Strategy Rebate Scheme** (\$2.4 million) for funding of extra claims under the rebate scheme.

Item 134: **Capital Appropriation** (\$6.0 million) to enable the development of the Oracle Enterprise Asset Management and Property Manager modules.

Item 140: **Forest Products Commission** (\$0.1 million) for sale proceeds from commercial forestry Crown land sales, re-appropriated to the Forest Products Commission.

*Police Service*

Item 74: **Net Amount Appropriated to Deliver Services** (\$24.9 million).

The following table summarises the key issues contributing to supplementary funding of the Police Service's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.15
Police Service		
	<b>\$m</b>	
2009 Enterprise Bargaining Agreement for Police Officers	6.7	
ICT – Continuity and Development Program Reclassification of Funding Source	4.3	
DNA PathWest Cost and Demand Pressure	3.2	
Gold State Superannuation costs	3.0	
Supplementary Funding 2008-09 not Previously Provided	2.5	
Chemistry Centre Cost and Demand Pressure	2.2	
Post-Separation Medical Benefits	2.1	
New Police Stations and Upgrades – Fitzroy Crossing Change in Expense	0.9	
Increase in Clandestine Drug Laboratories and Chemistry Centre Capabilities	0.5	
Graffiti Taskforce	0.5	
New Police Stations and Upgrades – Mt Magnet Change in Expense	0.3	
Perth Police Complex	-0.2	
Counter-Terrorism Capital Project deferred to 2010-11	-0.3	
State Fleet Savings	-0.7	
<b>TOTAL</b>	<b>24.9</b>	

Note: Column may not add due to rounding.

*Fire and Emergency Services Authority*

Item 75: **Net Amount Appropriated to Deliver Services** (\$20.2 million) for Western Australian Natural Disaster Relief and Recovery Arrangements (\$13.2 million), Bush Fire Suppression (\$6.6 million) and State Emergency Services Response and Recovery Operations (\$0.7 million). This was partially offset by vehicle fleet and procurement savings (\$0.3 million).

*Western Australian Sports Centre Trust*

Item 78: **Net Amount Appropriated to Deliver Services** (\$2.9 million), for operating costs for the State Athletics Stadium and the State Basketball Centre at AK Reserve (\$2.4 million) and higher depreciation costs (\$0.7 million), partially offset by procurement savings (\$0.2 million).

*Racing, Gaming and Liquor*

Item 80: **Administered Grants, Subsidies and Other Transfer Payments** (\$9.7 million) for the GST Gambling Rebate.

*Culture and the Arts*

Item 84: **Net Amount Appropriated to Deliver Services** (\$6.4 million) for relocation of the Western Australian Symphony Orchestra (\$4.4 million) and the Western Australian Ballet (\$2.0 million).

Item 85: **Art Gallery of Western Australia** (\$0.2 million) for depreciation costs, partially offset by procurement savings.

Item 86: **Library Board of Western Australia – Recurrent** (\$0.2 million) for depreciation costs, partially offset by procurement savings.

Item 88: **Western Australian Museum** (\$0.9 million) for depreciation costs, partially offset by procurement and vehicle fleet savings.

Item 160: **Library Board of Western Australia – Capital** (\$29,000) for reallocation of capital appropriation across the Department.

Item 161: **Perth Theatre Trust – Capital** (\$0.4 million) for reallocation of capital appropriation across the Department.

*Attorney General*

Item 90: **Net Amount Appropriated to Deliver Services** (\$26.1 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

Table 6.16

**SUPPLEMENTARY FUNDING**  
Attorney General

	<b>\$m</b>
Act of Grace and Mesothelioma Payments	4.6
Lease Payments	3.6
Recalculation of Depreciation	3.3
Accused Costs – Baseline Adjustment	2.8
2008-09 Supplementary Funding Not Previously Provided	2.2
Court Security and Custodial Services Contract	2.0
ICT Infrastructure Services – Demand Growth	2.0
Shared Transactional Human Resources Services	1.3
Yawuru Native Title Agreement – Cash costs	1.0
Coroner's Court File Backlog	0.8
Legal Aid Commission – Expensive Cases	0.7
Cost of Bell Appeal	0.7
Legal Aid – Funding for Child Protection	0.6
Coroner's Court External Costs	0.3
<i>Amendment (Consent to Medical Treatment) Act 2008</i>	0.3
<b>TOTAL</b>	<b>26.1</b>

Note: Column may not add due to rounding.

*Corrective Services*

Item 96: **Net Amount Appropriated to Deliver Services** (\$66.0 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

Table 6.17

**SUPPLEMENTARY FUNDING**  
Corrective Services

	<b>\$m</b>
Prison System Daily Average Population Funding	49.7
Court Security and Custodial Services Contract	7.9
Risk Cover Insurance Base Line Adjustment	6.2
Recruitment and Training	3.3
Funding for Acacia Prison Wages Parity	1.0
Court Security and Custodial Services Additional Monitors	0.4
Non-Government Health Services Sector Indexation	0.2
Procurement Savings	-2.7
<b>TOTAL</b>	<b>66.0</b>

Note: Column may not add due to rounding.

*Child Protection*

Item 98: **Net Amount Appropriated to Deliver Services** (\$16.6 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.

<b>SUPPLEMENTARY FUNDING</b>		Table 6.18
Child Protection		
	<b>\$m</b>	
High Need Placement	7.0	
ASSIST Shortfall	3.7	
Expensing of Residential Care	2.9	
Emergency Management Services	2.3	
Employee Entitlements	1.0	
Bereavement Assistance Program	0.8	
Homelessness National Partnership Agreement State Contribution	0.6	
Hardship Utilities Grant Scheme	0.3	
Gold State Superannuation Contribution	0.3	
Recalculation of Depreciation	0.1	
Reduction in Indexation Payments as a Result of Previous Overpayments	-0.3	
Procurement Savings	-1.9	
<b>TOTAL</b>	<b>16.6</b>	

Note: Column may not add due to rounding.

Item 168: **Capital Appropriation** (\$24.9 million) for expansion and reform of residential care services.

*Heritage Council of Western Australia*

Item 105: **Net Amount Appropriated to Deliver Services** (\$5.0 million) for the Goldfields Earthquake Restoration Fund.

*Environment and Conservation*

Item 110: **Net Amount Appropriated to Deliver Services** (\$39.4 million).

The following table summarises the key issues contributing to supplementary funding of the department's appropriation in 2009-10.



Table 6.19

**SUPPLEMENTARY FUNDING**  
Environment and Conservation

	<b>\$m</b>
Landfill Levy – Reappropriation Due to Revenue Reduction	33.9
Bushfire Suppression	16.0
Gold State Superannuation costs	0.4
Savings on grant payments	-0.1
Transfer to the Office of the Environmental Protection Authority to meet ongoing operating costs	-0.1
Vehicle Fleet Savings	-0.4
Kimberley Science and Conservation Strategy deferred beyond 2009-10	-0.7
Burrup Maitland Industrial Estate Agreement (Native Title) deferred beyond 2009-10	-0.9
Procurement Savings	-1.2
Ord New Parks Joint Management Operations (Native Title) deferred to 2011-12	-1.4
Brookdale Decommissioning deferred to 2010-11	-2.2
Low Emission Energy Development Fund deferred beyond 2009-10	-3.9
<b>TOTAL</b>	<b>39.4</b>

Note: Column may not add due to rounding.

*Office of the Environmental Protection Authority*

New Item: **Net Amount Appropriated to Deliver Services** (\$0.3 million) for creation of a General Manager position (\$0.2 million) and on-going operational costs (\$0.1 million).

*Swan River Trust*

Item 112: **Net Amount Appropriated to Deliver Services** (\$0.8 million) for the Swan and Canning Rivers Oxygenation program (\$1.0 million), partially offset by procurement savings (\$0.2 million).

# 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





