



2010-11 Annual Report on State Finances

September 2011



2010-11

Annual Report on State Finances

SEPTEMBER 2011

2010–11 Annual Report on State Finances
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2010-11
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 2010-11. It includes disclosure of material differences between these outcomes and the forecasts contained in the 2010-11 Budget (delivered on 20 May 2010).

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 2010-11 State Budget estimates;
- the 2010-11 mid-year review (released on 17 December 2010);
- the 2010-11 estimated outturn as published in the 2011-12 State Budget, delivered on 19 May 2011;
- the actual outturn for 2010-11, which is the focus of this report;
- quarterly results for June 2011, completing the State's 2010-11 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 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 2011, and the public sector's financial position at 30 June 2011; 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.



MICHAEL BARNES
A/UNDER TREASURER



MAGDA WITTEK
A/ASSISTANT DIRECTOR
FINANCIAL REPORTING

19 September 2011

Opinion of the Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

ANNUAL REPORT ON STATE FINANCES – GOVERNMENT OF WESTERN AUSTRALIA

I have audited the financial statements of the Government of Western Australia for the year ended 30 June 2011 which comprise an Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement for General Government, Public Non-Financial Corporations, Total Non-Financial Public Sector, Public Financial Corporations and Total Public Sector, and Notes comprising a summary of significant accounting policies and other explanatory information (Appendix 1), the Results Compared to Estimates sections for the General Government Sector and Total Public Sector in Financial Results (Chapter 1), and the Public Ledger (Appendix 6).

Under Treasurer's Responsibility for the Financial Statements

The Under Treasurer is responsible for the preparation and fair presentation of the Annual Report on State Finances that includes the preparation of the financial statements 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, and for such internal control as the Under Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Government Financial Responsibility Act 2000, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Under Treasurer, as well as evaluating the overall presentation of the financial statements. In addition, all the financial and non-financial information in the Annual Report on State Finances is read to identify material inconsistencies with the audited financial statements. If any apparent material misstatements or inconsistencies are identified, the implications for my audit opinion are considered.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Annual Report on State Finances - Government of Western Australia

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

Opinion

In my opinion, the financial statements

- (i) have been properly drawn up so as to present fairly, in all material respects, the operating results and cash flows of the Government of Western Australia for the year ended 30 June 2011 and the financial position at the end of that year; and
- (ii) have 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 2011

Financial Results

Overview

Overall, the Western Australian economy performed slightly better in 2010-11 than expected at the time of the 2010-11 Budget. The domestic economy, as measured by State final demand, grew by 6.5% in 2010-11, compared to the 6.0% forecast at budget-time. The mining and related services sectors were dominant in this result. Growth in other sectors was generally more subdued and somewhat patchy during the year.

The strength of the mining sector has also characterised the State's revenue performance in 2010-11. Better than expected revenue growth of 8.5%, compared to 3.9% forecast in the original budget, has been driven by a substantial increase in iron ore royalty income. Higher than forecast prices, combined with the removal of concessional royalty rates in State Agreement Acts¹, boosted the State's iron ore royalty collections by a substantial \$972 million (or 36.3%) relative to budget-time. In addition, the State received a one-off payment of \$350 million from the major iron ore producers in return for amendments to State Agreement Acts².

The weakness in activity in other sectors has had a negative impact on some major revenue sources. A modest decline in established house prices, together with much lower than expected transaction volumes throughout 2010-11, has resulted in transfer duty³ collections being \$387 million (or 23.3%) lower than originally forecast in the 2010-11 Budget. GST grants were also \$216 million (or 6.4%) lower than budget-time, due to the impact of softer than expected consumer spending on the national pool of GST revenue.

¹ The 2010-11 mid-year review incorporated the impact of the Government's reform to royalty rates announced in June 2010 (post-budget) which lifted the royalty rate for 'fines' iron ore from 3.75% to 5.625% with effect from 1 July 2010. The 2011-12 Budget measure to further lift the royalty rate on 'fines' ore, from 5.625% to the full *Mining Act* royalty rate of 7.5%, does not have an impact on the 2010-11 financial year as this measure is to be phased in from 2012-13.

² The State Government announced in June 2010 that the \$350 million payment received from iron ore producers would be held in a Special Purpose Account established for construction of the New Children's Hospital.

³ References to transfer duty in this chapter represent the combination of transfer duty and landholder duty.

Indeed, Western Australia received the same dollar amount of GST grants (\$3,158 million) in 2010-11 as it did seven years earlier in 2003-04. This is despite growth in the national pool of GST revenue of \$11.7 billion (or 35%) since 2003-04, and reflects the large decline in Western Australia's GST 'relativity' over this period.

Of particular note, general government expense growth slowed to 5.2% in 2010-11 (down from 10.9% in 2009-10 and 13.5% in 2008-09). While this is higher than the 3.9% expense growth forecast at budget-time, it is the lowest rate of growth since 2003-04, and is significantly below average growth of 8.1% over the preceding decade. In addition, general government sector salaries (which make up around 40% of total expenses) grew by 6.6% in 2010-11, a significant turnaround from the 11.7% and 12.4% rates of growth recorded in 2007-08 and 2008-09 respectively.

These outcomes reflect the Government's efforts to rein in expenditure growth through a number of initiatives in successive budgets, including the 3% efficiency dividend, voluntary separations, a ceiling on full-time equivalent staff numbers, and the Government's public sector wages policy.

The combined result of the above outcomes is a substantially higher than expected operating surplus (i.e. a surplus on recurrent or day-to-day operations, excluding infrastructure investment) of \$1,604 million for 2010-11. This is \$1,317 million higher than originally budgeted in May 2010 (and \$820 million higher than the estimated outturn in May 2011).

Other key financial outcomes for 2010-11 include:

- a public sector infrastructure program totalling \$6.5 billion. This is slightly lower than the record program of \$6.8 billion in 2009-10, which included significant Commonwealth stimulus initiatives;
- total public sector net debt of \$12.0 billion at 30 June 2011, which is lower than forecast at the time of the 2010-11 Budget, but \$2.1 billion higher than the previous year (30 June 2010), due to the need for new borrowings to support ongoing infrastructure investment; and
- a total non-financial public sector net financial liabilities⁴ to revenue ratio of 58.1%, and a net interest cost to revenue ratio of 1.8%. Both of these ratios are well below the budget-time forecasts, and are consistent with the State's triple-A credit rating.

The following table summarises the State's key financial aggregates for 2010-11.

⁴ As defined by Standard & Poor's for credit rating purposes to comprise net debt plus unfunded superannuation liabilities. Standard & Poor's currently has a 'trigger' threshold of 90% for Western Australia.

Table 1

KEY BUDGET AGGREGATES

Western Australia

	2009-10	2010-11				
	Actual	Budget Estimate (1)	MYR Revision (2)	Estimated Outturn (3)	Actual (4)	Variation on Budget (4) - (1)
GENERAL GOVERNMENT SECTOR						
Net Operating Balance (\$m)	831	286	758	784	1,604	1,317
Revenue (\$m)	22,039	22,591	23,373	23,764	23,909	1,318
Revenue Growth (%)	13.4	3.9	6.1	7.8	8.5	4.6
Expenses (\$m)	21,208	22,305	22,614	22,980	22,306	1
Expense Growth (%)	10.9	3.9	6.6	8.4	5.2	1.2
TOTAL PUBLIC SECTOR						
Net Debt at 30 June (\$m)	9,896	15,442	14,009	13,387	12,026	-3,416
Asset Investment Program (\$m)	6,828	7,627	7,619	6,936	6,482	-1,145
Cash Position (\$m)	-2,816	-4,187	-4,302	-3,763	-2,029	2,158
KEY FINANCIAL RATIOS ^(a)						
Net Financial Liabilities to Revenue (%) ^(b)	54.6	65.1	63.6	60.6	58.1	-6.9
Net Interest Cost to Revenue (%)	1.6	2.4	2.3	2.1	1.8	-0.6

(a) For the total non-financial public sector.

(b) As defined by Standard & Poor's.

Note: Columns may not add due to rounding.

Outcome Compared to the Estimated Outturn in the 2011-12 Budget

The \$1,604 million operating surplus for the general government sector was \$820 million higher than the estimated outturn for 2010-11 published in the May 2011 State Budget.

The higher operating surplus outcome included higher revenue (up \$145 million or 0.6%), mainly due to the net impact of the following key items:

- higher royalties (up \$55 million, mostly from iron ore);
- higher tax collections (up \$101 million, mainly due to a timing change in the recording of transfer duty revenue applying from 1 March 2011);
- higher North-West Shelf grants (up \$47 million); and
- lower tied grants from the Commonwealth (down \$140 million).

Expenses were also lower than expected at the time of the 2011-12 Budget (down \$675 million or 2.9%), which can be largely attributed to delays in receiving and spending Commonwealth grants for various programs (in Education, Health, and Training and Workforce Development), slower than expected spending on various *Royalties for Regions*-funded initiatives, and lower than expected salaries and superannuation costs.

It is anticipated that much of this delayed spending will be 'caught up' in 2011-12 and beyond.

The stronger operating surplus outcome, combined with \$454 million lower than expected infrastructure spending across the public sector, was reflected in the level of net debt at 30 June 2011 being \$1.4 billion lower than the estimated outturn in the 2011-12 State Budget. Details of variations in net debt through the year are discussed later in this chapter.

Movements in the key financial aggregates between the original 2010-11 Budget (May 2010) estimates and the actual results for 2010-11 released in this report are discussed in the remainder of this chapter.

Results Compared to Estimates

General Government Sector

Operating Statement

The general government sector recorded an accrual operating surplus of \$1,604 million in 2010-11. This compares to the \$286 million surplus forecast in the 2010-11 Budget, and is mainly due to higher than expected revenue (up \$1,318 million). The higher revenue outcome is underpinned by:

- higher iron ore royalties, largely due to higher prices (up \$582 million) and an increase in the royalty rate applying to iron ore 'fines' in State Agreement Acts, from a concessional rate of 3.75% to 5.625% from 1 July 2010 (\$390 million); and
- a one-off contribution from BHP Billiton and Rio Tinto in relation to amendments to State Agreement Acts (\$350 million), which has been set aside in a Special Purpose Account to partially fund construction of the New Children's Hospital.

In net terms, recurrent expenditure is largely unchanged since budget-time.

Table 2

GENERAL GOVERNMENT
Operating Statement

	2009-10	2010-11					
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (5)=(4) - (1)	Variation on Budget % (5)/(1)
REVENUE							
Taxation	6,324	6,626	6,447	6,662	6,763	137	2.1
Current grants and subsidies	8,228	8,092	7,869	8,032	8,003	-88	-1.1
Capital grants	1,978	1,269	1,460	1,406	1,336	66	5.2
Sales of goods and services	1,635	1,656	1,756	1,718	1,754	98	5.9
Interest income	227	253	288	309	321	68	26.8
Revenue from public corporations							
Dividends	570	661	720	696	687	26	4.0
Tax equivalent income	350	377	337	359	379	2	0.4
Royalty income	2,324	3,271	4,045	4,159	4,213	942	28.8
Other	405	386	448	422	454	68	17.6
<i>Total</i>	<i>22,039</i>	<i>22,591</i>	<i>23,373</i>	<i>23,764</i>	<i>23,909</i>	<i>1,318</i>	<i>5.8</i>
EXPENSES							
Salaries	8,284	8,932	8,928	8,913	8,829	-103	-1.2
Superannuation							
Concurrent costs	793	855	852	851	841	-13	-1.6
Superannuation interest cost	338	419	393	400	317	-102	-24.4
Other employee costs	323	344	357	359	367	23	6.5
Depreciation and amortisation	848	899	911	906	896	-3	-0.3
Services and contracts	1,523	1,575	1,709	1,826	1,501	-74	-4.7
Other gross operating expenses	2,959	2,866	2,904	3,571	3,723	857	29.9
Other interest	187	374	336	334	297	-76	-20.5
Current transfers	4,882	5,533	5,525	5,090	4,928	-605	-10.9
Capital transfers	1,071	508	699	729	606	98	19.4
<i>Total</i>	<i>21,208</i>	<i>22,305</i>	<i>22,614</i>	<i>22,980</i>	<i>22,306</i>	<i>1</i>	<i>-</i>
NET OPERATING BALANCE	831	286	758	784	1,604	1,317	

Note: Columns may not add due to rounding.

Table 3

SUMMARY OF GENERAL GOVERNMENT REVENUE AND EXPENSE VARIATIONS SINCE THE 2010-11 BUDGET

	\$m
2010-11 BUDGET - NET OPERATING BALANCE	286
Revenue	
<i>Policy Decisions ^(a)</i>	
- Reform royalty rates in State Agreement Acts	390.0
- Contribution from mining companies	350.0
- Casino Tax - Burswood Casino Expansion	20.0
- Other ^(b)	25.4
<i>Total Policy</i>	<i>785.4</i>
<i>Parameter ^(c)</i>	
<i>Taxation</i>	
- Transfer duty/landholder duty	-386.9
- Payroll tax	169.7
- All other taxes	-15.7
<i>Sub Total</i>	<i>-232.9</i>
<i>Commonwealth grants</i>	
- Non-government schools grants	119.1
- GST grants	-215.6
- Health grants	143.6
- East Kimberley Development Package	-48.0
- <i>Building the Education Revolution</i> program (government schools)	-41.3
- All other grants	20.0
<i>Sub Total</i>	<i>-22.3</i>
<i>Royalty Income</i>	
- Iron ore	581.6
- All other royalties	-29.6
<i>Sub Total</i>	<i>552.0</i>
<i>Interest income</i>	<i>67.9</i>
<i>Agency goods and services revenue</i>	<i>94.4</i>
<i>Other</i>	<i>73.8</i>
<i>Total Parameter</i>	<i>532.8</i>
TOTAL REVENUE	1,318.2
Expenses	
<i>Policy Decisions ^{(a), (d)}</i>	<i>99.7</i>
<i>Parameter ^(c)</i>	
Grants for non-government schools (on-passed)	119.1
Health expenses	125.8
Subsidies to Public Corporations	96.9
Main Roads expense/capital mix	94.6
Salaries - provision for leave valuations	-105.8
Superannuation interest cost	-102.1
Interest costs	-76.5
First home owner grants	-33.0
State Development	-45.9
Regional Development and Lands	-39.4
Other	-132.6
<i>Total Parameter</i>	<i>-98.8</i>
TOTAL EXPENSES	0.9
TOTAL VARIANCE	1,317.4
2010-11 ANNUAL REPORT ON STATE FINANCES - NET OPERATING BALANCE	1,604

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

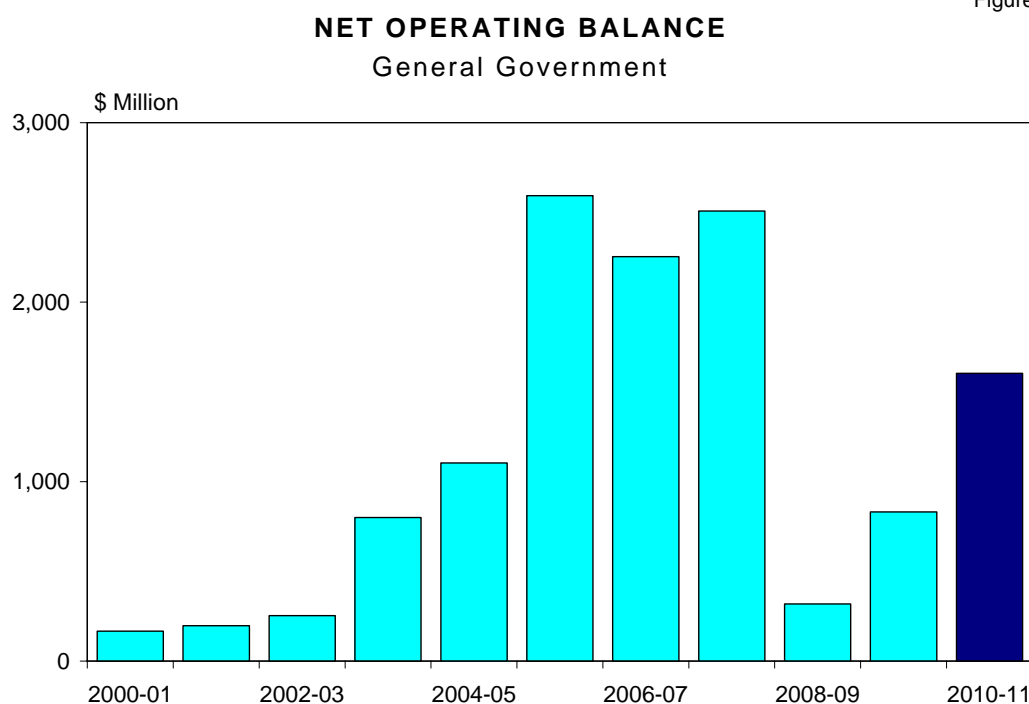
(b) Includes changes to goods and services and 'other' revenue.

(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 2010-11 Budget is provided in Appendix 4: *Policy Decisions Affecting Spending*.

Note: Columns may not add due to rounding.

Figure 1



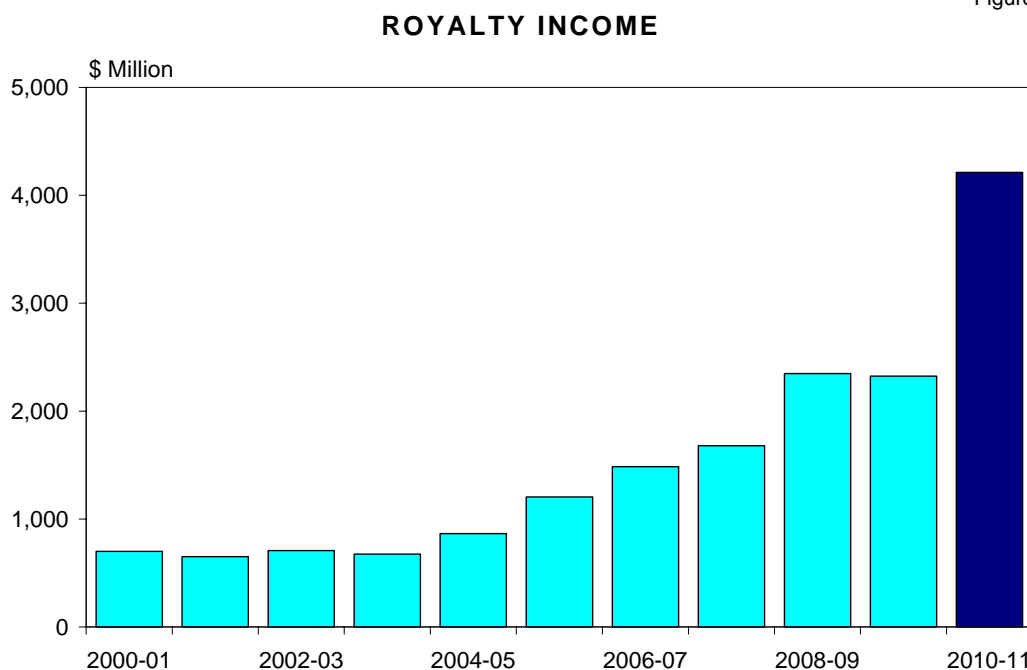
Revenue

On the back of very strong growth in royalties, revenue grew by 8.5% in 2010-11. This is consistent with the average rate of revenue growth over the preceding decade, but represents a \$1.3 billion increase from the 2010-11 Budget, which forecast growth of 3.9% for the year. The main factors contributing to this variance are:

- royalty income (up \$942 million, or 28.8%), mainly due to the net impact of:
 - the removal of concessional royalty rates applying to certain production of ‘fines’ and beneficiated iron ore;
 - higher than expected commodity prices, particularly the price of iron ore, which was up 58% compared to the price assumed in the 2010-11 Budget (US\$169.5 per tonne, compared to a budget assumption of US\$107.4 per tonne) and the price of gold, which was up 20% (US\$1,372 per troy ounce, compared to a budget assumption of US\$1,139 per troy ounce); and
 - a higher average \$US/\$A exchange rate of 99.1 cents, compared to the budget assumption of 88.5 cents⁵;

⁵ A higher \$US/\$A exchange rate reduces royalty collections and vice versa. This is because most international contracts are written in \$US terms, while royalties are calculated and paid in \$A terms.

Figure 2

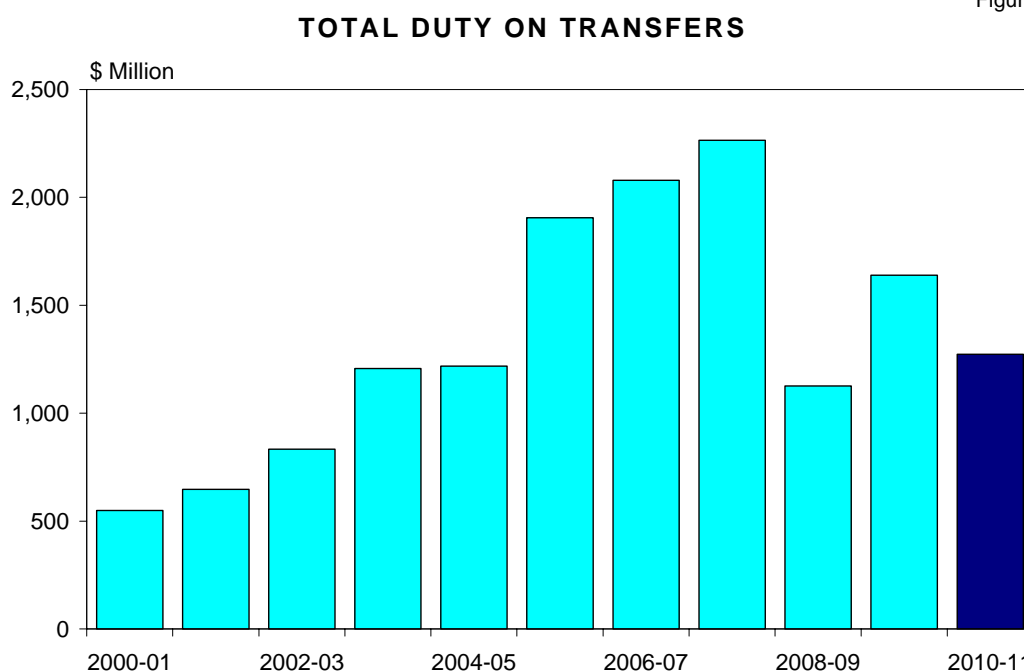


- taxation revenue (up \$137 million or 2.1% relative to the budget forecast), reflecting:
 - the receipt of \$350 million from BHP Billiton and Rio Tinto in relation to changes to State Agreement Acts⁶;
 - stronger employment and wages growth than forecast, which resulted in higher payroll tax collections (up \$170 million, or 6.9%); and
 - subdued conditions in the State's established housing market. Collections from transfer duty were down \$387 million (or 23.3%), mainly due to a decline in the number of property transactions and lower average prices compared with original budget expectations⁷;

⁶ Based on advice from the Australian Bureau of Statistics, this has been classified as taxation revenue.

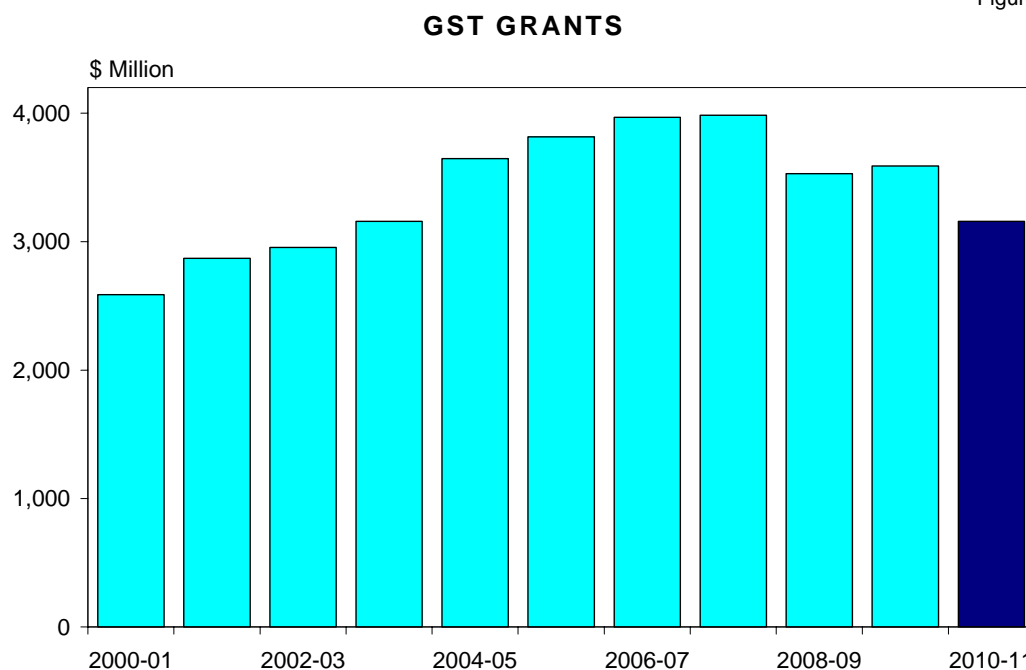
⁷ From 1 March 2011, revenue recognition rules applying in the *Duties Act* changed. Prior to that date, the assessed property transaction was to be lodged within 12 months but had to be paid within two months. Following the changes to the Act, from 1 March 2011, the transaction must be lodged within two months and paid within 12 months. In the absence of this change, transfer duty would have been around \$450 million lower than originally budgeted.

Figure 3



- Commonwealth grants (down \$22 million or 0.2%), mainly due to:
 - higher grants for non-government schools (up \$119 million), reflecting higher non-government school enrolments, higher per capita average government school recurrent costs (which are reflected in the Commonwealth's funding formula), and higher than anticipated payments for the non-government schools component of the Commonwealth's *Building the Education Revolution* stimulus program;
 - higher payments for health (up \$144 million), mainly reflecting the *National Partnership Agreement on Improving Public Hospital Services* signed in February 2011;
 - lower than forecast GST revenue (down \$216 million), reflecting lower national GST collections than originally forecast on the back of lower national consumer spending;
 - lower Commonwealth grants for the Ord/East Kimberley project (down \$48 million), with these grants now expected to be received beyond 2010-11; and
 - lower *Building the Education Revolution* grants for government schools (down \$41 million), with part of the revenue for the 2010-11 program now expected to be received in 2011-12;

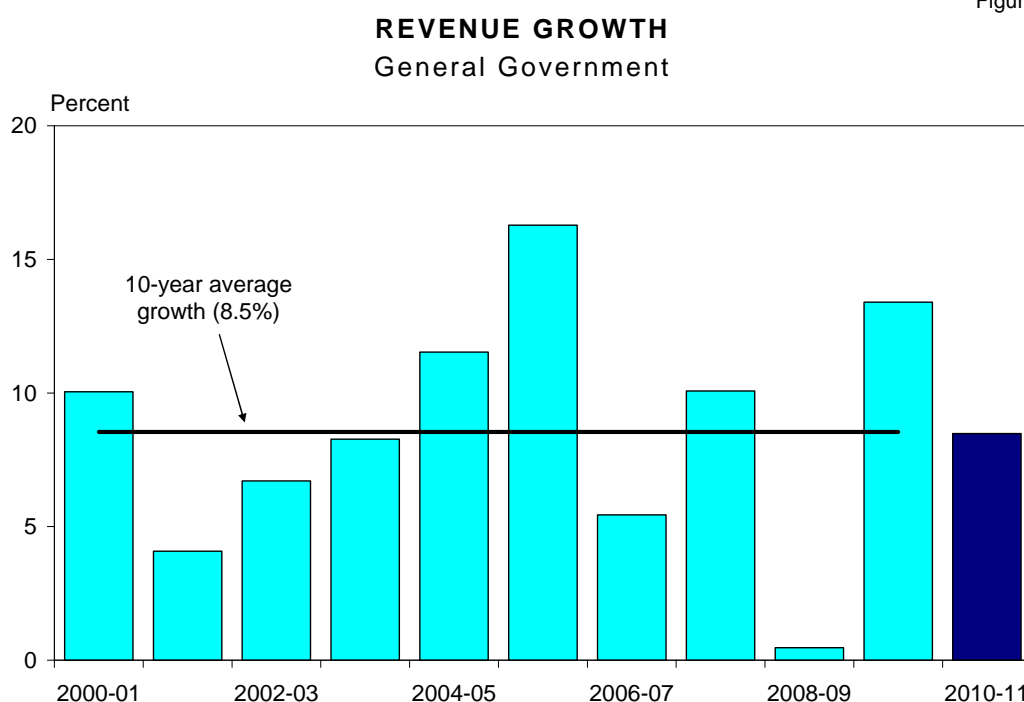
Figure 4



- revenue from the sale of goods and services (up \$98 million or 5.9%), including the net impact of:
 - Health (up \$31 million), with higher than forecast recoveries including Pharmaceutical Benefit Scheme and the Medicare Teen Dental Scheme in the metropolitan and country health areas;
 - Western Australia Police (up \$12 million), due to vehicle impoundment charges under ‘hoon’ legislation and higher than budgeted police escort revenue;
 - Training and Workforce Development (up \$10 million), largely due to increases in international student enrolments;
 - Botanic Gardens and Parks Authority (up \$9 million), with higher than budgeted sponsorship revenue for the Naturescape project, additional revenue generated from outdoor concert events, increased rent revenue from leaseholders, and better than expected performance of the Kings Park retail outlet;
 - Commerce (up \$8 million), reflecting implementation of the Gas Appliance Rectification program and property rentals at the Bentley Technology Park; and
 - Western Australian Land Information Authority (down \$23 million), mainly due to subdued conditions in the property market leading to lower registrations and searches;

- interest income (up \$68 million or 26.8%), primarily due to higher than budgeted investment earning rates (with the Reserve Bank increasing official interest rates on two occasions since the budget was delivered), and a higher than expected investment pool balance for the year; and
- higher 'other' revenue (up \$68 million or 17.6%), predominantly due to a one-off \$44 million reimbursement to the Consolidated Account from the Government Employees Superannuation Board for accumulated overpayments (and interest) over a number of years (following an audit of the Board's systems). Other material, and largely offsetting, movements in 'other' revenue since budget include:
 - lower revenue from fines (down \$46 million), primarily speed and red light camera infringement revenue, reflecting a change in driving behaviour at monitored intersections and lower than expected deployed camera hours resulting in less infringements than initially expected;
 - higher mining-related lease rentals for exploration and production licences (up \$16 million), reflecting continued high tenement application levels; and
 - an increase in all other sources of revenue not elsewhere classified, including donations, net asset transfers, developers' contributions, grants from private organisations and/or local government, and other 'lumpy' items (up \$55 million), which by their nature are difficult to forecast.

Figure 5



Expenses

General government expenses for 2010-11 were broadly unchanged from the original budget, totalling \$22.3 billion for the year. This outcome includes the effect of new policy decisions by Government, and a range of offsetting parameter movements.

Policy Decisions

Policy decisions of Government taken since the 2010-11 Budget added \$99.7 million to budgeted expenses in 2010-11.

A listing of agencies impacted by spending policy decisions since the 2010-11 Budget is available in Appendix 4: *Policy Decisions Affecting Spending*, with further information on these policy decisions available in Appendix 3 of the 2010-11 mid-year review and Chapter 5 of the 2011-12 Budget.

*Parameter Changes*⁸

Material parameter changes since budget include:

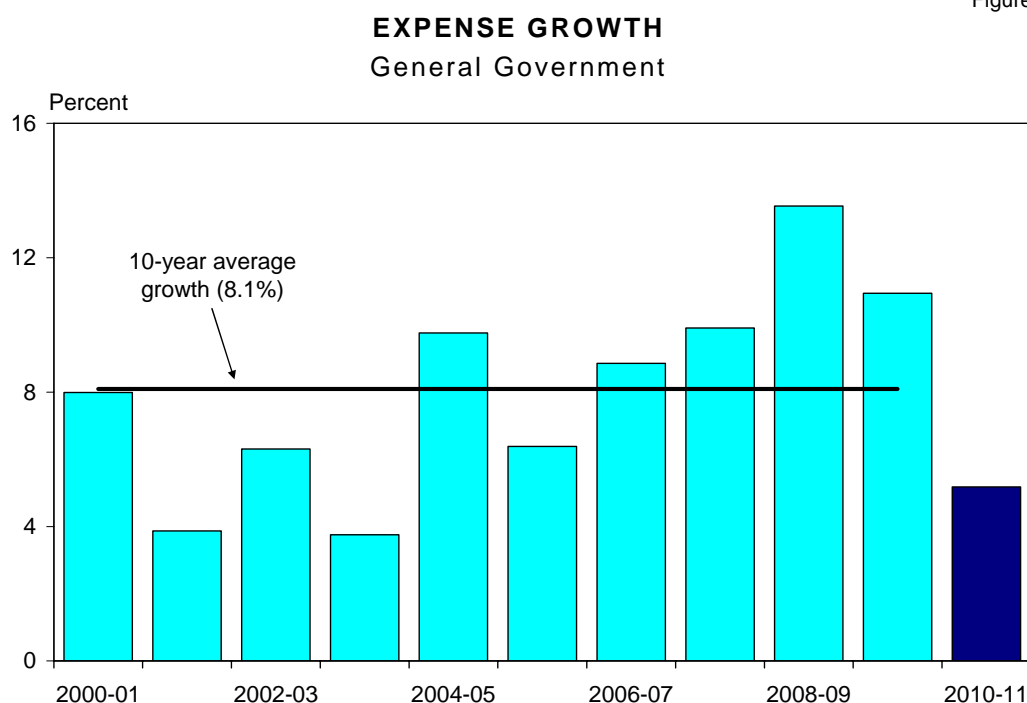
- higher grants on-passed from the Commonwealth for non-government schools (up \$119 million), discussed earlier under *Revenue*;
- an increase in health expenses (up \$126 million), mainly due to increased activity in hospitals and emergency departments and increased expenditure on ambulances and patient assisted travel;
- larger than anticipated subsidy payments for the State's public corporations (up \$97 million), primarily for higher electricity costs and the feed-in tariff. These increases were partially offset by lower subsidies to the Public Transport Authority, Water Corporation and Horizon Power;
- an increase in the value of expensed road works by Main Roads (up \$95 million), with a corresponding lower value of works capitalised. The expense/capital mix of road spending is dependent on issues such as repairs and maintenance (e.g. following natural disasters, such as cyclones) and the volume of works ultimately done by the State or through grants to local governments, and is difficult to forecast with accuracy;
- lower salaries expenses (down \$106 million), reflecting lower than expected non-cash salaries accruals for items such as leave valuations (held as a sector-wide provision at budget-time and separate to agency variances detailed in this section);
- lower superannuation interest costs (down \$102 million), mainly due to a lower than expected discount rate used for the actuarial valuation of unfunded superannuation liabilities⁹;

⁸ 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, timing changes, etc. The settlement of wage agreements are also included as parameter movements.

- lower debt servicing costs (down \$76 million), reflecting lower than anticipated levels of borrowings for the year (due to the lower than budgeted outcome for the general government sector infrastructure program discussed later in this chapter and better than expected borrowings outcomes in 2009-10, detailed in last year's annual report);
- lower first home owner grants (down \$33 million), in line with the decline in housing market activity noted earlier in this chapter; and
- lower spending across a range of agencies, most notably:
 - State Development (down \$46 million), largely reflecting a delay in the commencement of the Browse LNG Project as agreements are finalised, and timing changes to other projects including the Oakajee port and Anketell Strategic Industrial Area; and
 - Regional Development and Lands (down \$39 million), primarily related to lower than budgeted *Royalties for Regions* spending associated with the Country Local Government Fund.

In total, general government expenses grew by 5.2% in 2010-11, up from the budget forecast of 3.9%. This is the lowest rate of expense growth since 2003-04, and is well below the average growth of 8.1% over the preceding decade.

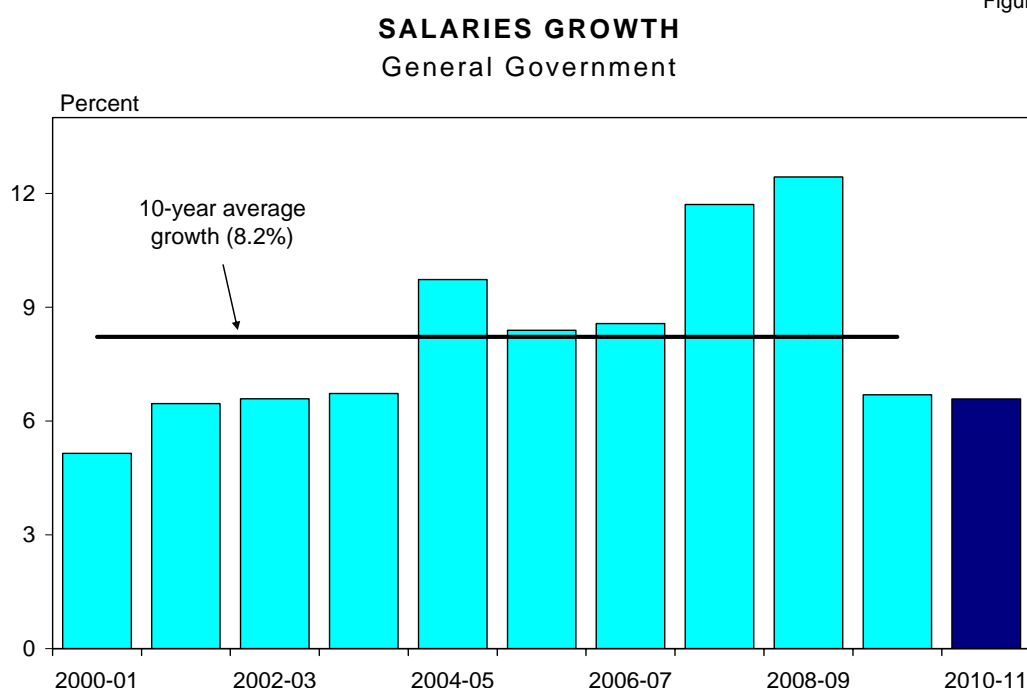
Figure 6



⁹ This is an accrued cost with no cash impact. Based on the long term government bond rate, the discount rate is used to calculate the value of unfunded superannuation liabilities and accruing superannuation interest costs. A lower than expected discount rate reduces the interest expense but contributes to an upward valuation change to balance sheet liabilities and vice versa.

Of note, salaries expenditure (which accounts for around 40% of total operating expenses for the sector) grew by 6.6% in 2010-11. This follows growth of 6.7% in 2009-10 and is down significantly on the 11.7% and 12.4% growth rates recorded in 2007-08 and 2008-09 respectively (see chart below). This reflects concerted efforts by the Government to reduce the growth in salaries expenditure through a number of initiatives, including voluntary separations (which have resulted in 802 full-time equivalent positions being made redundant over the last two years), a ceiling on staff numbers, and implementation of the Government's public sector wages policy.

Figure 7

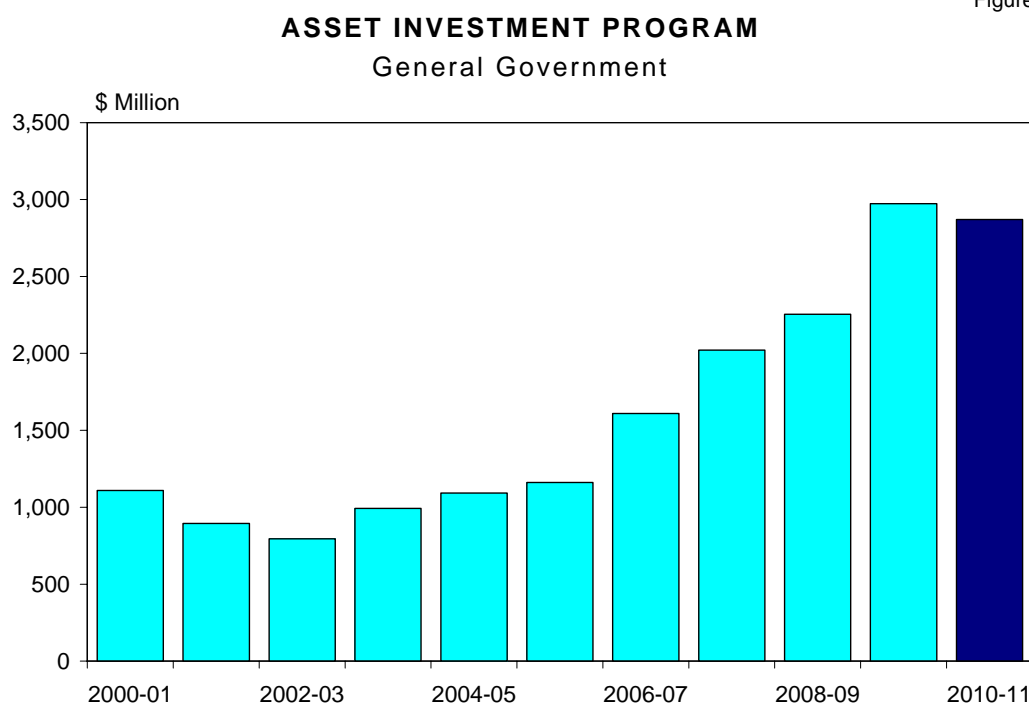


Asset Investment

The general government sector spent \$2.9 billion on infrastructure in 2010-11, including \$835 million on hospitals and health-related infrastructure, \$651 million on schools and education facilities, and \$410 million on the State's road network. This investment has expanded service delivery capacity and together with investment by the public corporations (discussed later in this chapter) supports Western Australia's ongoing economic and population growth.

The \$2.9 billion spend was just below the record \$3.0 billion infrastructure spend in 2009-10, which was inflated by the Commonwealth's stimulus initiatives (predominantly the *Building the Education Revolution* program).

Figure 8



The general government sector infrastructure outcome for 2010-11 was \$1.1 billion (or 27.1%) lower than originally forecast in the budget. The likelihood of this outcome was flagged in the 2010-11 mid-year review and 2011-12 Budget, which both included provisions for yet-to-be-identified slippage across the sector's very large program. Major variances compared to the original budget are outlined below, with spending on identified projects now expected to be caught up in 2011-12 and beyond:

- Education (down \$373 million or 36.4%), including:
 - \$154 million for high schools, agricultural colleges and trade training centres; and
 - \$199 million on primary schools, including \$136 million on *Building the Education Revolution* stimulus projects;
- Main Roads (down \$106 million or 20.6%), with timing changes for the effect of issues such as environmental and weather conditions, and Aboriginal heritage matters, service relocation delays, and changes in the scope of some works. Specific projects include:
 - the Dampier Highway – Balmoral Road to Burrup Peninsula Road (Stages 2 to 6) (\$35 million);
 - the Great Northern Highway – Port Hedland upgrade (\$27 million);
 - the Indian Ocean Drive – Stage 2 of the Lancelin to Cervantes project (\$11 million);

- the Kewdale Intermodal Terminal and Rail Network (\$10 million); and
- the Reid Highway/Alexander Drive interchange (\$9 million);
- Corrective Services (down \$99 million or 37.6%), reflecting:
 - adjustment to the cashflow for the Eastern Goldfields Regional Prison to be consistent with the latest construction timing estimates (\$57 million) and timing delays with Acacia (\$10 million);
 - the effect of bad weather on construction of the West Kimberley Regional Prison (\$51 million);
 - building delays and the deferral of some works until appointment of a preferred contractor for the New Young Adults Facility/Banksia Hill Juvenile Redevelopment (\$11 million); and
 - partly offsetting the above, the Fast Tracked Prisoner Accommodation spending brought forward and completed earlier than anticipated with additional infrastructure upgrades (up \$34 million);
- Regional Development and Lands (down \$88 million or 99.9%), mainly due to *Royalties for Regions* projects being removed from the Asset Investment Program as the ultimate ownership of the assets will pass to organisations outside of the State government. Pilbara Cities Community projects (\$42 million), the Regional Capital Works Initiative (\$14 million), the Pilbara Cities Strategic Infrastructure project (\$20 million), and the Gascoyne Development Plan (\$3 million) will now be expensed (rather than capitalised) in the *Royalties for Regions* budget;
- the Western Australian Sports Centre Trust (down \$87 million or 53.1%), reflecting revised project timelines and cashflows for the Perth Arena;
- Health (down \$56 million or 6.2%), mainly for:
 - \$18 million in relation to the slower than expected finalisation of planning, and receipt of revised cash flows from the main contractor, for the New Children's Hospital (\$10 million), and minor procurement delays for works associated with Stages 1, 2 and 3 of the COAG Four Hour Rule Solution (\$3 million) and other minor building works (\$3 million);
 - Stage 2 of the Hedland Regional Resource Centre (\$2 million), with payment withheld to address any liability and construction defects;
 - \$16 million for the Fiona Stanley Hospital, reflecting minor variations in the expected \$430 million total project cash flow for the year;
 - later than expected payments worth a total of \$9 million for the Stage 1 Redevelopment of the Rockingham Kwinana Hospital (\$4 million) and Princess Margaret Hospital (\$5 million);

- longer than expected planning of staff accommodation at the Nickol Bay Hospital Redevelopment (\$3 million);
- the effect on the State Rehabilitation Service Development of staging development at the Fiona Stanley Hospital site (\$2 million) and the Broome Paediatrics Facility (\$1 million); and
- revised project planning for the Queen Elizabeth II Medical Centre New Central Plant Facility (\$2 million);
- Western Australia Police (down \$53 million or 44.1%), largely reflecting works on major projects including:
 - Perth Police Complex (\$24 million), as a result of additional dewatering and treatment of waste water being required on the site;
 - Enhanced Speed and Red Light Camera Upgrades (\$9 million), due to slower than expected commissioning of red light/speed intersection safety cameras as a consequence of approvals from the relevant local authority, the availability of skilled contractors to install and test the cameras within given timeframes and adverse weather; and
 - West Metropolitan District Accommodation Upgrade (\$5 million), as a result of the logistics required to keep police stations operational during construction work;
- Treasury and Finance (down \$47 million or 16.7%), due to later than expected commencement of the Government's Office Accommodation Master Planning Strategy and lower vehicle acquisitions for the State Fleet; and
- State Development (down \$35 million or 36.9%), primarily due to slower than expected works for the *Royalties for Regions*-funded Ord/East Kimberley Expansion Project.

Balance Sheet

General government sector net worth (i.e. total assets less total liabilities) increased by \$4.4 billion over 2010-11, from \$107.8 billion at 30 June 2010 to \$112.2 billion at 30 June 2011. This reflects a \$5.8 billion rise in the value of general government sector assets (largely property, plant and equipment and land), which was partly offset by a \$1.4 billion increase in liabilities (almost entirely attributable to new borrowings in support of infrastructure spending).

However, net worth was \$1.7 billion (or 1.5%) lower than the estimate at the time of the 2010-11 Budget. This decrease reflects the flow-on impact of the weaker than expected final outcome for the sector's net worth for the year ending 30 June 2010 (down \$3.0 billion and outlined in the 2009-10 *Annual Report on State Finances*), partially offset by:

- a rise of \$468 million in the value of assets, driven by the higher than anticipated operating surplus (discussed earlier), which resulted in higher liquid assets, such as cash and investments; and
- a decline of \$905 million in forecast liabilities, with lower than anticipated borrowings (\$557 million) related to the sector's lower than expected infrastructure program.

Cash Flow Statement

A general government sector cash shortfall of \$397 million was recorded in 2010-11. The sector recorded a cash surplus on day-to-day operations¹⁰ of \$2.3 billion in 2010-11, with a shortfall on net infrastructure spending of \$2.7 billion.

The resulting \$397 million cash shortfall is \$1.6 billion lower than the shortfall projected in the original budget. This improvement is mainly due to:

- the improved accrual operating outcomes, with net cash flows from operating activities up \$809 million relative to the budget-time forecast; and
- lower net infrastructure spending, which was down \$813 million on the original budget estimate.

¹⁰ That is, the cash equivalent of the operating surplus discussed earlier.

Total Public Sector¹¹

Summary

Financial results for the total public sector are stronger than anticipated at the time of the 2010-11 Budget. This reflects the outcomes for the general government sector discussed above, together with conditions in the public corporations sector detailed in this section.

Table 4

TOTAL PUBLIC SECTOR Summary Financial Aggregates						
	2009-10	2010-11				
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
OPERATING STATEMENT						
Revenue	34,895	38,277	36,765	37,423	37,472	-805
Expenses	34,036	38,166	36,540	37,055	36,238	-1,928
Net Operating Balance	859	111	225	368	1,234	1,123
BALANCE SHEET						
Assets	153,049	160,465	160,672	160,830	161,138	672
Liabilities	45,205	46,594	48,176	49,565	48,934	2,341
Net Worth	107,844	113,871	112,495	111,265	112,203	-1,668
CASH FLOW STATEMENT						
Change in net cash held	2,125	-1,226	-2,029	-2,009	-510	716
Cash Position	-2,816	-4,187	-4,302	-3,763	-2,029	2,158
Memorandum Item: Net Debt	9,896	15,442	14,009	13,387	12,026	-3,416

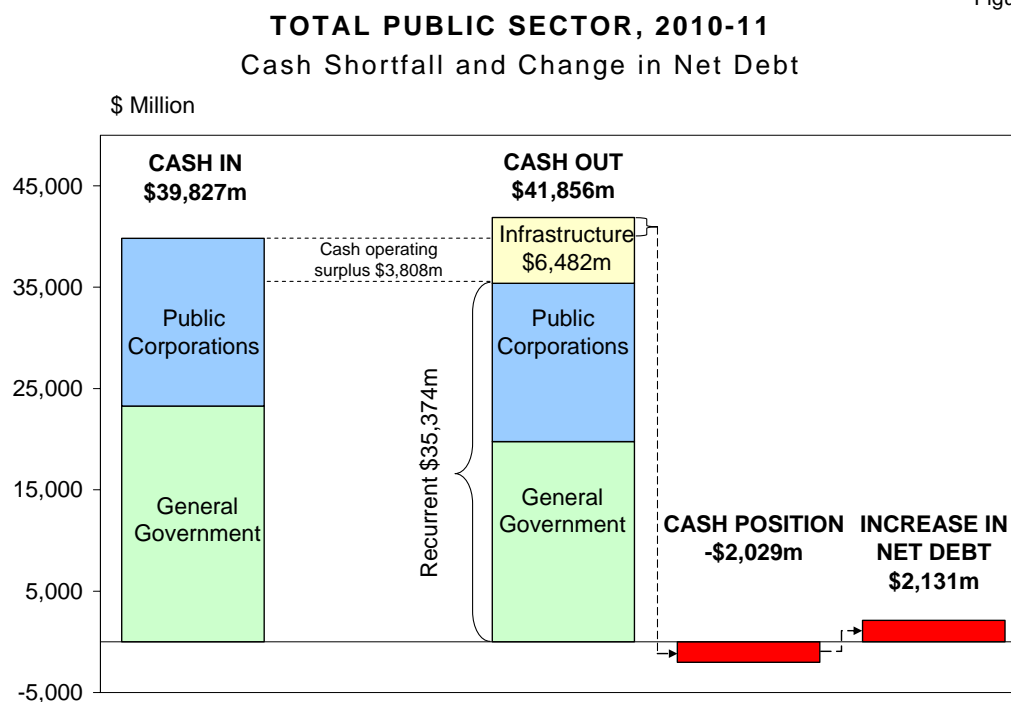
Note: Columns may not add due to rounding.

A \$1,234 million operating surplus for the total public sector was recorded for 2010-11. This represents a significantly stronger result than forecast at the time of the 2010-11 Budget and primarily reflects the higher than expected general government operating surplus.

On a cash basis, the total public sector recorded a \$2.0 billion shortfall in 2010-11. This reflects that surpluses from day-to-day operations were not high enough on their own to fund the \$6.5 billion infrastructure spend for the year. As a result, net debt increased by \$2.1 billion throughout the year, reaching \$12.0 billion at 30 June 2011.

¹¹ 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*.

Figure 9



Net Operating Balance

On the back of a significantly stronger than anticipated surplus in the general government sector, the total public sector recorded an operating surplus of \$1.2 billion in 2010-11, up \$1.1 billion from the budget-time projection of a \$111 million surplus.

The operating surplus for the public non-financial corporations (PNC) sector increased by a modest \$30 million (or 8.6%) relative to the 2010-11 Budget.

An operating deficit of \$11 million was recorded in the public financial corporations (PFC) sector. This deficit represents a \$144 million turnaround from the \$133 million operating surplus that was forecast at the time of the 2010-11 Budget, and is very similar to the \$8 million deficit recorded by the sector in 2009-10.

Public Non-Financial Corporations

The PNC sector recorded a \$382 million operating surplus in 2010-11, up \$30 million on the \$352 million surplus projected in the 2010-11 Budget. This follows a surplus of \$606 million recorded in 2009-10, with 6.4% expense growth in 2010-11 outstripping revenue growth of 4.7%.

Compared to budget, both revenue and expenses for the sector decreased by a substantial \$1.9 billion (or around 10%), dominated by a reduction in the Gold Corporation's revenue and expenses relating to third party gold passing through the Corporation's refinery operation¹².

At the same time, 2010-11 saw a significant increase in volumes and prices for precious metals, particularly gold. In this regard, the gold price rose from a low of US\$1,161 per troy ounce in July 2010 to as high as US\$1,557 per troy ounce in late June 2011. Likewise, silver prices increased from lows of around US\$17.50 per troy ounce in July/August 2010 to as high as US\$48.70 per troy ounce in early May 2011, before settling to around US\$35 per troy ounce thereafter. This reflected the uncertainty in the global economy, particularly in the US and Europe, with investors seeking safe haven investments in precious metals.

Abstracting from the Gold Corporation changes above, PNC revenue was around \$278 million higher than budget, while expenses were \$257 million higher than budget.

For revenue, the \$278 million increase since budget largely reflects the impact of:

- higher subsidies from the general government sector, including an extra \$138 million paid to Synergy (reflecting higher subsidies for electricity costs and the effect of the feed-in tariff scheme – see text box on next page for more information);
- a \$73 million increase in developer/customer infrastructure contributions to a number of agencies, including Western Power (up \$47 million), Water Corporation (up \$30 million), and Horizon Power (up \$25 million), partly offset by lower contributions to a number of other agencies including the Housing Authority and Armadale Redevelopment Authority;
- a \$53 million dividend declared by Keystart (a PFC) in 2009-10, which was paid to the Housing Authority in 2010-11; and
- higher interest income, up \$58 million, with higher investment earnings on liquid assets held by a number of agencies, together with higher interest revenue for the Housing Authority from Keystart (matched by higher interest expenses).

The higher than budgeted expense outcome of \$257 million is mainly due to the transfer of 1,041 properties (valued at \$271 million, and not finalised at the time of the 2010-11 Budget) to community housing organisations in accordance with Commonwealth stimulus funding requirements. This transfer will facilitate an increase in the supply of social and affordable housing by community providers.

¹² The 2010-11 mid-year review included the acquisition of a gold refinery operation from a joint venture partner in 2009-10. While this acquisition had no material impact on the operating surplus of the sector, it boosted both revenue and expenses, reflecting the cost of gold on-costs and sales for the Gold Corporation. The expected effect of these transactions was reduced in the 2011-12 Budget as forecasting models for the new operation were improved.

The Electricity Sector

The following table shows that the Consolidated Account (part of the general government sector) provided a net subsidy to the electricity entities of \$107 million in 2010-11, more than double the original \$40 million subsidy budgeted for the year. This included gross subsidy payments from the Consolidated Account of \$369 million, of which \$262 million was returned to the Consolidated Account as dividend and tax equivalent payments – resulting in a **net** subsidy to the electricity entities of \$107 million.

Table 5

ELECTRICITY ENTITIES Transactions with General Government

	2009-10	2010-11				
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
Dividends and Tax Equivalents						
Horizon	-	-	2	20	15	15
Synergy	89	138	138	97	118	-20
Verve	1	38	64	64	63	26
Western Power	39	24	68	70	65	40
TOTAL	129	200	271	251	262	62
Subsidies (Community Service Obligations)						
Horizon	36	36	32	33	28	-9
Synergy	195	203	217	345	341	138
Verve	-	-	-	-	-	-
Western Power	-	-	-	-	-	-
TOTAL	230	240	249	378	369	129
Net Subsidy From the Consolidated Account	102	40	-22	127	107	67
Other Operating Subsidies	11	25	15	19	20	-5
Equity Injections	83	166	231	231	231	65
Total Net Payments to the Electricity Sector	195	231	224	377	358	40

As noted, the electricity utilities received a total of \$369 million in subsidies for community service obligations (CSOs) from the Consolidated Account in 2010-11. This included \$293 million paid to Synergy and Horizon Power for the 'tariff adjustment payment'. These payments offset the shortfall in electricity prices paid by customers relative to the cost of providing electricity.

Other components of the CSO subsidy (totalling \$76 million) were also provided for a variety of initiatives, including to subsidise eligible pensioners and other concession/health care card holders, the feed-in tariff scheme, Aboriginal and remote communities projects, dependent child rebates, etc.

In addition to the above direct Consolidated Account subsidies, other operating subsidies were paid to the electricity entities by general government sector agencies (such as the Office of Energy and the Department for Child Protection). Equity injections were also provided to electricity entities (which are not reflected on the operating statement and represent a contribution from the owner). These support a range of initiatives such as:

- the Hardship Utility Grants Scheme (\$8.4 million);
- the Hardship Efficiency Package (\$6.7 million);
- the State Underground Power Program (\$4.8 million);
- an equity injection to Verve Energy for new High Efficiency Gas Turbines and the Solar Photo-Voltaic project (\$166 million); and
- an equity injection to Horizon Power for the Pilbara Power Underground Project (\$65 million, funded by *Royalties for Regions*).

Including all of these payments, the general government sector provided a \$358 million net payment to support electricity entities in 2010-11.

Horizon Power also received an additional subsidy of \$176 million in the form of the Tariff Equalisation Contribution in 2010-11 (not reflected in the above table), which represents a cross-subsidy paid by Western Power and is associated with the higher cost of electricity supply in regional areas of Western Australia.

In return, the electricity utilities paid a total of \$262 million in dividends and tax equivalents to the Consolidated Account, with Synergy being the largest contributor (\$118 million).

The \$262 million in dividends and tax equivalents was \$62 million (or 31%) higher compared to original budget, driven by higher dividends from Western Power and Verve, which offset a lower dividend from Synergy. However, the increase in subsidies was \$129 million (or 54%), with Synergy receiving an additional \$138 million largely to cushion consumers from the impact of rising electricity costs.

Public Financial Corporations

The PFC sector recorded an accrual operating deficit of \$11 million for 2010-11. This represents a \$144 million turnaround on the \$133 million surplus projected at the time of the 2010-11 Budget.

The turnaround in the accrual operating result since the budget was largely due to:

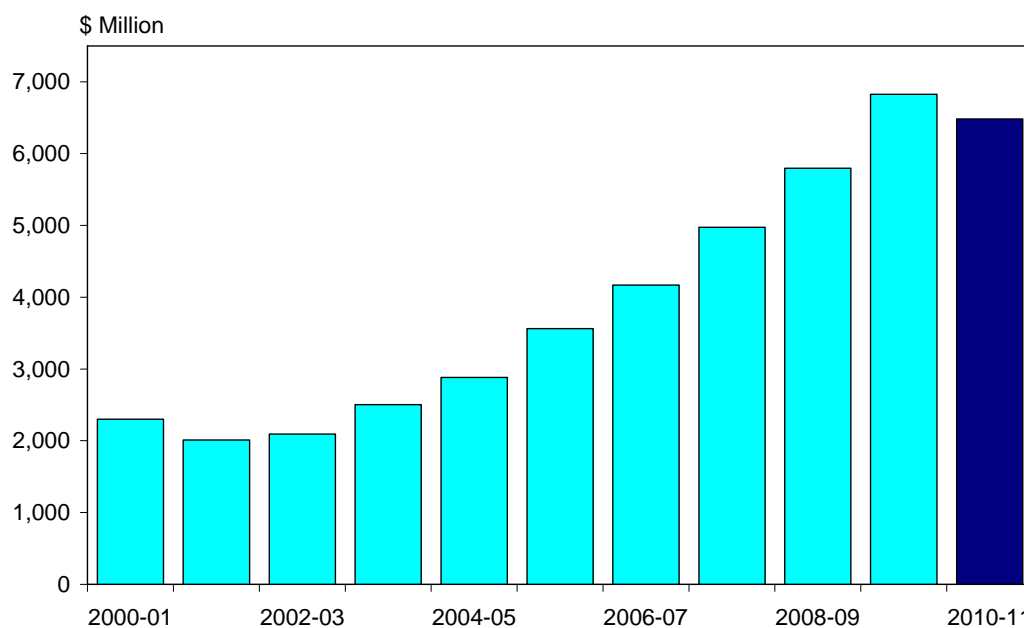
- a \$199 million increase in expenses, comprising a \$53 million dividend declared by Keystart in 2009-10 and paid to the Housing Authority in 2010-11, and higher than expected claims expenses for the Insurance Commission of Western Australia (up \$96 million) and RiskCover (up \$71 million). These costs are funded by the sector (through the commercial performance of Keystart and, in the case of the insurance agencies, by premiums and/or drawing on investments maintained specifically for the management of insurance costs); and
- a \$55 million increase in revenue, primarily due to higher premium revenue (both employer indemnity and commercial premiums) for Riskcover.

Asset Investment

The total public sector Asset Investment Program totalled \$6.5 billion in 2010-11. This follows a record spend of \$6.8 billion in 2009-10, which was inflated by the impact of Commonwealth stimulus initiatives.

ASSET INVESTMENT PROGRAM
Total Public Sector

Figure 10



The general government sector infrastructure program accounted for \$2.9 billion (or 44.3%) of total asset investment in 2010-11, up slightly from 43.6% in 2009-10, and well above the 40% historical average share. Details of general government infrastructure spending, including key variances, were outlined earlier in this chapter.

Infrastructure spending by the State's public non-financial corporations totalled \$3.6 billion in 2010-11, broadly unchanged from the \$3.7 billion budget-time projection. However, the \$69 million (or 1.8%) overall reduction since budget includes material changes in a number of agencies including:

- Fremantle Port Authority (down \$61 million or 37.8%), mainly due to timing and scope change to projects including the Kwinana Bulk Terminal (\$18 million), Stage 1 of the Deepening of the Inner Harbour project (\$17 million), the Seawall Construction and Rous Head Extension (\$11 million), and the Western Stage of the North Quay Berth upgrades (\$4 million);
- the Western Australian Land Authority (down \$58 million or 15.4%), mainly due to development expenditure being deferred as a result of the slower than expected property market recovery, together with the impact of heavy rains and cyclones in the north of the State which prevented progress on works;
- Verve Energy (down \$45 million or 18.5%), due to later timing for the commissioning of the High Efficiency Gas Turbines (now expected to commence operation in January/February 2012), and other timing changes relating to design and scope of some projects;
- the Public Transport Authority (down \$44 million or 19.6%), reflecting lower spending on a range of bus and rail projects;
- Horizon Power (down \$20 million or 12.9%), largely resulting from a timing change for the Carnarvon Power Station Redevelopment (down \$25 million), partially offset by \$5 million in additional spending on the Nullagine and Marble Bar Power Station Refurbishment;
- the Port Hedland Port Authority (up \$47 million or 242.9%) due to an additional \$62 million on the Utah Point Berth project (as a result of escalation in tendered costs following delays in obtaining environmental and heritage approvals), partly offset by \$15 million lower dredging costs (as dredging is now being carried out annually and expensed); and
- the Housing Authority (up \$120 million or 17.6%), primarily attributable to increased spending on the construction and purchase of houses, land and Government Regional Officers' Housing acquisition programs.

The following table summarises the material movements in infrastructure investment during 2010-11.

Table 6

INFRASTRUCTURE INVESTMENT

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
<i>General Government</i>						
Education	921	1,025	1,101	659	651	-373
Main Roads	608	516	522	422	410	-106
Corrective Services	84	262	238	159	164	-99
Regional Development and Lands	- ^(b)	88	19	28	- ^(b)	-88
WA Sports Centre Trust	127	164	162	105	77	-87
Health	490	890	1,022	922	835	-56
Western Australia Police	77	121	131	128	68	-53
Treasury and Finance	187	280	280	283	233	-47
State Development	26	96	96	45	60	-35
Provision for revised cashflows ^(a)	-	-	-375	-125	-	-
All Other	454	496	558	505	373	-124
<i>Total General Government</i>	<i>2,974</i>	<i>3,938</i>	<i>3,752</i>	<i>3,131</i>	<i>2,870</i>	<i>-1,068</i>
<i>Public Corporations</i>						
Fremantle Port Authority	117	160	164	111	100	-61
Western Australian Land Authority	322	376	381	362	318	-58
Verve Energy	146	246	266	242	200	-45
Public Transport Authority	167	223	235	201	179	-44
Horizon Power	142	156	208	151	136	-20
Port Hedland Port Authority	180	19	86	72	67	47
Housing Authority	684	683	922	950	803	120
Provision for revised cashflows ^(a)	-	-	-375	-125	-	-
All other	2,096	1,827	1,980	1,841	1,810	-17
<i>Total Public Corporations</i>	<i>3,854</i>	<i>3,689</i>	<i>3,867</i>	<i>3,805</i>	<i>3,612</i>	<i>-77</i>
TOTAL PUBLIC SECTOR	6,828	7,627	7,619	6,936	6,482	-1,145

(a) The 2010-11 mid-year review included a provision for expected underspending on infrastructure projects by 30 June 2011. An updated, and lower provision, was also included in the estimated outturn data in the 2011-12 Budget.

(b) 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 net worth of public corporations is recorded as an asset on the general government sector balance sheet.

Cash Flow Statement

A total public sector cash shortfall of \$2.0 billion was recorded in 2010-11. Like the general government sector, the total public sector recorded a cash surplus on day-to-day operations (of \$3.8 billion), which was insufficient to cover the net infrastructure spend (of \$5.8 billion).

The \$2.0 billion cash shortfall in 2010-11 is just under half the \$4.2 billion shortfall forecast at the time of the 2010-11 Budget, with this turnaround reflecting the operating and infrastructure outcomes discussed earlier.

Net Debt¹³ and Net Financial Liabilities¹⁴

Net debt for the total public sector stood at \$12.0 billion at 30 June 2011, an increase of \$2.1 billion relative to the outcome for 30 June 2010. This outcome is consistent with the cash shortfall noted above. Net debt was \$3.4 billion lower than originally forecast at the time of the 2010-11 Budget.

The lower than budgeted net debt outcome is largely due to:

- the flow-on impact of a lower net debt outcome for 30 June 2010, which was \$1.5 billion lower than forecast at the time of the 2010-11 Budget (as outlined in the *2009-10 Annual Report on State Finances*);
- stronger than anticipated operating results for the total public sector, with net cash flows from operating activities \$1.4 billion higher than originally forecast at the time of the 2010-11 Budget. Over half of this increase was in the general government sector (up \$809 million, largely due to higher than expected iron ore royalties); and
- lower Asset Investment Program spending (down \$1.1 billion, as discussed earlier in this chapter).

These factors have been partially offset by:

- lower than expected sales of non-financial assets (down \$416 million), with significant decreases including:
 - the Perry Lakes Redevelopment Project (down \$125 million), reflecting an extension to the sales period to beyond 2010-11;
 - the Housing Authority (down \$72 million), due to lower than anticipated activity in the property market;
 - the Western Australian Land Authority (down \$57 million), due to lower than expected land sales at several estates; and
 - Treasury and Finance (down \$42 million), due to lower second hand vehicle sales, reflecting longer State Fleet leases due to reduced new vehicle supply; and
- other movements in net debt assets and liabilities (up \$212 million), including increases in the value of finance leases (\$33 million higher, largely for the first time recognition of lease arrangements for the Landgate building in Midland) and valuation effects on investment assets.

¹³ 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.).

¹⁴ 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 & 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 & Poor's measure). Using standard UPF definitions, net financial liabilities in Appendix 1 are higher than those used by Standard & Poor's.

The following table reconciles movements in total public sector net debt since the time of the 2010-11 Budget.

Table 7	
SUMMARY OF TOTAL PUBLIC SECTOR NET DEBT VARIATIONS SINCE THE 2010-11 BUDGET	
	\$m
2010-11 BUDGET - NET DEBT AT 30 JUNE 2011	15,442
<i>Plus</i> impact of final 2009-10 outturn	-1,469.2
<i>Less</i> change in net cash flows from operating activities and dividends paid	
- General government	809.5
- Public non-financial corporations	489.7
- Public financial corporations	130.4
<i>Total Public Sector</i>	1,429.6
<i>Plus</i> purchases of non-financial assets	
Policy decisions ^(a)	189.1
Parameter movements	
- Education	-385.3
- Main Roads	-106.5
- Health	-96.1
- Regional Development and Lands	-95.4
- Western Australian Sports Centre Trust	-86.8
- Public Transport Authority	-82.8
- Western Australian Land Authority	-65.7
- Fremantle Port Authority	-60.6
- Western Australia Police	-53.7
- Treasury and Finance	-49.5
- Verve Energy	-45.4
- Corrective Services	-45.0
- State Development	-35.3
- Port Hedland Port Authority	47.1
- Housing Authority	95.3
- All other	-268.6
<i>Total Parameter</i>	-1,334.1
<i>Total purchases of non-financial assets</i>	-1,145.0
<i>Less</i> proceeds from sale of non-financial assets	-416.5
<i>Plus</i> all other financing	
Net acquisition under finance leases and similar arrangements ^(b)	33.0
All other	178.7
<i>Cumulative impact on net debt at 30 June</i>	-3,415.6
2010-11 ANNUAL REPORT ON STATE FINANCES - NET DEBT AT 30 JUNE 2011	12,026
(a) An agency listing of the policy decisions taken since the 2010-11 Budget is provided in Appendix 4: <i>Policy Decisions Affecting Spending</i> .	
(b) Assets acquired under finance leases increase net debt but have no associated cash flow reflected in other items in this table.	
Note: Columns may not add due to rounding.	

The general government sector was in a net debt position of \$236 million at 30 June 2011. This outcome is significantly lower than the \$2.9 billion net debt estimate included in the 2010-11 Budget, but represents a turnaround of \$1.3 billion on the net asset position recorded at 30 June 2010.

Of note, in support of the State's Asset Investment Program, Consolidated Account borrowings reached \$4.7 billion at 30 June 2011, with the Consolidated Account borrowing an additional \$1.2 billion throughout the year.

Largely reflecting lower than budgeted levels of net debt for the general government and public non-financial corporations sectors, net financial liabilities for the total non-financial public sector (a key focus in the State's credit rating assessment) were \$3.1 billion lower than budgeted. Unfunded superannuation liabilities (which also contribute to net financial liabilities) remained largely unchanged from budget, increasing by \$110 million (or 1.5%), to a total \$7.4 billion at 30 June 2011.

The ratio of net financial liabilities to revenue for the total non-financial public sector was 58.1% at 30 June 2011, 6.9 percentage points lower than the 2010-11 Budget estimate. This remains well below the 90% 'trigger ratio' for a potential credit rating downgrade by Standard & Poor's.

The Government's target measure of net debt affordability – net interest costs as a share of revenue for the total non-financial public sector – is discussed in the next chapter.

Financial Targets

Overview

The *Government Financial Responsibility Act 2000* (GFRA) requires the Government to set and report on financial targets which are consistent with legislated financial management principles. These financial management principles are:

- funding for current services is to be provided by the current generation;
- spending and taxing policies are to be formulated and applied so as to give rise to a reasonable degree of stability and predictability;
- financial risks are to be managed prudently; and
- spending and taxing policies are to be formulated and applied with consideration to the effect of these policies on employment and the economic prosperity of the State.

This chapter assesses the financial results outlined in Chapter 1 against the financial targets set out in the 2010-11 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 4.5%;
- 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.

The following table outlines compliance with these targets for 2010-11.

COMPLIANCE WITH FINANCIAL TARGETS			Table 1
	2010-11		
	Budget	Actual	
FINANCIAL TARGET			
Real net worth be maintained or increased	Yes	Yes	
General government operating surplus	Yes	Yes	
Net interest costs as a share of revenue for the TNPS at or below 4.5%	Yes	Yes	
No increase in real per capita own-purpose general government expenses	Yes	No	
Tax competitiveness	Yes	Yes	

As required by the GFRA, the remainder of this chapter compares the financial results for 2010-11 to the targets contained in the original budget.

Performance Against Financial Targets

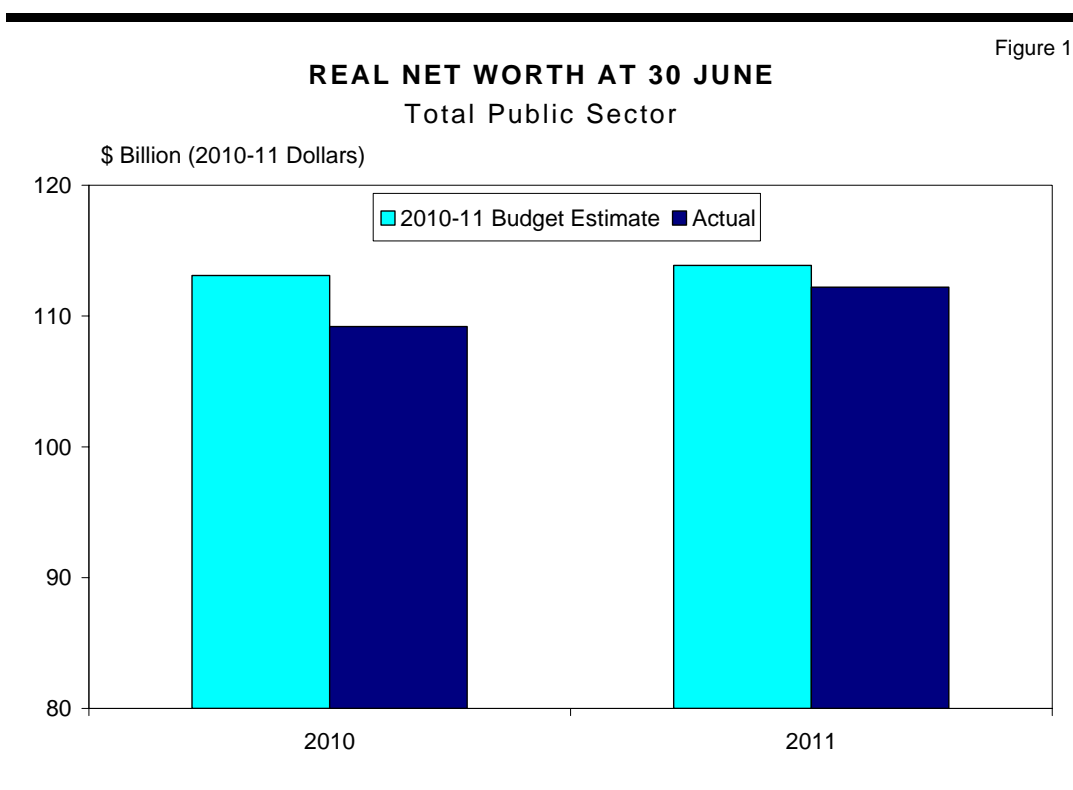
Net Worth: Maintain Or Increase Real Net Worth Of The Total Public Sector

This target was met in 2010-11.

Net worth represents the difference between total assets and total liabilities, and provides a broad general measure of the strength of the State's financial position. For the purposes of this target, net worth is measured in real terms, abstracting from the impact of price movements¹.

In nominal terms, total public sector net worth was \$112.2 billion at 30 June 2011, an increase of \$4.4 billion (or 4.0%) relative to 30 June 2010. In real (inflation-adjusted) terms, net worth increased by around 3% during 2010-11.

The increase in net worth during 2010-11 is largely attributable to operating surpluses in the general government and public non-financial corporations sectors, and the impact of valuation changes on land and fixed asset holdings.



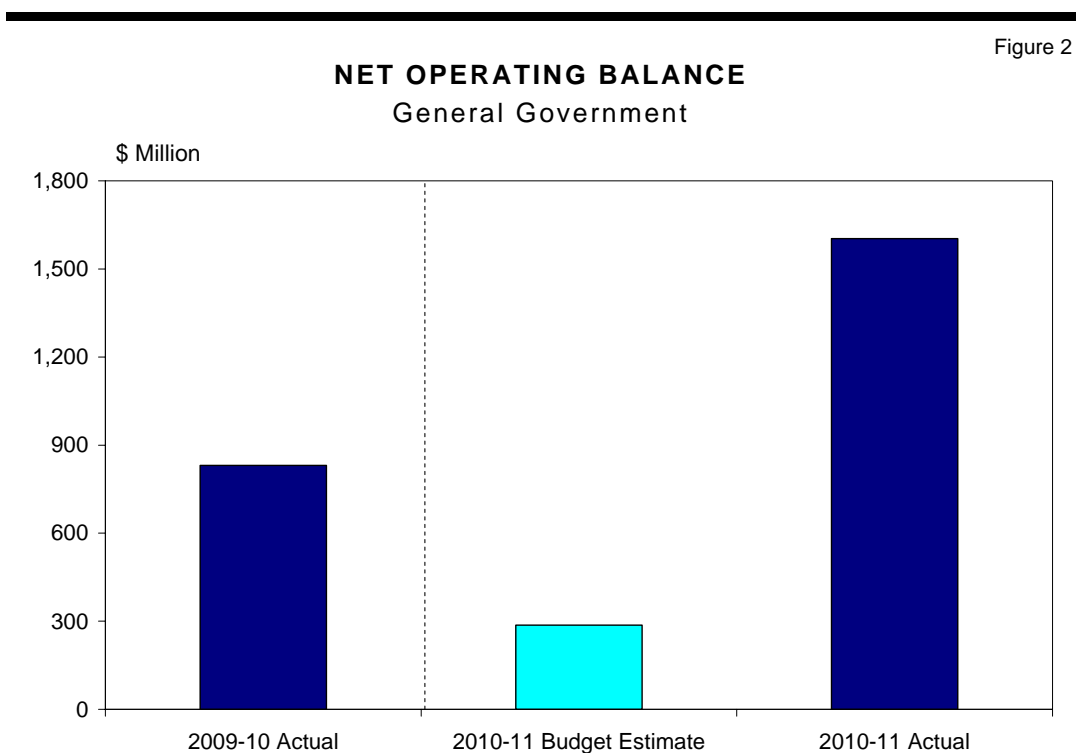
¹ As measured by growth in the Australian Bureau of Statistics' State final demand implicit price deflator, the widest measure of prices in the Western Australian domestic economy.

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

This target was met in 2010-11.

The net operating balance is an accrual measure, and represents the difference between revenue and expense transactions during the year. As such, it is a measure of the day-to-day operations of the general government sector, and excludes capital spending on infrastructure².

In 2010-11 the general government sector recorded a \$1,604 million operating surplus. This compares to the \$286 million surplus forecast at the time of the 2010-11 Budget, and the \$831 million surplus recorded in 2009-10.



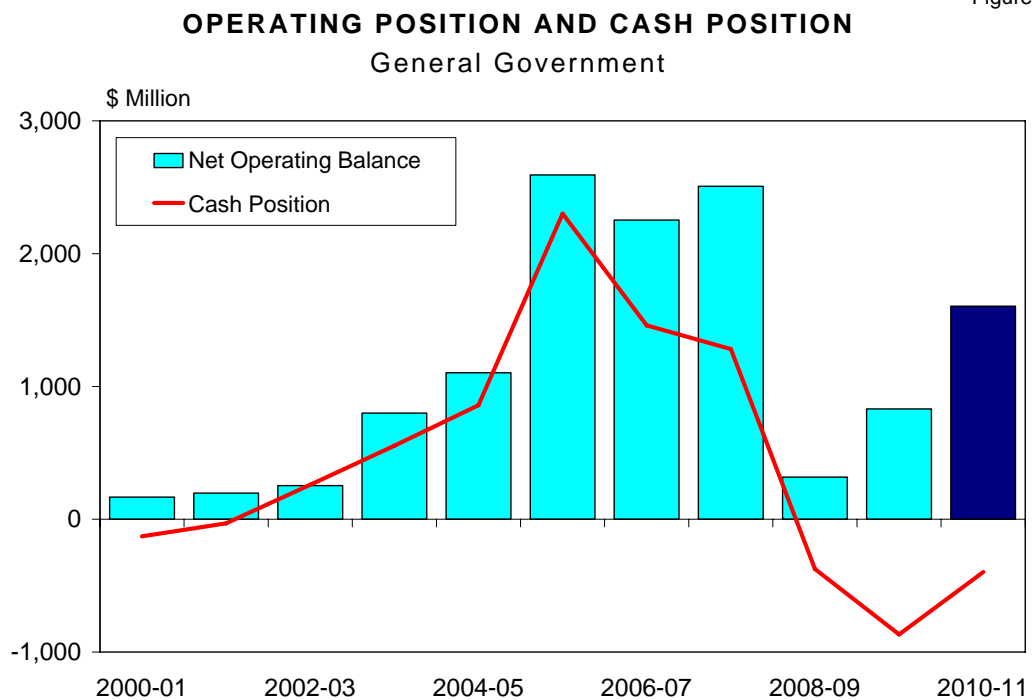
The increase in the operating surplus relative to the budget was characterised by an increase in iron ore royalties, with smaller movements in other revenue and expense aggregates. A more detailed discussion of the improved general government operating outcome is available in Chapter 1: *Financial Results*.

Although significantly higher than budget, the \$1,604 million surplus outcome for 2010-11 represents 6.7% of general government revenue. This is well below the surplus outcomes during the 2005-06 to 2007-08 period, which were between 12.8% and 15.6% of revenue.

² However, the net operating balance includes the annual cost of the consumption of capital (i.e. depreciation).

Furthermore, although the accrual measure of the budget balance was in surplus in 2010-11, the general government sector spent more than it earned in cash terms. In this regard, services and infrastructure spending totalled \$25.4 billion, while receipts from taxes, Commonwealth grants, royalties, fees and charges, and other sources totalled \$25.0 billion. As such, there was a general government sector cash shortfall of \$398 million, as illustrated in the following chart.

Figure 3

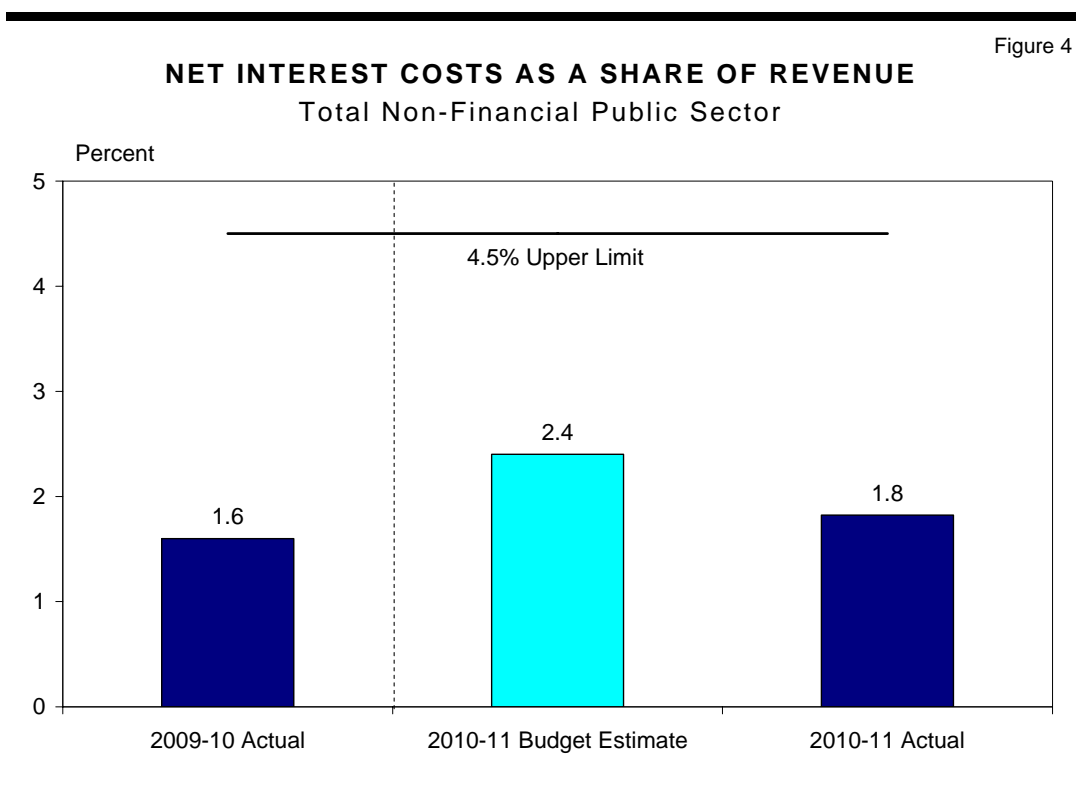


Net Debt Affordability: Maintain Net Interest Costs As A Share of Revenue Below 4.5%

This target was met in 2010-11.

The ratio of net interest costs to revenue measures the overall affordability of net debt levels, based on the share of income (revenue) required to service the State's net debt. This target covers the total non-financial public sector, which includes the general government sector and public non-financial corporations such as the Water Corporation, electricity utilities and port authorities.

The ratio was 1.8% for 2010-11, compared to a forecast 2.4% at the time of the 2010-11 Budget. Although higher than the 2009-10 outcome of 1.6%, the 2010-11 result is well below the Government's 4.5% upper limit for this financial target.



This better than forecast outcome reflects lower than projected net debt levels (as a result of higher operating surplus outcomes and lower than forecast capital spending in 2010-11, and the flow-on impact of a lower than expected net debt outcome for 30 June 2010), partially offset by rises in interest rates over the year.

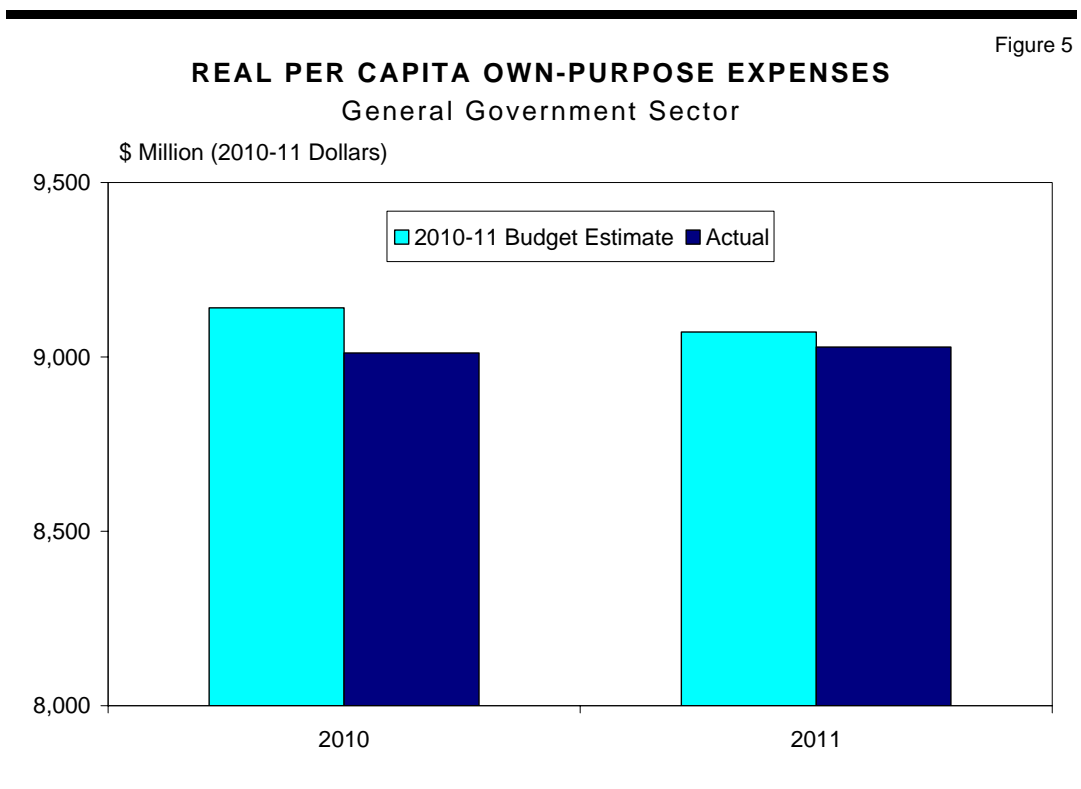
Chapter 1: *Financial Results* provides further detail.

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

As flagged in the most recent (2011-12) Budget, this target was not met in 2010-11.

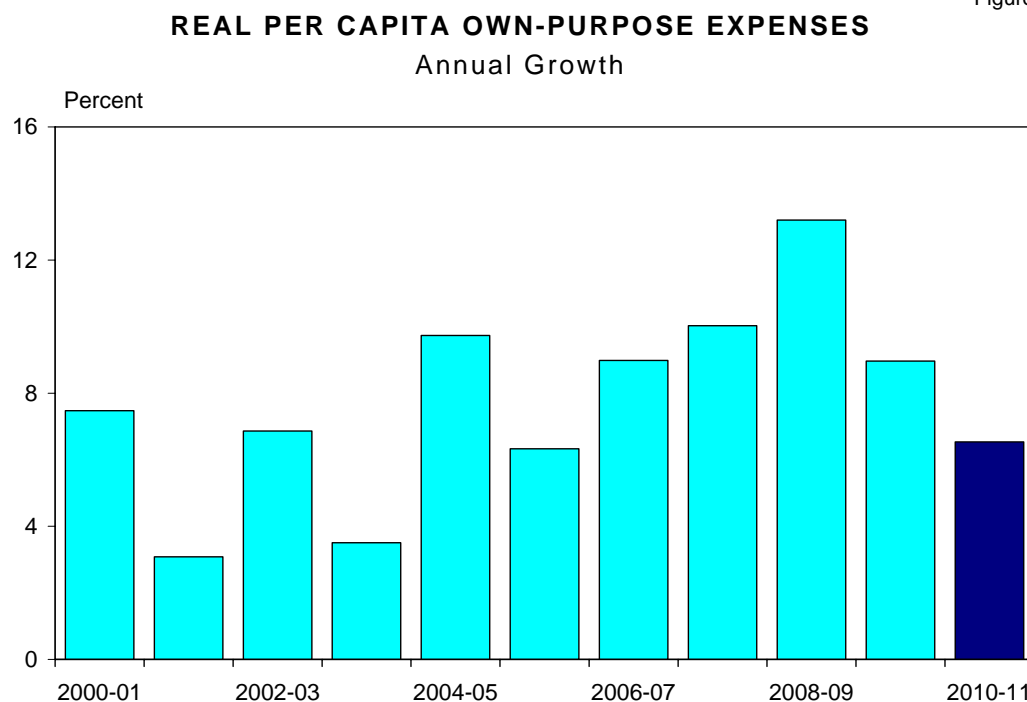
The target measures growth in day-to-day spending controlled by the State Government, excluding Commonwealth grants passed through the State, and adjusting for the combined effect of population and wage growth.

In nominal terms, expense growth for 2010-11 was 5.2%, up from the forecast 3.9% at the time of the budget. However, after adjusting for Commonwealth grants that pass through the State, 'own-purpose' expenses grew by 6.5% in 2010-11 (in excess of the 6.2% growth 'allowed' under this target).



Although the target was not met in 2010-11, the 6.5% growth recorded in State 'own-purpose' expenses is the lowest such increase in five years, and compares to double-digit growth on average in the last four years.

Figure 6



This outcome reflects the concerted effort of the Government to control recent high rates of expense growth, particularly salaries (which are the single largest component of general government expenses). Specific measures implemented to rein in expense growth have included the active management of staffing levels, an effective public sector wages policy, voluntary separation offers, and the 3% efficiency dividend. These outcomes are discussed further in Chapter 1: *Financial Results*.

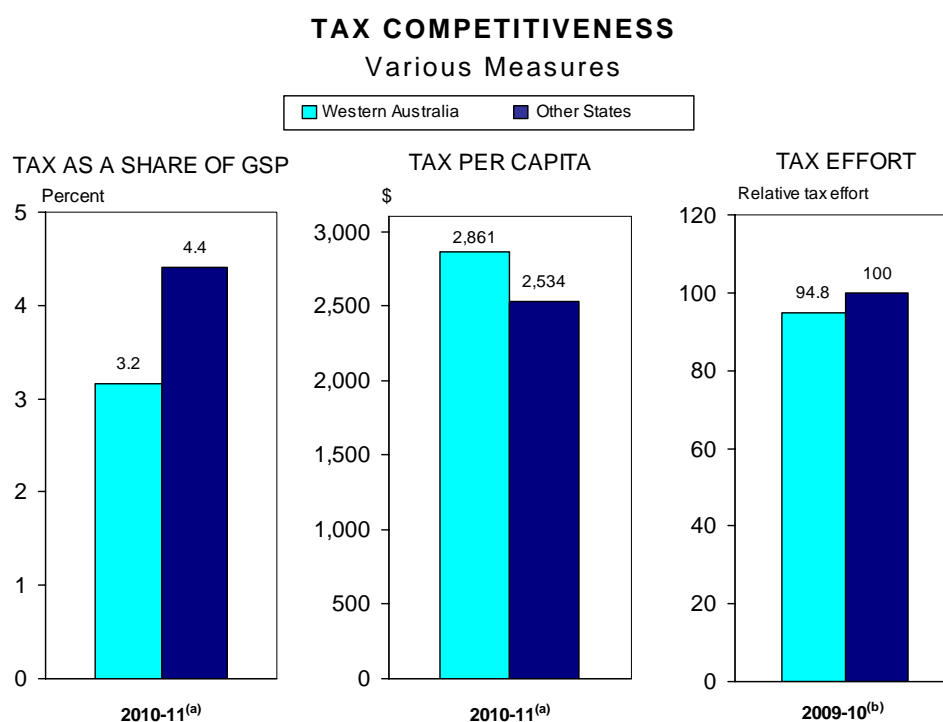
Tax Competitiveness: Provide a Fair And Efficient Tax System That is Competitive With Other States

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 2010-11 estimated outturns published in 2011-12 Budget Papers. Actual GSP figures for all States will not be available until November 2011.

(b) Latest available information.

In 2010-11, Western Australia's tax revenue as a share of GSP was 3.2%, which is the lowest such ratio of all the States, and substantially below the 4.4% average for the other States.

This contrasts with Western Australia's high tax per capita ranking. However, this measure 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 5.2% lower than the national average in 2009-10³. Tax effort was lower in Queensland and Tasmania, but higher in New South Wales, Victoria and South Australia.

³ 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).

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 14A(3) of the *Government Financial Responsibility Act 2000*. The formats used in this report are the same as those used in 2010-11 State Budget Papers released on 20 May 2010, 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, 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^(a)
Operating Statement

		2009-10		2010-11			
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		6,324	6,626	6,447	6,662	6,763	137
Current grants and subsidies		8,228	8,092	7,869	8,032	8,003	-88
Capital grants		1,978	1,269	1,460	1,406	1,336	66
Sales of goods and services		1,635	1,656	1,756	1,718	1,754	98
Interest Income		227	253	288	309	321	68
Revenue from public corporations							
Dividends from other sectors		570	661	720	696	687	26
Tax equivalent income		350	377	337	359	379	2
Royalty income		2,324	3,271	4,045	4,159	4,213	942
Other		405	386	448	422	454	68
Total	6	22,039	22,591	23,373	23,764	23,909	1,318
EXPENSES							
Salaries		8,284	8,932	8,928	8,913	8,829	-103
Superannuation							
Concurrent costs		793	855	852	851	841	-13
Superannuation interest cost		338	419	393	400	317	-102
Other employee costs		323	344	357	359	367	23
Depreciation and amortisation	9	848	899	911	906	896	-3
Services and contracts		1,523	1,575	1,709	1,826	1,501	-74
Other gross operating expenses	10	2,959	2,866	2,904	3,571	3,723	857
Other interest	8	187	374	336	334	297	-76
Current transfers	7	4,882	5,533	5,525	5,090	4,928	-605
Capital transfers	7	1,071	508	699	729	606	98
Total		21,208	22,305	22,614	22,980	22,306	1
NET OPERATING BALANCE ^(b)	4	831	286	758	784	1,604	1,317
Other economic flows							
Net gains on assets/liabilities		228	162	34	21	18	-144
Net actuarial gains - superannuation		-169	-161	-21	57	-112	48
Provision for doubtful debts		-32	-	-	-	-25	-24
All other		-	-	-	-	-	-
Total other economic flows		27	1	12	77	-119	-120
OPERATING RESULT		858	287	771	861	1,485	1,198
All other movements in equity							
Revaluations		-2,055	1,849	2,387	1,567	2,499	650
Gains recognised directly in equity		-5	-1	-1	-1	-4	-4
Changes in accounting policy/correction of prior period errors		117	-128	-177	-225	-28	100
Change in net worth of the public corporations sectors		1,768	979	1,671	1,218	408	-571
All other		-	-	-	-	-	-
Total all other movements in equity		-176	2,700	3,881	2,560	2,874	175
TOTAL CHANGE IN NET WORTH ^(c)		682	2,987	4,651	3,421	4,359	1,372
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		831	286	758	784	1,604	1,317
Less Net acquisition of non-financial assets							
Purchase of non-financial assets		2,974	3,938	3,752	3,131	2,870	-1,068
Changes in inventories		-4	-	-3	-2	-4	-4
Other movement in non-financial assets		-72	2	-10	-10	55	53
less:							
Sales of non-financial assets		161	413	290	214	158	-255
Depreciation		848	899	911	906	896	-3
Total net acquisition of non-financial assets		1,889	2,628	2,537	1,999	1,867	-761
NET LENDING/-BORROWING	4	-1,058	-2,342	-1,779	-1,215	-264	2,078

(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 1.2

GENERAL GOVERNMENT^(a)
Balance Sheet at 30 June

	Notes	2009-10	2010-11			Actual \$m (4)	Variation on Budget \$m (4) - (1)
		Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	Estimated Outturn \$m (3)		
ASSETS							
<i>Financial assets</i>							
Cash and deposits		586	581	412	569	698	117
Advances paid		708	691	698	694	694	3
Investments, loans and placements		5,174	2,967	3,855	3,719	4,713	1,746
Receivables	12	2,042	1,836	2,206	2,302	2,413	576
Investment property	15	8	8	8	8	9	1
Shares and other equity							
Investments in other public sector entities - equity method		42,474	43,301	44,145	43,692	42,882	-419
Investments in other public sector entities - direct injections		4,075	4,775	4,755	4,744	4,899	124
Investments in other entities		-	-	-	-	-	-
Other financial assets		-	-	-	-	-	-
Total financial assets		55,067	54,158	56,079	55,728	56,307	2,149
<i>Non-financial assets</i>							
Land	16	37,890	41,160	38,940	38,149	39,038	-2,122
Property, plant and equipment	17,18	31,056	37,097	35,056	34,489	34,366	-2,731
Biological assets	13	2	2	2	2	2	-
Inventories							
Land inventories	11	102	93	101	101	102	9
Other inventories	11	68	72	64	66	64	-8
Intangibles	19	408	321	404	408	447	126
Non-current assets held for sale	14	49	10	51	35	52	42
Other		155	112	137	138	218	106
Total non-financial assets		69,730	78,867	74,755	73,388	74,288	-4,579
TOTAL ASSETS		124,797	133,024	130,834	129,116	130,594	-2,430
LIABILITIES							
Deposits held		683	293	308	339	384	91
Advances received		482	467	468	468	468	1
Borrowings	20	4,315	6,487	5,713	5,348	5,577	-910
Unfunded superannuation	21	7,249	7,194	7,288	7,184	7,306	112
Other employee benefits	22	2,296	2,462	2,408	2,404	2,512	51
Payables		675	699	695	664	575	-124
Other liabilities	23	1,253	1,551	1,459	1,444	1,569	17
TOTAL LIABILITIES		16,953	19,153	18,339	17,851	18,391	-762
NET ASSETS		107,844	113,871	112,495	111,265	112,203	-1,668
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		9,367	13,648	4,881	4,975	10,833	-2,815
Other reserves		98,478	100,224	107,615	106,290	101,371	1,147
NET WORTH	4	107,844	113,871	112,495	111,265	112,203	-1,668
MEMORANDUM ITEMS							
<i>Net financial worth</i>		<i>38,114</i>	<i>35,005</i>	<i>37,741</i>	<i>37,877</i>	<i>37,916</i>	<i>2,911</i>
<i>Net financial liabilities</i>		<i>8,435</i>	<i>13,071</i>	<i>11,159</i>	<i>10,559</i>	<i>9,865</i>	<i>-3,206</i>
<i>Net debt</i>							
Gross debt liabilities		5,480	7,247	6,489	6,155	6,429	-818
less: liquid financial assets		6,468	4,238	4,965	4,982	6,105	1,866
less: convergence differences impacting net debt		88	88	88	88	88	-
Net debt		-1,076	2,920	1,436	1,086	236	-2,684

(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
<i>Balance at 1 July 2010</i>	-	56,004	42,474	9,367	107,844
Total Comprehensive Result	-	2,499	408	1,485	4,392
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-14	-	-19	-33
Balance at 30 June 2011	-	58,488	42,882	10,833	112,203

Note: Columns may not add due to rounding.

Table 1.4

GENERAL GOVERNMENT^(a)
Cash Flow Statement

		2009-10	2010-11				
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		6,329	6,634	6,459	6,667	6,662	27
Grants and subsidies received		10,113	9,342	9,384	9,485	9,372	30
Receipts from sales of goods and services		1,767	1,718	1,804	1,762	1,808	91
Interest receipts		203	244	282	303	316	73
Dividends and tax equivalents		882	1,014	1,104	1,086	1,067	53
Other		3,558	4,529	5,258	5,200	5,638	1,108
<i>Total cash received</i>		22,853	23,481	24,291	24,503	24,863	1,382
<i>Cash Paid</i>							
Wages, salaries and supplements, and superannuation		-9,221	-9,861	-9,993	-10,067	-9,853	8
Payments for goods and services		-4,594	-4,889	-5,253	-5,964	-5,793	-903
Interest paid		-146	-326	-317	-323	-302	24
Grants and subsidies paid		-5,364	-5,665	-5,858	-5,481	-5,219	446
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-1,582	-1,233	-1,216	-1,215	-1,381	-147
<i>Total cash paid</i>		-20,907	-21,975	-22,636	-23,049	-22,547	-572
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	1,946	1,506	1,654	1,454	2,316	809
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-2,974	-3,938	-3,752	-3,131	-2,870	1,068
Sales of non-financial assets		161	413	290	214	158	-255
<i>Total cash flows from investments in non-financial assets</i>		-2,813	-3,525	-3,462	-2,917	-2,712	813
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		19	-	-	-	14	14
For liquidity purposes		83	-	-	-	85	85
<i>Cash paid</i>							
For policy purposes		-659	-740	-816	-811	-780	-40
For liquidity purposes		-2	-4	-6	-5	-5	-1
<i>Total cash flows from investments in financial assets</i>		-559	-744	-821	-816	-687	57
NET CASH FLOWS FROM INVESTING ACTIVITIES		-3,371	-4,269	-4,283	-3,732	-3,399	870
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		14	14	14	14	14	-
Borrowings		2,754	1,876	1,459	1,100	1,298	-578
Deposits received		-	-	-	-	-	-
Other financing receipts		32	33	31	31	32	-1
<i>Total cash receipts from financing activities</i>		2,799	1,923	1,504	1,145	1,344	-580
<i>Cash paid</i>							
Advances paid		-14	-14	-14	-14	-14	-
Borrowings repaid		-299	-40	-73	-48	-93	-53
Deposits paid		-	-	-	-	-	-
Other financing payments		-49	-61	-90	-82	-81	-20
<i>Total payments for financing activities</i>		-362	-115	-177	-145	-188	-73
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,438	1,809	1,327	1,001	1,155	-653
Net increase in cash and cash equivalents		1,012	-954	-1,302	-1,278	72	1,026
Cash and cash equivalents at the beginning of the period		4,334	4,605	5,346	5,346	5,346	741
Cash and cash equivalents at the end of the period	25	5,346	3,651	4,044	4,068	5,418	1,767
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		1,946	1,506	1,654	1,454	2,316	809
Net cash flows from investing in non-financial assets		-2,813	-3,525	-3,462	-2,917	-2,712	813
Cash surplus/-deficit	4	-867	-2,019	-1,808	-1,462	-397	1,623

(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

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
RESULTS FROM TRANSACTIONS						
REVENUE						
Current grants and subsidies	1,861	1,810	1,854	1,942	1,947	137
Capital grants	177	87	105	105	96	8
Sales of goods and services	13,057	15,811	13,561	13,814	13,614	-2,197
Interest Income	203	223	282	293	281	58
Other	421	389	499	515	518	129
<i>Total</i>	<i>15,720</i>	<i>18,320</i>	<i>16,301</i>	<i>16,668</i>	<i>16,456</i>	<i>-1,864</i>
EXPENSES						
Salaries	883	931	895	998	973	42
Superannuation						
Concurrent costs	82	89	85	95	93	4
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	43	26	32	32	48	22
Depreciation and amortisation	1,430	1,476	1,582	1,580	1,524	48
Services and contracts	598	510	613	594	735	225
Other gross operating expenses	10,201	12,740	10,623	10,819	10,381	-2,358
Other interest	790	1,000	1,068	1,053	972	-28
Tax equivalents	306	342	328	349	367	25
Current transfers	779	848	709	691	707	-141
Capital transfers	2	4	234	234	273	268
<i>Total</i>	<i>15,113</i>	<i>17,968</i>	<i>16,170</i>	<i>16,445</i>	<i>16,074</i>	<i>-1,894</i>
NET OPERATING BALANCE ^(a)	606	352	132	223	382	30
<i>Other economic flows</i>						
Net gains on assets/liabilities	173	209	157	186	112	-97
Net actuarial gains - superannuation	-25	-	-	-	-23	-23
Provision for doubtful debts	-25	-10	-9	-9	-26	-16
All other	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>122</i>	<i>199</i>	<i>148</i>	<i>177</i>	<i>63</i>	<i>-136</i>
OPERATING RESULT	728	551	280	399	445	-106
<i>Other non-owner movements in equity</i>						
Revaluations	805	950	1,858	1,211	-11	-961
Gains recognised directly in equity	307	-48	-45	-43	304	352
Changes in accounting policy/correction of prior period errors	186	29	211	258	211	181
All other	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	<i>1,298</i>	<i>932</i>	<i>2,024</i>	<i>1,425</i>	<i>504</i>	<i>-428</i>
<i>Movements in owner equity</i>						
Dividends	-558	-660	-720	-693	-684	-24
Capital injections	665	746	680	669	824	78
<i>Total movements in owner equity</i>	<i>106</i>	<i>85</i>	<i>-40</i>	<i>-24</i>	<i>140</i>	<i>55</i>
TOTAL CHANGE IN NET WORTH ^(b)	2,133	1,569	2,264	1,800	1,089	-480
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	606	352	132	223	382	30
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	3,855	3,712	3,891	3,829	3,643	-69
Changes in inventories	1,335	653	-55	-27	352	-301
Other movement in non-financial assets	85	-87	-293	-292	-326	-239
<i>less:</i>						
Sales of non-financial assets	637	681	655	629	528	-153
Depreciation	1,430	1,476	1,582	1,580	1,524	48
<i>Total net acquisition of non-financial assets</i>	<i>3,207</i>	<i>2,120</i>	<i>1,306</i>	<i>1,302</i>	<i>1,617</i>	<i>-503</i>
NET LENDING/-BORROWING	-2,601	-1,768	-1,174	-1,079	-1,235	533

(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

	2009-10	2010-11			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
ASSETS						
<i>Financial assets</i>						
Cash and deposits	1,118	673	660	657	786	113
Advances paid	-	-	-	-	-	-
Investments, loans and placements	4,476	5,014	4,970	4,968	4,362	-652
Receivables	1,016	903	1,083	985	1,155	252
Investment property	25	22	24	28	26	4
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	34	8	56	29	41	33
Other financial assets	741	910	910	903	903	-7
Total financial assets	7,410	7,530	7,704	7,571	7,273	-256
<i>Non-financial assets</i>						
Land	12,941	14,985	14,308	13,660	13,966	-1,018
Property, plant and equipment	42,868	43,657	45,031	44,981	43,820	163
Biological assets	327	377	352	352	333	-44
Inventories						
Land inventories	1,507	1,674	1,726	1,734	1,627	-47
Other inventories	3,035	2,226	2,979	3,008	3,387	1,161
Intangibles	325	234	288	261	370	136
Non-current assets held for sale	15	1	15	15	29	27
Other	147	59	140	127	168	108
Total non-financial assets	61,165	63,213	64,839	64,138	63,699	486
TOTAL ASSETS	68,575	70,743	72,543	71,709	70,973	230
LIABILITIES						
Deposits held	5	2	2	-	5	3
Advances received	482	467	468	468	468	1
Borrowings	17,190	19,016	18,916	18,642	17,938	-1,078
Unfunded superannuation	126	129	112	122	126	-3
Other employee benefits	321	298	306	314	355	57
Payables	3,726	2,878	3,692	3,595	4,166	1,288
Other liabilities	1,484	1,314	1,542	1,526	1,583	270
TOTAL LIABILITIES	23,334	24,105	25,038	24,668	24,642	537
NET ASSETS	45,241	46,637	47,505	47,041	46,330	-307
<i>Of which:</i>						
Contributed equity	4,075	4,775	4,755	4,744	4,899	124
Accumulated surplus	18,416	18,095	4,593	4,719	18,625	530
Other reserves	22,750	23,767	38,157	37,579	22,806	-961
NET WORTH	45,241	46,637	47,505	47,041	46,330	-307
MEMORANDUM ITEMS						
<i>Net financial worth</i>	<i>-61,165</i>	<i>-63,213</i>	<i>-64,839</i>	<i>-64,138</i>	<i>-63,699</i>	<i>-486</i>
<i>Net debt</i>						
Gross debt liabilities	17,677	19,486	19,386	19,111	18,411	-1,074
less: liquid financial assets	5,594	5,687	5,630	5,626	5,148	-539
less: convergence differences impacting net debt	-	-	-	-	-	-
Net debt	12,083	13,799	13,756	13,485	13,264	-535

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 Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2010</i>	4,075	22,750	18,416	45,241
Total Comprehensive Result	-	-11	445	434
<i>Transactions with owners in their capacity as owners</i>				-
Contributed Capital	824	-	-	824
Dividends	-	-	-684	-684
Other	-	67	448	515
Balance at 30 June 2011	4,899	22,806	18,625	46,330

Note: Columns may not add due to rounding.

Table 1.8

PUBLIC NON-FINANCIAL CORPORATIONS
Cash Flow Statement

	2009-10	2010-11				
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Grants and subsidies received	1,884	1,728	1,785	1,880	1,859	132
Receipts from sales of goods and services	13,076	15,828	13,752	13,724	13,775	-2,053
Interest receipts	183	223	284	294	267	44
Dividends and tax equivalents	-	53	53	53	25	-28
Other	1,108	790	825	329	1,312	523
<i>Total cash received</i>	<i>16,252</i>	<i>18,622</i>	<i>16,699</i>	<i>16,281</i>	<i>17,239</i>	<i>-1,383</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-992	-1,110	-1,158	-1,088	-1,069	41
Payments for goods and services	-10,551	-12,358	-10,351	-9,970	-10,515	1,843
Interest paid	-790	-976	-1,052	-1,003	-943	33
Grants and subsidies paid	-615	-747	-591	-571	-569	178
Tax equivalents	-354	-348	-336	-342	-324	24
Other payments	-1,429	-1,703	-1,815	-1,779	-1,884	-181
<i>Total cash paid</i>	<i>-14,731</i>	<i>-17,242</i>	<i>-15,305</i>	<i>-14,753</i>	<i>-15,303</i>	<i>1,938</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,521	1,380	1,394	1,528	1,935	555
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-3,855	-3,712	-3,891	-3,829	-3,643	69
Sales of non-financial assets	637	681	655	629	528	-153
<i>Total cash flows from investments in non-financial assets</i>	<i>-3,217</i>	<i>-3,030</i>	<i>-3,236</i>	<i>-3,200</i>	<i>-3,115</i>	<i>-85</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	268	17	20	149	421	405
<i>Cash paid</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	-273	-19	-62	-143	-416	-397
<i>Total cash flows from investments in financial assets</i>	<i>-5</i>	<i>-2</i>	<i>-42</i>	<i>6</i>	<i>6</i>	<i>7</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-3,222	-3,032	-3,277	-3,194	-3,109	-77
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	5	5
Borrowings	42,892	49,562	35,617	35,159	19,857	-29,704
Deposits received	-	-	-	-	-	-
Other financing receipts	676	648	844	836	806	157
<i>Total cash received</i>	<i>43,567</i>	<i>50,210</i>	<i>36,461</i>	<i>35,995</i>	<i>20,668</i>	<i>-29,542</i>
<i>Cash paid</i>						
Advances paid	-14	-14	-14	-14	-19	-5
Borrowings repaid	-40,942	-48,144	-34,483	-34,261	-18,989	29,155
Deposits paid	-	-	-	-	-	-
Other financing payments	-46	32	-59	-62	-64	-96
Dividends paid	-515	-662	-764	-737	-728	-66
<i>Total cash paid</i>	<i>-41,517</i>	<i>-48,788</i>	<i>-35,320</i>	<i>-35,074</i>	<i>-19,800</i>	<i>28,989</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	2,050	1,422	1,141	921	868	-553
Net increase in cash and cash equivalents	349	-231	-742	-745	-305	-75
Cash and cash equivalents at the beginning of the period	1,081	778	1,430	1,430	1,430	652
Cash and cash equivalents at the end of the period	1,430	547	687	684	1,125	577
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	1,521	1,380	1,394	1,528	1,935	555
Net cash flows from investing in non-financial assets	-3,217	-3,030	-3,236	-3,200	-3,115	-85
Dividends paid	-515	-662	-764	-737	-728	-66
Cash surplus/-deficit	-2,212	-2,312	-2,605	-2,410	-1,907	405

Note: Columns may not add due to rounding.

Table 1.9

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

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
RESULTS FROM TRANSACTIONS						
REVENUE						
Taxation	6,029	6,350	6,165	6,378	6,466	115
Current grants and subsidies	8,228	8,092	7,869	8,032	8,003	-88
Capital grants	1,978	1,269	1,460	1,406	1,336	66
Sales of goods and services	14,359	17,164	14,973	15,171	15,008	-2,156
Interest Income	389	446	527	561	562	116
Royalty income	2,324	3,271	4,045	4,159	4,213	942
Dividends and tax equivalents	53	30	58	61	63	32
Other	802	766	879	868	892	126
<i>Total</i>	<i>34,161</i>	<i>37,390</i>	<i>35,976</i>	<i>36,636</i>	<i>36,543</i>	<i>-846</i>
EXPENSES						
Salaries	9,167	9,863	9,824	9,911	9,802	-61
Superannuation						
Concurrent costs	875	944	937	946	934	-9
Superannuation interest cost	338	419	393	400	317	-102
Other employee costs	237	227	235	238	268	41
Depreciation and amortisation	2,278	2,375	2,493	2,485	2,420	45
Services and contracts	2,111	2,074	2,315	2,413	2,232	158
Other gross operating expenses	12,803	15,287	13,171	14,016	13,733	-1,554
Other interest	936	1,344	1,360	1,346	1,229	-115
Current transfers	3,641	4,458	4,254	3,712	3,524	-934
Capital transfers	897	420	824	855	783	363
<i>Total</i>	<i>33,282</i>	<i>37,412</i>	<i>35,806</i>	<i>36,323</i>	<i>35,241</i>	<i>-2,170</i>
NET OPERATING BALANCE ^(a)	879	-22	170	313	1,302	1,324
<i>Other economic flows</i>						
Net gains on assets/liabilities	401	371	190	207	130	-241
Net actuarial gains - superannuation	-195	-161	-21	57	-135	25
Provision for doubtful debts	-57	-10	-9	-10	-51	-41
All other	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>149</i>	<i>200</i>	<i>160</i>	<i>254</i>	<i>-56</i>	<i>-256</i>
OPERATING RESULT	1,028	179	331	567	1,246	1,068
<i>All other movements in equity</i>						
Revaluations	-1,250	2,800	4,245	2,778	2,488	-312
Gains recognised directly in equity	302	-48	-45	-44	300	348
Changes in accounting policy/correction of prior period errors	303	-98	34	33	183	281
Change in net worth of the public corporations sectors	299	155	87	86	142	-13
All other	-	-	-	-	-	-
<i>Total all other movements in equity</i>	<i>-346</i>	<i>2,808</i>	<i>4,321</i>	<i>2,854</i>	<i>3,113</i>	<i>304</i>
TOTAL CHANGE IN NET WORTH ^(b)	682	2,987	4,651	3,421	4,359	1,372
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	879	-22	170	313	1,302	1,324
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	6,819	7,618	7,611	6,928	6,473	-1,145
Changes in inventories	1,331	653	-59	-29	348	-304
Other movement in non-financial assets	13	-85	-303	-302	-271	-186
<i>less:</i>						
Sales of non-financial assets	789	1,062	913	811	645	-417
Depreciation	2,278	2,375	2,493	2,485	2,420	45
<i>Total net acquisition of non-financial assets</i>	<i>5,096</i>	<i>4,748</i>	<i>3,843</i>	<i>3,301</i>	<i>3,485</i>	<i>-1,264</i>
NET LENDING-BORROWING	-4,217	-4,770	-3,672	-2,987	-2,183	2,587

(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

	2009-10	2010-11			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
ASSETS						
<i>Financial assets</i>						
Cash and deposits	1,218	1,120	971	1,107	1,324	205
Advances paid	225	223	230	226	226	3
Investments, loans and placements	9,650	7,970	8,815	8,677	9,074	1,104
Receivables	2,866	2,590	3,149	3,180	3,353	763
Investment property	33	30	32	36	35	5
Shares and other equity						
Investments in other public sector entities - equity method	1,308	1,438	1,395	1,394	1,450	12
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	34	12	57	29	41	29
Other financial assets	-	-	-	-	-	-
<i>Total financial assets</i>	15,335	13,383	14,648	14,650	15,504	2,121
<i>Non-financial assets</i>						
Land	50,831	56,144	53,248	51,809	53,004	-3,140
Property, plant and equipment	73,925	80,754	80,087	79,470	78,186	-2,568
Biological assets	330	379	354	354	335	-44
Inventories						
Land inventories	1,609	1,767	1,827	1,835	1,728	-39
Other inventories	3,102	2,298	3,044	3,074	3,451	1,153
Intangibles	732	556	692	668	818	262
Non-current assets held for sale	64	11	66	51	81	69
Other	302	170	277	265	351	181
<i>Total non-financial assets</i>	130,895	142,078	139,594	137,527	137,952	-4,126
TOTAL ASSETS	146,229	155,461	154,242	152,176	153,456	-2,005
LIABILITIES						
Deposits held	201	151	198	211	229	79
Advances received	482	467	468	468	468	1
Borrowings	21,505	25,503	24,630	23,990	23,515	-1,988
Unfunded superannuation	7,375	7,323	7,400	7,306	7,432	110
Other employee benefits	2,617	2,760	2,714	2,718	2,868	108
Payables	4,214	3,431	4,253	4,157	4,530	1,099
Other liabilities	1,990	1,955	2,084	2,061	2,210	255
TOTAL LIABILITIES	38,385	41,590	41,747	40,911	41,253	-337
NET ASSETS	107,844	113,871	112,495	111,265	112,203	-1,668
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	27,847	31,743	9,539	9,758	29,523	-2,221
Other reserves	79,997	82,128	102,957	101,507	82,681	552
NET WORTH	107,844	113,871	112,495	111,265	112,203	-1,668
MEMORANDUM ITEMS						
<i>Net financial worth</i>	-23,050	-28,207	-27,099	-26,261	-25,749	2,458
<i>Net financial liabilities</i>	24,393	29,657	28,550	27,685	27,240	-2,416
<i>Net debt</i>						
Gross debt liabilities	22,189	26,121	25,296	24,669	24,213	-1,909
less: liquid financial assets	11,094	9,314	10,016	10,010	10,625	1,311
less: convergence differences impacting net debt	88	88	88	88	88	-
<i>Net debt</i>	11,007	16,719	15,193	14,571	13,500	-3,220

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 Surplus \$m	Accumulated net gain on equity investments in other sector entities \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2010</i>	-	78,689	1,308	27,847	107,844
Total Comprehensive Result	-	2,488	142	1,246	3,877
<i>Transactions with owners in their capacity as owners</i>					
Contributed Capital	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	54	-	429	483
Balance at 30 June 2011	-	81,230	1,450	29,523	112,203

Note: Columns may not add due to rounding.

Table 1.12

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

	2009-10	2010-11				
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Taxes received	6,039	6,353	6,185	6,382	6,360	8
Grants and subsidies received	10,113	9,342	9,384	9,485	9,372	30
Receipts from sales of goods and services	14,540	17,236	15,206	15,117	15,222	-2,014
Interest receipts	350	436	522	556	542	106
Dividends and tax equivalents	13	57	57	60	40	-17
Other	4,399	5,309	6,062	5,519	6,576	1,267
<i>Total cash received</i>	<i>35,453</i>	<i>38,734</i>	<i>37,417</i>	<i>37,120</i>	<i>38,114</i>	<i>-620</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-10,213	-10,971	-11,151	-11,154	-10,922	49
Payments for goods and services	-14,596	-16,937	-15,254	-15,565	-15,598	1,339
Interest paid	-899	-1,272	-1,325	-1,285	-1,204	68
Grants and subsidies paid	-4,078	-4,681	-4,650	-4,168	-3,910	770
Dividends and tax equivalents	-	-	-	-	-	-
Other payments	-2,716	-2,649	-2,752	-2,703	-2,956	-307
<i>Total cash paid</i>	<i>-32,502</i>	<i>-36,509</i>	<i>-35,132</i>	<i>-34,875</i>	<i>-34,590</i>	<i>1,919</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,952	2,224	2,285	2,245	3,523	1,299
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-6,819	-7,618	-7,611	-6,928	-6,473	1,145
Sales of non-financial assets	789	1,062	913	811	645	-417
<i>Total cash flows from investments in non-financial assets</i>	<i>-6,030</i>	<i>-6,556</i>	<i>-6,698</i>	<i>-6,117</i>	<i>-5,827</i>	<i>729</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	19	-	-	-	9	9
For liquidity purposes	351	17	21	150	507	489
<i>Cash paid</i>						
For policy purposes	-19	-	-	-	-8	-8
For liquidity purposes	-275	-22	-68	-148	-421	-398
<i>Total cash flows from investments in financial assets</i>	<i>76</i>	<i>-5</i>	<i>-47</i>	<i>2</i>	<i>86</i>	<i>91</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-5,954	-6,561	-6,744	-6,115	-5,741	820
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	45,645	51,437	37,076	36,260	21,155	-30,282
Deposits received	-	-	-	-	-	-
Other financing receipts	68	33	59	55	70	36
<i>Total cash received</i>	<i>45,714</i>	<i>51,470</i>	<i>37,135</i>	<i>36,315</i>	<i>21,225</i>	<i>-30,246</i>
<i>Cash paid</i>						
Advances paid	-14	-14	-14	-14	-14	-
Borrowings repaid	-41,241	-48,184	-34,556	-34,309	-19,082	29,102
Deposits paid	-	-	-	-	-	-
Other financing payments	-95	-120	-149	-145	-144	-24
<i>Total cash paid</i>	<i>-41,350</i>	<i>-48,318</i>	<i>-34,720</i>	<i>-34,467</i>	<i>-19,240</i>	<i>29,078</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	4,364	3,152	2,416	1,847	1,985	-1,167
Net increase in cash and cash equivalents	1,361	-1,185	-2,044	-2,023	-233	951
Cash and cash equivalents at the beginning of the period	5,414	5,384	6,776	6,776	6,776	1,393
Cash and cash equivalents at the end of the period	6,776	4,199	4,732	4,752	6,543	2,344
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	2,952	2,224	2,285	2,245	3,523	1,299
Net cash flows from investing in non-financial assets	-6,030	-6,556	-6,698	-6,117	-5,827	729
Cash surplus/-deficit	-3,079	-4,332	-4,413	-3,872	-2,304	2,028

Note: Columns may not add due to rounding.

Table 1.13

PUBLIC FINANCIAL CORPORATIONS
Operating Statement

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
RESULTS FROM TRANSACTIONS						
REVENUE						
Current grants and subsidies	3	5	5	5	5	-
Capital grants	-	-	-	-	-	-
Sales of goods and services	774	786	764	764	831	45
Interest Income	1,205	1,702	1,771	1,760	1,708	6
Other	1	-	2	2	4	4
<i>Total</i>	<i>1,983</i>	<i>2,493</i>	<i>2,542</i>	<i>2,532</i>	<i>2,548</i>	<i>55</i>
EXPENSES						
Salaries	36	39	39	39	39	-
Superannuation						
Concurrent costs	3	4	4	4	4	-
Superannuation interest cost	-	-	-	-	-	-
Other employee costs	2	2	2	2	2	-
Depreciation and amortisation	14	17	14	13	14	-3
Services and contracts	2	13	16	16	2	-11
Other gross operating expenses	744	679	726	726	902	223
Other interest	1,142	1,568	1,619	1,605	1,582	14
Tax equivalents	44	35	9	10	12	-23
Current transfers	4	3	3	3	3	1
Capital transfers	-	1	2	2	-	-1
<i>Total</i>	<i>1,991</i>	<i>2,360</i>	<i>2,433</i>	<i>2,421</i>	<i>2,559</i>	<i>199</i>
NET OPERATING BALANCE ^(a)	-8	133	109	111	-11	-144
<i>Other economic flows</i>						
Net gains on assets/liabilities	106	-	-	-	122	122
Net actuarial gains - superannuation	1	-	-	-	1	1
Provision for doubtful debts	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total other economic flows</i>	<i>107</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>122</i>	<i>122</i>
OPERATING RESULT	99	133	109	111	111	-22
<i>Other non-owner movements in equity</i>						
Revaluations	83	18	26	26	22	4
Gains recognised directly in equity	93	-	-	-	87	87
Changes in accounting policy/correction of prior period errors	36	5	6	6	-22	-26
Capital injections from general government	-	-	-	-	-	-
All other	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	<i>212</i>	<i>22</i>	<i>32</i>	<i>32</i>	<i>88</i>	<i>65</i>
<i>Movements in owner equity</i>						
Dividends	-12	-1	-54	-56	-57	-56
Capital injections	-	-	-	-	-	-
<i>Total movements in owner equity</i>	<i>-12</i>	<i>-1</i>	<i>-54</i>	<i>-56</i>	<i>-57</i>	<i>-56</i>
TOTAL CHANGE IN NET WORTH ^(b)	299	155	87	86	142	-13
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	-8	133	109	111	-11	-144
<i>Less Net acquisition of non-financial assets</i>						
Purchase of non-financial assets	9	9	8	8	9	-
Changes in inventories	-	-	-	-	-	-
Other movement in non-financial assets	-	-	-	-	-	-
<i>less:</i>						
Sales of non-financial assets	-	-	-	-	-	-
Depreciation	14	17	14	13	14	-3
<i>Total net acquisition of non-financial assets</i>	<i>-5</i>	<i>-8</i>	<i>-6</i>	<i>-5</i>	<i>-5</i>	<i>3</i>
NET LENDING/-BORROWING	-2	141	115	116	-6	-147

(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

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
ASSETS						
<i>Financial assets</i>						
Cash and deposits	38	-34	26	26	14	48
Advances paid	4,125	4,699	4,637	4,637	3,929	-770
Investments, loans and placements	26,101	28,905	29,562	30,762	29,162	257
Receivables	956	707	967	966	852	146
Investment property	431	447	452	452	498	51
Shares and other equity						
Investments in other public sector entities - equity method	-	-	-	-	-	-
Investments in other public sector entities - direct injections	-	-	-	-	-	-
Investments in other entities	995	1,260	1,053	1,053	1,173	-88
Other financial assets	36	26	36	36	52	26
Total financial assets	32,681	36,010	36,733	37,931	35,680	-330
<i>Non-financial assets</i>						
Land	96	32	21	21	121	89
Property, plant and equipment	233	264	226	226	230	-34
Biological assets	-	-	-	-	-	-
Inventories						
Land inventories	-	-	-	-	-	-
Other inventories	-	-	-	-	-	-
Intangibles	10	11	12	13	10	-1
Non-current assets held for sale	-	-	-	-	-	-
Other	4	31	80	80	4	-28
Total non-financial assets	344	338	339	340	364	26
TOTAL ASSETS	33,025	36,347	37,073	38,271	36,044	-304
LIABILITIES						
Deposits held	-	-	-	-	-	-
Advances received	3	1	1	1	3	2
Borrowings	29,149	32,291	33,040	34,240	31,628	-663
Unfunded superannuation	10	12	10	10	10	-2
Other employee benefits	8	7	8	8	8	1
Payables	28	100	30	30	121	21
Other liabilities	2,518	2,499	2,588	2,588	2,823	325
TOTAL LIABILITIES	31,717	34,909	35,677	36,877	34,593	-316
NET ASSETS	1,308	1,438	1,395	1,394	1,450	12
<i>Of which:</i>						
Contributed equity	-	-	-	-	-	-
Accumulated surplus	1,110	1,151	1,090	1,090	1,232	81
Other reserves	198	287	305	305	218	-69
NET WORTH	1,308	1,438	1,395	1,394	1,450	12
MEMORANDUM ITEMS						
<i>Net financial worth</i>	-344	-338	-339	-340	-364	-26
<i>Net debt</i>						
Gross debt liabilities	29,152	32,292	33,042	34,241	31,631	-661
less: liquid financial assets	30,264	33,569	34,225	35,424	33,105	-465
less: convergence differences impacting net debt	-	-	-	-	-	-
Net debt	-1,112	-1,278	-1,183	-1,183	-1,474	-196

Note: Columns may not add due to rounding.

Table 1.15

PUBLIC FINANCIAL CORPORATIONS
Statement of Changes in Equity

	Contributed Equity \$m	Asset Revaluation Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2010</i>	-	198	1,110	1,308
Total Comprehensive Result	-	22	111	133
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-57	-57
Other	-	-2	66	64
Balance at 30 June 2011	-	218	1,232	1,450

Note: Columns may not add due to rounding.

Table 1.16

PUBLIC FINANCIAL CORPORATIONS
Cash Flow Statement

	2009-10	2010-11				
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Cash received</i>						
Grants and subsidies received	3	5	5	5	5	-
Receipts from sales of goods and services	808	742	770	770	872	130
Interest receipts	1,181	1,702	1,781	1,770	1,655	-47
Dividends and tax equivalents	-	-	-	-	-	-
Other	108	78	107	107	119	41
<i>Total cash received</i>	<i>2,101</i>	<i>2,527</i>	<i>2,663</i>	<i>2,653</i>	<i>2,652</i>	<i>124</i>
<i>Cash paid</i>						
Wages, salaries and supplements, and superannuation	-39	-42	-43	-43	-43	-1
Payments for goods and services	-670	-592	-681	-682	-691	-99
Interest paid	-962	-1,566	-1,619	-1,605	-1,427	139
Grants and subsidies paid	-1	-	-	-	-	-
Tax equivalents	-1	-3	-3	-4	-12	-9
Other payments	-146	-116	-145	-145	-166	-50
<i>Total cash paid</i>	<i>-1,818</i>	<i>-2,319</i>	<i>-2,491</i>	<i>-2,480</i>	<i>-2,339</i>	<i>-20</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	283	208	172	173	312	104
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Cash flows from investments in non-financial assets</i>						
Purchase of non-financial assets	-9	-9	-8	-8	-9	-
Sales of non-financial assets	-	-	-	-	-	-
<i>Total cash flows from investments in non-financial assets</i>	<i>-8</i>	<i>-9</i>	<i>-8</i>	<i>-8</i>	<i>-9</i>	<i>-</i>
<i>Cash flows from investments in financial assets</i>						
<i>Cash received</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	4,091	1,713	1,793	1,790	4,631	2,918
<i>Cash paid</i>						
For policy purposes	-	-	-	-	-	-
For liquidity purposes	-4,802	-2,402	-2,415	-2,430	-5,774	-3,372
<i>Total cash flows from investments in financial assets</i>	<i>-711</i>	<i>-688</i>	<i>-622</i>	<i>-640</i>	<i>-1,143</i>	<i>-454</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-720	-697	-630	-647	-1,152	-454
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash received</i>						
Advances received	-	-	-	-	-	-
Borrowings	64,785	67,814	53,396	52,635	44,746	-23,068
Deposits received	-	-	-	-	-	-
Other financing receipts	-	-	-	-	-	-
<i>Total cash received</i>	<i>64,785</i>	<i>67,814</i>	<i>53,396</i>	<i>52,635</i>	<i>44,746</i>	<i>-23,068</i>
<i>Cash paid</i>						
Advances paid	-	-	-	-	-	-
Borrowings repaid	-63,573	-67,310	-52,870	-52,091	-44,154	23,155
Deposits paid	-	-	-	-	-	-
Other financing payments	-	-2	-	-	-	2
Dividends paid	-12	-54	-54	-56	-28	26
<i>Total cash paid</i>	<i>-63,585</i>	<i>-67,365</i>	<i>-52,923</i>	<i>-52,147</i>	<i>-44,183</i>	<i>23,183</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,200	449	473	488	563	114
Net increase in cash and cash equivalents	764	-41	15	14	-276	-235
Cash and cash equivalents at the beginning of the period	1,573	1,584	2,336	2,336	2,336	752
Cash and cash equivalents at the end of the period	2,336	1,543	2,351	2,350	2,060	517
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	283	208	172	173	312	104
Net cash flows from investing in non-financial assets	-8	-9	-8	-8	-9	-
Dividends paid	-12	-54	-54	-56	-28	26
Cash surplus/-deficit	263	145	110	109	275	130

Note: Columns may not add due to rounding.

Table 1.17

TOTAL PUBLIC SECTOR^(a)
Operating Statement

		2009-10	2010-11				
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
RESULTS FROM TRANSACTIONS							
REVENUE							
Taxation		6,026	6,348	6,162	6,375	6,463	115
Current grants and subsidies		8,228	8,092	7,869	8,032	8,003	-88
Capital grants		1,978	1,269	1,460	1,406	1,336	66
Sales of goods and services		14,905	17,748	15,496	15,692	15,595	-2,153
Interest income		633	783	854	890	970	187
Royalty income		2,324	3,271	4,045	4,159	4,213	942
Other		801	765	878	868	892	126
Total	6	34,895	38,277	36,765	37,423	37,472	-805
EXPENSES							
Salaries		9,203	9,902	9,862	9,950	9,841	-62
Superannuation							
Concurrent costs		878	948	941	949	938	-9
Superannuation interest cost		338	419	393	400	317	-102
Other employee costs		238	229	237	240	269	41
Depreciation and amortisation	9	2,292	2,392	2,506	2,498	2,435	42
Services and contracts		2,112	2,087	2,331	2,430	2,234	147
Other gross operating expenses	10	13,318	15,764	13,653	14,498	14,387	-1,376
Other interest	8	1,116	1,546	1,535	1,521	1,510	-36
Current transfers	7	3,642	4,458	4,254	3,712	3,524	-934
Capital transfers	7	897	421	827	858	783	362
Total		34,036	38,166	36,540	37,055	36,238	-1,928
NET OPERATING BALANCE ^(b)	4	859	111	225	368	1,234	1,123
Other economic flows							
Net gains on assets/liabilities		506	371	190	207	252	-119
Net actuarial gains - superannuation		-193	-161	-21	57	-135	26
Provision for doubtful debts		-57	-10	-9	-10	-51	-41
All other		-	-	-	-	-	-
Total other economic flows		256	200	160	254	67	-134
OPERATING RESULT		1,115	311	386	621	1,301	990
All other movements in equity							
Revaluations		-1,168	2,817	4,271	2,804	2,510	-307
Gains recognised directly in equity		396	-48	-45	-44	387	435
Changes in accounting policy/correction of prior period errors		339	-94	40	39	161	255
All other		-	-	-	-	-	-
Total all other movements in equity		-433	2,675	4,266	2,799	3,058	383
TOTAL CHANGE IN NET WORTH ^(c)		682	2,987	4,651	3,421	4,359	1,372
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE		859	111	225	368	1,234	1,123
Less Net acquisition of non-financial assets							
Purchase of non-financial assets		6,828	7,627	7,619	6,936	6,482	-1,145
Changes in inventories		1,331	653	-59	-29	348	-304
Other movement in non-financial assets		13	-85	-303	-302	-271	-186
less:							
Sales of non-financial assets		789	1,062	914	811	646	-416
Depreciation		2,292	2,392	2,506	2,498	2,435	42
Total net acquisition of non-financial assets		5,091	4,740	3,837	3,296	3,479	-1,261
NET LENDING/-BORROWING	4	-4,232	-4,629	-3,611	-2,928	-2,245	2,384

(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^(a)
Balance Sheet at 30 June

	Notes	2009-10	2010-11				Variation on Budget \$m (4) - (1)
		Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
ASSETS							
<i>Financial assets</i>							
Cash and deposits		1,255	1,085	996	1,132	1,338	253
Advances paid		4,347	4,921	4,866	4,862	4,152	-770
Investments, loans and placements		11,211	7,344	9,483	11,600	11,783	4,440
Receivables	12	3,469	2,925	3,764	3,764	3,750	825
Investment property	15	464	477	484	489	533	56
Equity - Investments in other entities		1,029	1,272	1,109	1,082	1,214	-58
Other financial assets		36	26	36	36	52	26
<i>Total financial assets</i>		21,811	18,049	20,738	22,964	22,821	4,773
<i>Non-financial assets</i>							
Land	16	50,927	56,176	53,269	51,830	53,125	-3,051
Property, plant and equipment	17,18	74,158	81,017	80,313	79,696	78,415	-2,602
Biological assets	13	330	379	354	354	335	-44
Inventories	11						
Land inventories		1,609	1,767	1,827	1,835	1,728	-39
Other inventories		3,102	2,298	3,044	3,074	3,451	1,153
Intangibles	19	743	567	704	681	827	261
Non-current assets held for sale	14	64	11	66	51	81	69
Other		306	201	357	346	355	153
<i>Total non-financial assets</i>		131,238	142,416	139,934	137,867	138,316	-4,100
TOTAL ASSETS		153,049	160,465	160,672	160,830	161,138	672
LIABILITIES							
Deposits held		201	150	198	210	229	79
Advances received		482	467	468	468	468	1
Borrowings	20	26,114	28,262	28,776	30,391	28,690	428
Unfunded superannuation	21	7,386	7,334	7,410	7,316	7,442	108
Other employee benefits	22	2,625	2,767	2,722	2,727	2,876	108
Payables		4,155	3,497	4,195	4,100	4,533	1,036
Other liabilities	23	4,241	4,116	4,407	4,354	4,696	580
TOTAL LIABILITIES		45,205	46,594	48,176	49,565	48,934	2,341
NET ASSETS		107,844	113,871	112,495	111,265	112,203	-1,668
<i>Of which:</i>							
Contributed equity		-	-	-	-	-	-
Accumulated surplus		28,958	32,894	10,629	10,848	30,755	-2,139
Other reserves		78,887	80,977	101,866	100,417	81,449	471
NET WORTH	4	107,844	113,871	112,495	111,265	112,203	-1,668
MEMORANDUM ITEMS							
<i>Net financial worth</i>		-23,394	-28,545	-27,438	-26,602	-26,113	2,432
<i>Net financial liabilities</i>		24,423	29,817	28,548	27,684	27,327	-2,490
<i>Net debt</i>							
Gross debt liabilities		26,797	28,879	29,442	31,069	29,387	508
less: liquid financial assets		16,814	13,349	15,345	17,594	17,273	3,924
less: convergence differences impacting net debt		88	88	88	88	88	-
<i>Net debt</i>		9,896	15,442	14,009	13,387	12,026	-3,416

(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 Surplus \$m	Accumulated Surplus/deficit \$m	Total Equity \$m
<i>Balance at 1 July 2010</i>	-	78,887	28,958	107,844
Total Comprehensive Result	-	2,510	1,301	3,811
<i>Transactions with owners in their capacity as owners</i>				
Contributed Capital	-	-	-	-
Dividends	-	-	-	-
Other	-	52	496	548
Balance at 30 June 2011	-	81,449	30,755	112,203

Note: Columns may not add due to rounding.

Table 1.20

TOTAL PUBLIC SECTOR^(a)
Cash Flow Statement

		2009-10	2010-11				
	Notes	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	Variation on Budget \$m (4) - (1)
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		5,991	6,307	6,140	6,337	6,311	4
Grants and subsidies received		10,113	9,342	9,384	9,485	9,372	30
Receipts from sales of goods and services		15,134	17,759	15,750	15,661	15,851	-1,908
Interest receipts		646	819	882	946	955	136
Dividends and tax equivalents		-	-	-	-	-	-
Other		4,499	5,381	6,164	5,622	6,693	1,312
<i>Total cash received</i>		36,382	39,607	38,320	38,051	39,182	-425
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-10,251	-11,013	-11,194	-11,197	-10,965	48
Payments for goods and services		-15,052	-17,310	-15,709	-16,020	-16,045	1,265
Interest paid		-976	-1,519	-1,522	-1,510	-1,389	130
Grants and subsidies paid		-4,076	-4,675	-4,645	-4,163	-3,905	770
Dividends and tax equivalents		-	-	-	-	-	-
Other payments		-2,805	-2,712	-2,847	-2,800	-3,070	-358
<i>Total cash paid</i>		-33,160	-37,229	-35,917	-35,690	-35,374	1,855
NET CASH FLOWS FROM OPERATING ACTIVITIES	24	3,223	2,378	2,403	2,361	3,808	1,430
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-6,828	-7,627	-7,619	-6,936	-6,482	1,145
Sales of non-financial assets		789	1,062	914	811	646	-416
<i>Total cash flows from investments in non-financial assets</i>		-6,038	-6,565	-6,705	-6,124	-5,836	729
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		19	-	-	-	9	9
For liquidity purposes		4,430	1,731	1,814	1,940	5,129	3,398
<i>Cash paid</i>							
For policy purposes		-19	-	-	-	-8	-8
For liquidity purposes		-5,065	-2,424	-2,483	-2,578	-6,186	-3,761
<i>Total cash flows from investments in financial assets</i>		-635	-694	-669	-638	-1,057	-363
NET CASH FLOWS FROM INVESTING ACTIVITIES		-6,674	-7,258	-7,374	-6,762	-6,893	365
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		23,727	19,676	18,171	18,077	25,697	6,022
Deposits received		-	-	-	-	-	-
Other financing receipts		68	33	59	55	70	36
<i>Total cash received</i>		23,795	19,709	18,230	18,132	25,767	6,058
<i>Cash paid</i>							
Advances paid		-14	-14	-14	-14	-14	-
Borrowings repaid		-18,111	-15,917	-15,124	-15,582	-23,033	-7,116
Deposits paid		-	-	-	-	-	-
Other financing payments		-95	-122	-149	-145	-144	-22
<i>Total cash paid</i>		-18,219	-16,054	-15,288	-15,741	-23,191	-7,137
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,576	3,655	2,942	2,392	2,576	-1,079
Net increase in cash and cash equivalents		2,125	-1,226	-2,029	-2,009	-510	716
Cash and cash equivalents at the beginning of the period		6,987	6,968	9,112	9,112	9,112	2,143
Cash and cash equivalents at the end of the period	25	9,112	5,742	7,083	7,102	8,602	2,859
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		3,223	2,378	2,403	2,361	3,808	1,430
Net cash flows from investing in non-financial assets		-6,038	-6,565	-6,705	-6,124	-5,836	729
Cash surplus/-deficit	4	-2,816	-4,187	-4,302	-3,763	-2,029	2,158

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

Note: Columns may not add due to rounding.

Notes to the Financial Statements

NOTE 1: MISSION STATEMENT THE GOVERNMENT OF WESTERN AUSTRALIA

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 objectives:

- improve service delivery in priority areas such as health, education, law and order and child protection, with an emphasis on improving the way services are delivered to achieve better outcomes;
- engage in State building projects to ensure Western Australia has the infrastructure in place to support future growth;
- ensure that future growth is not constrained or hampered by structural impediments in the economy or unnecessary red tape; and
- ensure the State’s finances remain strong and Western Australia maintains a triple-A credit rating.

This was contained in the 2010-11 Fiscal Strategy statement in Budget Paper Number 3: *Economic and Fiscal Outlook*:

“The Government is committed to improving key service delivery, addressing structural issues in the economy, and investing in key strategic infrastructure to support the State’s future growth.”

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.

NOTE 2: STATEMENT OF COMPLIANCE

Compliance Framework

The financial statements of the general government sector and the total public sector for the year ended 30 June 2011 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 (ABS).

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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 14A(3) 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: *Composition of sectors* 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;
- the State Government, through the public sector, has a residual financial interest in the net assets of that agency; and
- the 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 AASs 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 Note 3(u): *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 agencies under State Government control 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.

Major Type of Taxation Revenue	Basis of Revenue Recognition
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 the 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 a non-transaction cost 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.

Class of Asset	Subsequent Measurement
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	Fair value less accumulated depreciation and accumulated impairment losses
– electricity generation and transmission	
– other	
Plant, equipment and other	Fair value less accumulated depreciation and accumulated impairment losses

Land

The fair value attributed to the land component of government owned non-current real estate assets for financial reporting purposes is determined on the basis of highest and best use taking into consideration the legal, physical and economic restrictions affecting the sites ability to realise that potential.

Fair value is defined in AASB 116: *Property, Plant and Equipment* as the amount for which an asset could be exchanged, between knowledgeable parties in an arm's length transaction. There is a going concern presumption and it is assumed that an asset is exchanged after an adequate period of marketing.

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.

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 2011 is based on the current depreciated replacement cost determined at 30 June 2010 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.

Class of Asset	Depreciation Years
<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 which are 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, 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 a finance cost 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 public sector 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 after full-funding arrangements were put in place in 2001, 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 2010.

- 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 results in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes. There is no financial impact resulting from the 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 9: *Financial Instruments*, AASB 2009-11: *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9*. 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.
- AASB 1053: *Application of Tiers of Australian Accounting Standards*. This standard becomes effective for reporting periods beginning on or after 1 July 2013 and establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is not expected to be any financial impact resulting from the application of this standard.
- AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*. This Standard becomes effective for reporting periods beginning on or after 1 July 2013 and makes amendments to many Australian Accounting Standards, including interpretations to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact. However, its full impact is still being assessed.
- AASB 2011-2: *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements* (AASB 101 & AASB 1054). This Amending Standard becomes effective for reporting periods beginning on or after 1 July 2013 and removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. The potential impact of the amendments to these Standards is yet to be determined.

- AASB 2010-6: *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*. This Standard becomes effective for reporting periods beginning on or after 1 July 2011 and makes amendments to Australian Accounting Standards introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact.
- AASB 2011-3: *Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments*. This standard becomes effective for reporting periods beginning on or after 1 July 2012 and makes amendments to AASB 1049, including clarifying the definition of the ABS GFS Manual, facilitating the orderly adoption of changes to the ABS GFS Manual and related disclosures. There is not expected to be any financial impact resulting from the application of this Standard.

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.

NOTE 4: CONVERGENCE DIFFERENCES

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

The following tables detail convergence differences reflected in the 30 June 2011 results.

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Net Operating Balance

	2011	2010
	\$m	\$m
<i><u>General government</u></i>		
<i>AASB1049 net operating balance</i>	<i>1,604</i>	<i>831</i>
<i>Plus GFS revenue adjustments</i>		
Capital grants - prepaid AusLink road grants	-	3
All other	-	-
<i>Total GFS revenue adjustments</i>	<i>-</i>	<i>3</i>
<i>Less GFS expense adjustments</i>		
Capitalised interest	-	-
All other	-	-
<i>Total GFS expense adjustments</i>	<i>-</i>	<i>-</i>
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	<i>-</i>	<i>3</i>
GFS net operating balance	1,604	834
<i><u>Total public sector</u></i>		
<i>AASB1049 net operating balance</i>	<i>1,234</i>	<i>859</i>
<i>Plus GFS revenue adjustments</i>		
Capital grants - prepaid AusLink road grants	-	3
All other	-	-
<i>Total GFS revenue adjustments</i>	<i>-</i>	<i>3</i>
<i>Less GFS expense adjustments</i>		
Capitalised interest	55	51
All other	-	-
<i>Total GFS expense adjustments</i>	<i>55</i>	<i>51</i>
<i>Total GFS adjustments to AASB 1049 net operating balance</i>	<i>-55</i>	<i>-48</i>
GFS net operating balance	1,179	811

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Lending/-Borrowing

	2011	2010
	\$m	\$m
<u>General government</u>		
AASB1049 net lending/-borrowing	-264	-1,058
Plus Net operating balance convergence differences (noted above)	-	3
GFS net lending/-borrowing	-264	-1,055
<u>Total public sector</u>		
AASB1049 net lending/-borrowing	-2,245	-4,232
Plus Net operating balance convergence differences (noted above)	-55	-48
GFS net lending/-borrowing	-2,300	-4,280

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Worth

	2011	2010
	\$m	\$m
<u>General government</u>		
AASB1049 net worth	112,203	107,844
Plus		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts		
General government sector	191	179
Impact on public corporations net worth	24	44
Total GFS net worth adjustments	303	311
GFS net worth	112,506	108,155
<u>Total public sector</u>		
AASB1049 net worth	112,203	107,844
Plus		
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88
Provision for doubtful debts	215	223
Total GFS net worth adjustments	303	311
GFS net worth	112,506	108,155

AASB 1049 TO GFS CONVERGENCE DIFFERENCES
Cash Surplus/-Deficit

	2011	2010
	\$m	\$m
<i><u>General government</u></i>		
<i>AASB1049 cash surplus/-deficit</i>	-397	-867
<i>Less Acquisitions under finance leases and similar arrangements</i>	41	8
GFS cash surplus/-deficit	-437	-875
<i><u>Total public sector</u></i>		
<i>AASB1049 cash surplus/-deficit</i>	-2,029	-2,816
<i>Less Acquisitions under finance leases and similar arrangements</i>	41	144
GFS cash surplus/-deficit	-2,070	-2,960

NOTE 5: GOVERNMENT PURPOSE CLASSIFICATION

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*.

GOVERNMENT PURPOSE CLASSIFICATION

General Government		
	2011	2010
	\$m	\$m
EXPENSES		
General public services	395	428
Public order and safety	2,716	2,459
Education	5,699	5,651
Health	5,546	5,028
Social security and welfare	1,504	1,263
Housing and community amenities	1,611	1,982
Recreation and culture	739	695
Fuel and energy	442	312
Agriculture, forestry, fishing and hunting	346	354
Mining and mineral resources (other than fuels), manufacturing and construction	176	161
Transport and communications	1,692	1,535
Other economic affairs	667	678
Other purposes	773	662
TOTAL EXPENSES	22,306	21,208
ASSETS AT 30 JUNE		
General public services	7,057	7,101
Public order and safety	3,019	2,633
Education	12,600	11,800
Health	5,250	4,531
Social security and welfare	273	255
Housing and community amenities	5,956	6,051
Recreation and culture	6,754	6,767
Fuel and energy	27	20
Agriculture, forestry, fishing and hunting	362	313
Mining and mineral resources (other than fuels), manufacturing and construction	1,288	995
Transport and communications	39,739	37,258
Other economic affairs	488	525
Other purposes	-	-
<i>plus</i> Investments in other public sector entities	47,781	46,549
TOTAL ASSETS	130,594	124,797

Note: Columns may not add due to rounding.

GOVERNMENT PURPOSE CLASSIFICATION

Total Public Sector		
	2011	2010
	\$m	\$m
EXPENSES		
General public services	110	167
Public order and safety	2,652	2,402
Education	5,551	5,518
Health	5,502	4,988
Social security and welfare	1,475	1,238
Housing and community amenities	2,966	2,907
Recreation and culture	3,052	2,882
Fuel and energy	3,063	2,573
Agriculture, forestry, fishing and hunting	433	451
Mining and mineral resources (other than fuels), manufacturing and construction	175	159
Transport and communications	2,204	1,954
Other economic affairs	7,101	7,232
Other purposes	1,953	1,564
TOTAL EXPENSES	36,238	34,036
ASSETS AT 30 JUNE		
General public services	6,406	6,459
Public order and safety	3,028	2,641
Education	12,600	11,800
Health	5,250	4,531
Social security and welfare	273	255
Housing and community amenities	45,983	45,152
Recreation and culture	7,474	7,493
Fuel and energy	18,277	17,045
Agriculture, forestry, fishing and hunting	774	720
Mining and mineral resources (other than fuels), manufacturing and construction	1,288	995
Transport and communications	47,033	44,536
Other economic affairs	12,752	11,421
Other purposes	-	-
TOTAL ASSETS	161,138	153,049

Note: Columns may not add due to rounding.

NOTE 6: OPERATING REVENUE

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*.

NOTE 7: TRANSFER EXPENSES

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.

TRANSFER EXPENSES^(a)		
General Government		
	2011	2010
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	246	154
Local government on-passing	149	136
Private and not-for-profit sector	1,779	1,934
Private and not-for-profit sector on-passing	776	769
Other sectors of government	1,979	1,889
Total Current Transfers	4,928	4,882
<i>CAPITAL TRANSFERS</i>		
Local government	57	64
Local government on-passing	98	90
Private and not-for-profit sector	126	422
Private and not-for-profit sector on-passing	230	309
Other sectors of government	96	186
Total Capital Transfers	606	1,071
Total Public Sector		
	2011	2010
	\$m	\$m
<i>CURRENT TRANSFERS</i>		
Local government	247	155
Local government on-passing	149	136
Private and not-for-profit sector	2,319	2,550
Private and not-for-profit sector on-passing	776	769
Other sectors of government	33	32
Total Current Transfers	3,524	3,642
<i>CAPITAL TRANSFERS</i>		
Local government	59	66
Local government on-passing	98	90
Private and not-for-profit sector	396	421
Private and not-for-profit sector on-passing	230	309
Other sectors of government	-	9
Total Capital Transfers	783	897

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

NOTE 8: OTHER INTEREST

General Government		
	2011	2010
	\$m	\$m
Interest on borrowings	290	182
Finance charges on finance leases	7	4
Total	297	187
Less: Capitalised interest on borrowings	-	-
Total other interest	297	187
Total Public Sector		
	2011	2010
	\$m	\$m
Interest on borrowings	1,474	1,128
Finance charges on finance leases	91	40
Total	1,565	1,167
Less: Capitalised interest on borrowings	55	51
Total other interest	1,510	1,116

NOTE 9: DEPRECIATION AND AMORTISATION EXPENSE

General Government		
	2011	2010
	\$m	\$m
<i>Depreciation</i>		
Buildings	354	345
Infrastructure	215	196
Plant, equipment and other	258	244
<i>Total</i>	<i>827</i>	<i>785</i>
<i>Amortisation</i>		
Intangible assets	69	63
<i>Total</i>	<i>69</i>	<i>63</i>
Total depreciation and amortisation expenses	896	848
Total Public Sector		
	2011	2010
	\$m	\$m
<i>Depreciation</i>		
Buildings	514	504
Infrastructure	1,209	1,125
Plant, equipment and other	581	544
<i>Total</i>	<i>2,304</i>	<i>2,173</i>
<i>Amortisation</i>		
Intangible assets	131	116
Other	-	3
<i>Total</i>	<i>131</i>	<i>119</i>
Total depreciation and amortisation expenses	2,435	2,292

NOTE 10: OTHER GROSS OPERATING EXPENSES

General Government		
	2011	2010
	\$m	\$m
Health sector specific expenses	924	840
Education sector specific expenses	362	442
Other	2,437	1,677
Total	3,723	2,959
Total Public Sector		
	2011	2010
	\$m	\$m
Betting dividends payouts	1,464	1,355
Health sector specific expenses	924	840
Education sector specific expenses	362	442
Insurance claims expenses	770	623
Other	10,866	10,058
Total	14,387	13,318

NOTE 11: INVENTORIES

General Government		
	2011	2010
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	1	1
Land acquisition and development - at net realisable value	100	101
<i>Total Land inventories</i>	<i>102</i>	<i>102</i>
<i>Other Inventories</i>		
Other materials and stores - at cost	35	40
Other materials and stores - at net replacement cost	3	2
Other - at cost	24	19
Other - at net realisable value	2	6
<i>Total Other inventories</i>	<i>64</i>	<i>68</i>
Total Inventories	165	170
Total Public Sector		
	2011	2010
	\$m	\$m
<i>Land Inventories</i>		
Land acquisition and development - at cost	1,600	1,480
Land acquisition and development - at net realisable value	128	129
<i>Total Land inventories</i>	<i>1,728</i>	<i>1,609</i>
<i>Other Inventories</i>		
Precious metals - at net realisable value	3,070	2,698
Power station fuel stocks - at cost	28	43
Other materials and stores - at cost	38	42
Other materials and stores - at net replacement cost	42	8
Other - at cost	272	304
Other - at net realisable value	2	6
<i>Total Other inventories</i>	<i>3,451</i>	<i>3,102</i>
Total Inventories	5,179	4,711

NOTE 12: RECEIVABLES

General Government		
	2011	2010
	\$m	\$m
Receivables	2,604	2,221
Provision for impairment of receivables	-191	-179
Total receivables	2,413	2,042
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	<i>179</i>	<i>158</i>
Doubtful debts expense recognised in the income statement	25	30
Amounts written off during the year	-13	-10
Amounts recovered during the year	-	-
Balance at the end of year	191	-179
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	111	190
More than 3 Months but less than 6 months	72	72
More than 6 months but less than 1 year	111	80
More than 1 year	269	114
Total	563	456
Receivables individually determined as impaired at the balance sheet date:		
Carrying amount before deducting any impairment loss	58	16
Impairment loss	-	-
Carrying amount at the end of year	58	16
Total Public Sector		
	2011	2010
	\$m	\$m
Receivables	3,965	3,691
Provision for impairment of receivables	-215	-223
Total receivables	3,750	3,469
<i>Reconciliation of changes in the allowance for impairment of receivables:</i>		
<i>Balance at start of year</i>	<i>223</i>	<i>187</i>
Doubtful debts expense recognised in the income statement	51	52
Amounts written off during the year	-60	-21
Amounts recovered during the year	1	6
Balance at the end of year	215	223
Ageing of receivables past due but not impaired at the balance sheet date:		
Not more than 3 months	190	283
More than 3 Months but less than 6 months	97	102
More than 6 months but less than 1 year	119	86
More than 1 year	280	122
Total	686	593

NOTE 13: BIOLOGICAL ASSETS

General Government		
	2011	2010
	\$m	\$m
Native and plantation standing trees ^(a)	-	-
Livestock and other	2	2
Total Biological Assets	2	2

(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	-	-	-
Carrying amount at end of year	-	2	2

Total Public Sector		
	2011	2010
	\$m	\$m
Native and plantation standing trees ^(a)	333	328
Livestock and other	2	2
Total Biological Assets	335	330

(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	328	2	330
Gain/-loss from changes in fair value	-18	-	-18
Purchases	5	-	5
Other	18	-	18
Carrying amount at end of year	334	2	335

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

General Government		
	2011	2010
	\$m	\$m
Land	47	42
Other	5	7
Total Current	52	49

Assets held for sale primarily relates to: the Department of Training and Workforce Development (\$20 million as non-current land held for sale), Western Australia Police (\$13 million as non-current land held for sale, \$5 million as non-current buildings held for sale), the Commissioner of Main Roads (\$8 million as non-current land held for sale with \$4 million land and buildings sold during the year), the Department of Water (\$4 million as non-current land held for sale and \$1 million of land sold during the year).

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	42	7	49
Assets reclassified as held for sale	3	-	4
Assets sold	-6	-2	-8
Revaluation increment/-decrement	-2	-	-2
Transfers out/other	9	-	9
Carrying amount at end of year	47	6	52

Total Public Sector		
	2011	2010
	\$m	\$m
Land	64	55
Other	17	9
Total Current	81	64

Assets held for sale primarily relates to: the Department of Training and Workforce Development (\$20 million as non-current land held for sale), State Housing Authority (sale of rental properties of \$28 million), Western Australia Police (\$13 million as non-current land held for sale, \$5 million as non-current buildings held for sale), the Public Transport Authority (\$16 million as non-current land held for sale), the Commissioner of Main Roads (\$8 million as non-current land held for sale with \$4 million land and buildings sold during the year), the Department of Water (\$4 million as non-current land held for sale and \$1 million of land sold during the year).

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	55	9	64
Assets reclassified as held for sale	5	37	42
Write down from cost to fair value less selling cost	-	-1	-1
Assets sold	-6	-29	-35
Transfers out/other	11	-	11
Carrying amount at end of year	64	17	81

NOTE 15: INVESTMENT PROPERTIES

General Government		
	2011	2010
	\$m	\$m
Carrying amount at beginning of year	8	8
Additions	1	-
Revaluation increments/-decrements	-	-
Transfers from property, plant and equipment	-	-
Carrying amount at end of year	9	8
Total Public Sector		
	2011	2010
	\$m	\$m
Carrying amount at beginning of year	464	386
Additions	41	59
Revaluation increments/-decrements	28	-17
Transfers from property, plant and equipment	-	35
Carrying amount at end of year	533	464

NOTE 16: LAND

General Government		
	2011	2010
	\$m	\$m
Land, at fair value ^(a)	15,985	16,089
Land under roads, at fair value ^(b)	23,053	21,801
Total	39,038	37,890
Total Public Sector		
	2011	2010
	\$m	\$m
Land, at fair value ^(a)	30,072	29,126
Land under roads, at fair value ^(b)	23,053	21,801
Total	53,125	50,927

(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 \$2,256 million (2010: \$2,559 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.

NOTE 17: PROPERTY, PLANT AND EQUIPMENT

General Government		
	2011	2010
	\$m	\$m
Buildings, at fair value ^(a)	13,893	12,612
Accumulated Depreciation	72	52
<i>Total</i>	<i>13,821</i>	<i>12,560</i>
Electricity generation and transmission, at fair value ^(b)	1	1
Accumulated Depreciation	-	-
<i>Total</i>	<i>1</i>	<i>1</i>
Road networks, at fair value ^(c)	23,572	22,300
Accumulated Depreciation	8,251	7,711
<i>Total</i>	<i>15,320</i>	<i>14,589</i>
Other infrastructure, at fair value	439	303
Accumulated Depreciation	236	110
<i>Total</i>	<i>203</i>	<i>193</i>
Plant, equipment and other, at fair value	3,327	3,155
Accumulated depreciation	1,046	988
<i>Total</i>	<i>2,281</i>	<i>2,168</i>
Assets under construction	2,740	1,546
Total Property, Plant and Equipment	34,366	31,056
Total Public Sector		
	2011	2010
	\$m	\$m
Buildings, at fair value ^(a)	21,335	19,270
Accumulated Depreciation	386	324
<i>Total</i>	<i>20,949</i>	<i>18,945</i>
Electricity generation and transmission, at fair value ^(b)	11,602	10,800
Accumulated Depreciation	2,355	2,134
<i>Total</i>	<i>9,247</i>	<i>8,666</i>
Road networks, at fair value ^(c)	23,572	22,300
Accumulated Depreciation	8,251	7,711
<i>Total</i>	<i>15,320</i>	<i>14,589</i>
Water storage and distribution, at fair value ^(d)	25,827	25,696
Accumulated Depreciation	9,897	9,284
<i>Total</i>	<i>15,931</i>	<i>16,411</i>
Other infrastructure, at fair value	10,210	9,677
Accumulated Depreciation	5,213	4,901
<i>Total</i>	<i>4,996</i>	<i>4,776</i>
Plant, equipment and other, at fair value	9,486	9,167
Accumulated depreciation	3,498	3,393
<i>Total</i>	<i>5,988</i>	<i>5,774</i>
Assets under construction	5,984	4,996
Total Property, Plant and Equipment	78,415	74,158

(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 2011.

(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.

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
30 June 2011						
Carrying amount at beginning of year	37,890	12,560	14,783	2,168	1,546	68,946
Assets classified as non-current assets held for sale	-3	-	-	-	-	-4
Additions	189	323	7	461	2,216	3,196
Disposals	-75	-12	-15	-93	-58	-253
Transfers in/-out	7	1,015	-118	-	-960	-56
Revaluation increments/-decrements	1,022	294	1,088	-2	-	2,402
Depreciation	-	-354	-215	-258	-	-827
Impairment losses	-	-	-	-2	-	-2
Accumulated depreciation written back	-	8	-	8	-	16
Other	8	-13	-5	-1	-4	-15
Carrying amount at end of year	39,038	13,821	15,524	2,281	2,740	73,404
30 June 2010						
	\$m	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	39,389	12,391	14,085	2,084	1,096	69,046
Assets classified as non-current assets held for sale	-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
Carrying amount at end of year	37,890	12,560	14,783	2,168	1,546	68,946

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

Total Public Sector						
	Land \$m	Buildings \$m	Infra- structure \$m	Plant, equip & other \$m	Fixed Assets under Construction \$m	Total \$m
30 June 2011						
Carrying amount at beginning of year	50,927	18,945	44,442	5,774	4,996	125,085
Assets classified as non-current assets held for sale	-22	-20	-	-	-	-42
Additions	288	597	1,096	855	4,037	6,873
Disposals	-147	-311	-31	-132	-297	-918
Transfers in/-out	494	1,027	934	217	-2,747	-75
Revaluation increments/-decrements	1,577	1,123	-76	-227	-	2,397
Depreciation	-	-514	-1,209	-581	-	-2,304
Impairment losses	-	-	-2	-3	-	-5
Accumulated depreciation written back	-	115	357	72	-	544
Other	8	-14	-18	14	-4	-15
Carrying amount at end of year	53,125	20,949	45,495	5,988	5,984	131,541
30 June 2010						
Carrying amount at beginning of year	52,850	18,642	40,780	5,148	4,351	121,771
Assets classified as non-current assets held for sale	-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
Carrying amount at end of year	50,927	18,945	44,442	5,774	4,996	125,085

NOTE 19: INTANGIBLE ASSETS

General Government			
	2011	2010	
	\$m	\$m	
Computer software	269	263	
Software in progress	84	47	
Other	94	98	
Total	447	408	

Reconciliation of Intangibles

	Computer Software	Software in progress	Other	Total
	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	263	47	98	408
Additions	70	14	8	93
Transfers in/-out	-14	34	6	26
Impairment losses	-	-10	-	-10
Amortisation	-51	-	-18	-69
Other	1	-1	1	1
Carrying amount at end of year	269	84	94	447

Total Public Sector			
	2011	2010	
	\$m	\$m	
Computer software	503	471	
Software in progress	86	49	
Renewable Energy Certificates	45	27	
Other	193	195	
Total	827	743	

Reconciliation of Intangibles

	Computer Software	Software in progress	Renewable Energy Certificates	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	471	49	27	195	743
Additions	102	15	75	13	205
Disposals	-9	-1	-56	-	-66
Transfers in/-out	48	34	-	6	88
Impairment losses	-	-11	-	-	-11
Amortisation	-110	-	-	-21	-131
Other	-	-1	-	-	-
Carrying amount at end of year	503	86	45	193	827

NOTE 20: BORROWINGS

General Government		
	2011	2010
	\$m	\$m
Finance leases - secured ^(a)	308	281
Domestic and foreign borrowings ^(b)	5,267	4,034
Borrowings ^(c)	5,576	4,315
Total	5,577	4,315
(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:		
	2011	2010
	\$m	\$m
Finance leases due:		
- not later than one year	22	20
- later than one year and not later than five years	51	47
- later than five years	243	225
Minimum lease payments	316	292
Future finance charges	-8	-10
Total finance lease liabilities	308	281
Classified as:		
- current	20	18
- non-current	288	264
Total	308	281
(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		
	2011	2010
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	155	145
- later than one year and not later than five years	290	2,934
- later than five years	5,130	1,236
Total	5,577	4,315

NOTE 20: BORROWINGS (CONT.)

Total Public Sector		
	2011	2010
	\$m	\$m
Bank overdrafts	7	-
Finance leases - secured ^(a)	952	938
Domestic and foreign borrowings ^(b)	27,729	25,176
Borrowings ^(c)	28,690	26,114
Total	28,690	26,114

(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:

	2011	2010
	\$m	\$m
Finance leases due:		
- not later than one year	37	33
- later than one year and not later than five years	129	53
- later than five years	794	862
Minimum lease payments	960	948
Future finance charges	-8	-10
Total finance lease liabilities	952	938
Classified as:		
- current	35	31
- non-current	917	907
Total	952	938

(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.

	Current	Non-current
2011		
United States Dollar	3,069	-
Great Britain Pound	45	-
EUR	135	-
	3,248	-
2010		
United States Dollars	3,382	-
Great Britain Pound	238	-
Singapore Dollar	17	-
	3,636	-

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

	2011	2010
	\$m	\$m
The maturity profile of borrowings, at fair value is as follows:		
- not later than one year	7,136	12,500
- later than one year and not later than five years	14,678	8,398
- later than five years	6,876	5,216
Total	28,690	26,114

NOTE 21: UNFUNDED SUPERANNUATION

General Government		
	2011	2010
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,285	2,228
Gold State Superannuation Scheme	4,107	4,106
Judges' Pension Scheme	312	278
Parliamentary Superannuation Scheme	144	144
Total Defined Benefit superannuation schemes	6,848	6,756
Defined contribution superannuation scheme: West State Superannuation Scheme	458	493
Total	7,306	7,249

The superannuation liability for the general government sector at 30 June 2011 was \$7,306 million (2010: \$7,249 million). The liability represents 98.1% (2010: 98.1%) of the whole-of-government total superannuation liability of \$7,442 million at 30 June 2011 (2010: \$7,386 million).

The disclosure information included in the total public sector note below also applies to the general government sector.

Total Public Sector		
	2011	2010
	\$m	\$m
Defined Benefit superannuation schemes:		
Pension Scheme	2,421	2,365
Gold State Superannuation Scheme	4,107	4,106
Judges' Pension Scheme	312	278
Parliamentary Superannuation Scheme	144	144
Total Defined Benefit superannuation schemes	6,984	6,893
Defined contribution superannuation scheme: West State Superannuation Scheme	458	493
Total	7,442	7,386

(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 the actuary, PricewaterhouseCoopers, 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'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.

NOTE 21: UNFUNDED SUPERANNUATION (CONT.)

- (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:

	2011	2010
	%	%
Discount rate (gross of tax) ^(a)	5.3	5.2
Salary rate ^(b)	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 ^(c) are as follows:

	2011	2010
	%	%
Australian and overseas equities	71	50
Cash and fixed interest securities	19	38
Property	10	7
Other	-	5
Total	100	100

- (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:

	2011	2010
	\$m	\$m
Total defined benefit obligations	9,387	9,189
Scheme assets ^(d)	-2,403	-2,296
Deficit/-Surplus	6,984	6,893

- (d) Based on estimated accounts as at 30 June 2011 and audited accounts as at 30 June 2010

Current net liability	35	37
Non-current net liability	6,949	6,856

- (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 ^(e)	Judges' Pension Scheme	Parliamentary Super Scheme
	2011	2011	2011	2011
	\$m	\$m	\$m	\$m
Gross accrued benefits	-2,561	-5,934	-278	-144
Net market value of plan assets	108	2,305	-	-
Deficit	-2,453	-3,629	-278	-144

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

NOTE 21: UNFUNDED SUPERANNUATION (CONT.)

- (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

	2011	2010
	\$m	\$m
Net liability/-asset in balance sheet at beginning of year	6,893	6,704
Expense recognised in income statement	669	685
Actual employer contributions	-578	-496
Net liability/-asset in balance sheet at end of year	6,984	6,893

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

	2011	2010
	\$m	\$m
Total employer service cost	194	189
Interest cost	458	462
Expected return on plan assets	-165	-148
Recognised actuarial -gains/losses	182	182
Total	669	685

- (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

	2011	2010
	\$m	\$m
Fair value plan assets at beginning of year	2,296	2,017
Employer contributions	587	510
Actual participant contributions	71	72
Actual operating costs	-	-
Actual benefit payments	-770	-666
Expected return on plan assets	165	148
Expected plan assets at end of year	2,349	2,081
Actuarial -gain/loss on assets	53	215
Fair value of plan assets at end of year	2,402	2,296

- (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

	2011	2010
	\$m	\$m
Defined benefit obligation at beginning of year	9,188	8,719
Employer service cost plus operating costs	194	198
Interest cost	465	461
Actual participant contributions	71	76
Actual operating costs	8	4
Actual benefit payments	-772	-666
Expected defined benefit obligations at end of year	9,154	8,792
Actuarial -gain/loss on liabilities	233	396
Defined benefit obligation at end of year	9,387	9,188

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

	2011	2010
	\$m	\$m
Unrecognised actuarial -gain/loss at beginning of year	-	-
Actuarial -gain/loss on assets	-51	-213
Actuarial -gain/loss on liabilities	233	396
Amount recognised during year in operating statement	182	183
Unrecognised actuarial -gain/loss at end of year	-	-

For 2011, the assets were re-instated at 1 July 2010, resulting in an increase in the assets of \$56 million. For 2010, the assets were re-instated at 1 July 2009, resulting in an increase in the assets of \$43 million. The increases were treated as actuarial gains in the respective years.

NOTE 21: UNFUNDED SUPERANNUATION (CONT.)

(xi)	Interest costs are as follows:	2011	2010
	Defined benefit obligations at the beginning of the year (\$m)	9,188	8,719
	Actual benefit payments (\$m)	770	666
	Weighted for timing (\$m)	385	333
	Average benefit obligations (\$m)	8,803	8,386
	Discount rate (%)	5.20	5.50
	Calculated interest cost (\$m)	458	461
(xii)	Expected return on assets at the beginning and the end of the year are set out below:	2011	2010
	Fair value plan assets at beginning of year (\$m)	2,292	2,014
	Actual employer contributions (\$m)	587	510
	Weighted for timing (\$m)	294	255
	Actual participant contributions (\$m)	71	72
	Weighted for timing (\$m)	35	36
	Actual benefit payments (\$m)	-770	-666
	Weighted for timing (\$m)	-385	-333
	Average expected assets (\$m)	2,237	1,972
	Assumed rate of return (%)	7.50	7.50
	Calculated expected return on assets (\$m)	168	148
(xiii)	Net liability	2011	2010
		\$m	\$m
	Total defined benefit obligation	9,387	9,189
	Actual assets	-2,403	-2,296
	Deficit/-surplus	6,984	6,893
(xiv)	Actuarial gain/-loss	2011	2010
		\$m	\$m
	Defined benefit obligations (prior year assumptions)	9,497	9,007
	Defined benefit obligations (current year assumptions)	9,387	9,189
	Actuarial -gain/loss due to assumptions	-110	181
	Actuarial -gain/loss due to experience	345	217
	Actuarial -gain/loss on assets	-53	-215
	Total actuarial -gain/loss	182	183
(xv)	History Summary	2011	2010
		\$m	\$m
	Total defined benefit obligations	9,387	9,189
	Actual assets	2,403	2,296
	Deficit/-surplus	6,984	6,893
	Experience adjustment on liabilities	345	217
	Experience adjustment on assets	-53	-215

NOTE 22: OTHER EMPLOYEE BENEFITS

General Government

	2011	2010
	\$m	\$m
Annual leave	842	790
Long service leave	1,400	1,268
Other	270	238
Total	2,512	2,296

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.

	2011	2010
	\$m	\$m
- Within 12 months of reporting date	679	636
- More than 12 months after reporting date	163	154
	842	790

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.

	2011	2010
	\$m	\$m
- Within 12 months of reporting date	307	429
- More than 12 months after reporting date	1,093	839
	1,400	1,268

Total Public Sector

	2011	2010
	\$m	\$m
Annual leave	971	908
Long service leave	1,585	1,440
Other	320	277
Total	2,876	2,625

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.

	2011	2010
	\$m	\$m
- Within 12 months of reporting date	790	731
- More than 12 months after reporting date	181	177
	971	908

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.

	2011	2010
	\$m	\$m
- Within 12 months of reporting date	377	471
- More than 12 months after reporting date	1,208	969
	1,585	1,440

NOTE 23: OTHER LIABILITIES

General Government		
	2011	2010
	\$m	\$m
Current		
Insurance claims	-	-
Interest payable	65	57
Other provisions	20	15
Other liabilities and accruals	531	350
Total Current Liabilities	616	422
Non Current		
Insurance claims	-	-
Interest payable	-	-
Other provisions	5	8
Other liabilities and accruals	947	823
Total Non Current Liabilities	953	831
Total		
Insurance claims	-	-
Interest payable	65	57
Other provisions	26	23
Other liabilities and accruals	1,478	1,173
Total Other Liabilities	1,569	1,253

Reconciliation of Other Provisions

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	18	-	4	1	23
Additional provisions recognised	3	-	-	-	3
Amounts used	-2	-	-	-	-2
Unused amounts reversed	-	-	-	1	1
Unwinding of the discount	1	-	-	-	1
Other	-	-	-	-	-
Carrying amount at end of year	20	-	4	2	26

NOTE 23: OTHER LIABILITIES (CONT.)

Total Public Sector		
	2011	2010
	\$m	\$m
Current		
Insurance claims ^(a)	587	546
Interest payable	338	261
Other provisions	123	77
Other liabilities and accruals	1,255	1,193
Total Current Liabilities	2,304	2,076
Non Current		
Insurance claims ^(a)	1,621	1,457
Interest payable	-	-
Other provisions	246	225
Other liabilities and accruals	526	483
Total Non Current Liabilities	2,392	2,165
Total		
Insurance claims ^(a)	2,208	2,003
Interest payable	338	261
Other provisions	369	302
Other liabilities and accruals	1,781	1,676
Total Other Liabilities	4,696	4,241

Reconciliation of Other Provisions

	Employment on-costs	Decommissioning costs	Restoration costs	Other	Total
	\$m	\$m	\$m	\$m	\$m
Carrying amount at beginning of year	23	193	14	72	302
Additional provisions recognised	11	16	17	39	83
Amounts used	-8	-1	-4	-9	-22
Unused amounts reversed	-	-	-1	-	-1
Unwinding of the discount	1	8	-	-	8
Other	0	-	-	-2	-2
Carrying amount at end of year	27	215	26	100	369
				2011	2010
				\$m	\$m
(a) Insurance claims					
The liabilities for outstanding insurance claims comprise:					
Third Party Insurance Fund				1,582	1,439
Government Insurance Fund				38	42
RiskCover				493	423
Other				95	98
<i>Total</i>				<i>2,208</i>	<i>2,003</i>
Liability for outstanding claims (undiscounted)				2,636	2,377
Discount to present value				-428	-374
<i>Total Liability for outstanding claims (undiscounted)</i>				<i>2,208</i>	<i>2,003</i>
				2011	2010
				%	%
Claims expected to be paid:					
Not later than one year					
Inflation rate				4.70	3.80
Discount rate				4.80	4.50
Later than one year					
Inflation rate				5.10	4.70
Discount rate				5.58	5.45

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

General Government		
	2011	2010
	\$m	\$m
Surplus for period	1,604	831
Non-cash movements		
Depreciation	896	848
Increase/-decrease in accrual in employees benefits	134	194
-Increase/decrease in inventories	4	4
-Increase/decrease in receivables	-385	-501
-Increase/decrease in prepayments and other assets	-63	-38
Increase/-decrease in payables	-100	194
Increase/-decrease in other liabilities and accruals	316	165
Net GST receipts/-payments	8	-26
Other non cash net asset transfers	10	68
Adjustment for other non-cash items	-108	207
Total	2,316	1,946
Net cash flows from operating activities per Cash Flow Statement.	2,316	1,946
Total Public Sector		
	2011	2010
	\$m	\$m
Surplus for period	1,234	859
Non-cash movements		
Depreciation	2,435	2,292
Premium discount amortisation	56	94
Increase/-decrease in accrual in employees benefits	131	171
-Increase/decrease in inventories	-349	-1,331
-Increase/decrease in receivables	-285	-196
-Increase/decrease in prepayments and other assets	-65	-112
Increase/-decrease in payables	378	768
Increase/-decrease in other liabilities and accruals	455	268
Net cash decrease/-increase in Investment, borrowing and lending	-529	488
Net GST receipts/-payments	-21	-91
Other non cash net asset transfers	281	69
Adjustment for other non-cash items	87	-56
Total	3,808	3,223
Net cash flows from operating activities per Cash Flow Statement.	3,808	3,223

NOTE 25: CLOSING CASH BALANCES

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		
	2011	2010
	\$m	\$m
The amount comprises:		
Cash assets as per the Balance Sheet	698	586
Investments included as cash on the Statement of Cash Flows	4,720	4,760
Total closing cash balance	5,418	5,346
Total Public Sector		
	2011	2010
	\$m	\$m
The amount comprises:		
Cash assets as per the Balance Sheet	1,338	1,255
Bank Overdrafts	-7	-
Investments included as cash on the Statement of Cash Flows	7,272	7,857
Total closing cash balance	8,602	9,112

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.

NOTE 26: RESTRICTED FINANCIAL ASSETS

There are restrictions on the uses of specific purpose Commonwealth grants. Advances received and not yet expensed total \$580 million (2010: \$442 million).

NOTE 27: MONEYS HELD IN TRUST

Moneys held in a trustee capacity are not controlled by the State and are excluded from assets and liabilities. An amount of \$326 million was recorded for 2011, compared with \$291 million in 2010.

NOTE 28: EXPENDITURE COMMITMENTS

General Government

Capital expenditure commitments^(a)

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

	2011 \$m	2010 \$m
Not later than one year	2,447	1,830
Later than one year and not later than five years	1,608	935
Later than five years	14	111
Total	4,069	2,876

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.

	2011 \$m	2010 \$m
Not later than one year	286	135
Later than one year and not later than five years	641	296
Later than five years	347	126
Total	1,273	558

Operating lease expenses for the year amounted to \$571 million (2009-10: \$363 million).

Other Commitments

The public sector 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.

	2011 \$m	2010 \$m
Not later than one year	1,706	1,185
Later than one year and not later than five years	4,785	2,372
Later than five years	6,083	1,947
Total	12,574	5,504

NOTE 28: EXPENDITURE COMMITMENTS (CONT.)

Total Public Sector

Capital expenditure commitments^(a)

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

	2011 \$m	2010 \$m
Not later than one year	3,684	3,594
Later than one year and not later than five years	2,279	1,411
Later than five years	350	113
Total	6,312	5,118

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.

	2011 \$m	2010 \$m
Not later than one year	420	227
Later than one year and not later than five years	1,064	550
Later than five years	1,464	214
Total	2,949	991

Operating lease expenses for the year amounted to \$695 million (2009-10: \$475 million).

Other Commitments

The public sector 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

	2011 \$m	2010 \$m
Not later than one year	3,883	2,363
Later than one year and not later than five years	12,273	8,172
Later than five years	23,012	13,997
Total	39,168	24,532

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

Central Energy Plant and Project Management, New Children's Hospital, Fiona Stanley Hospital, Albany Health Campus Redevelopment, Busselton Health Campus Redevelopment and Joondalup Health Campus: \$2,076 million (2010: \$584 million).

Building New High schools and Primary schools, additions and improvements to high schools, district high schools, primary schools, trade training centres in schools and agricultural colleges, the Commonwealth Government's *Building the Education Revolution* stimulus program, *Royalties for Regions*, other school facilities, and miscellaneous projects: \$1,051 million (2010: \$1,381 million).

Railway infrastructure, land and buildings, permanent way, bus purchase and supply and miscellaneous projects \$1,028 million (2010: \$80 million).

Great Eastern Highway upgrade Kooyong Road – Tonkin Highway, Kwinana Freeway upgrade Leach Highway to Roe Highway, Great Eastern Highway and Roe Highway Interchange, Dampier Highway Duplication, Reid Highway and Mirrabooka and maintenance for road infrastructure assets and other projects: \$358 million (2010: \$89 million).

Horizon Power's Carnarvon power station project, Safety Improvement projects, network enhancement, asset replacement, Aboriginal and Regional Communities power supply, Information Technology and others: \$340 million (2010: \$378 million).

Dwelling construction and upgrades, local government and community housing program, joint venture land development, land development and redevelopment, the New Living program and crisis accommodation program: \$253 million (2010: \$473 million).

Southern Seawater Desalination Plant and Information Technology projects: \$203 million (2010: \$749 million).

NOTE 29: CONTINGENT ASSETS AND LIABILITIES

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

Quantifiable Contingent Assets and Liabilities

	2011 \$m	2010 \$m
<i>Contingent Assets</i>		
General Government	25	531
Public Non-Financial Corporations	40	40
Total	65	571
<i>Contingent Liabilities</i>		
General Government		
Contingent liabilities under guarantees, warranties, indemnities and sureties ^(a)	1,253	1,173
Other contingent liabilities ^(b)	639	567
Contingent liabilities in relation to public universities' superannuation liabilities ^(c)	103	102
Total	1,995	1,393

Contingent Assets

General Government

The Commissioner of Main Roads has contingent assets in relation to claims against various contractors for deficient works. These claims (\$22 million) are currently proceeding through dispute resolution processes. A damages claim (\$2 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 \$1,242 million (2010: \$1,162 million).

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 form 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 2011 are in the order of \$312 million.

Commissioner of Main Roads

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability of \$242 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 also been submitted by contractors in relation to services provided under roadwork contracts. The contingent liability of \$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 \$82 million) as reported in their individual 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 \$103 million have been actuarially assessed as at 30 June 2011 (2010: \$102 million).

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 estimated to a maximum of \$80 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 Liquidators' 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.

In April 2009, the Liquidators were successful in obtaining a Judgement in the Supreme Court of Western Australia requiring the banks to repay in excess of \$1.6 billion. The Judgement is the subject of appeal processes. A contingent asset may arise for the amount which the Insurance Commission will receive from the Liquidators, if the recovery action against the syndicate of banks is upheld after all rights of appeal are exhausted.

A contingent liability may arise for 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 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.

Because the eventual Court outcome and the amounts of any resulting contingent asset or liability are subject to inherent uncertainty, it is not possible to estimate the potential financial effect upon the Insurance Commission at the end of the reporting period.

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.

NOTE 30: FINANCIAL INSTRUMENTS

(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 2011 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 2011.

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government

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:

	2011	2010
	\$m	\$m
Financial Assets		
Cash and cash equivalents	698	586
Receivables and advances	3,107	2,566
Investments, loans and placements	4,713	5,174
Shares and other equity	-	-
Financial Liabilities		
Advances and borrowings	6,045	4,798
Deposits held and payables measured at amortised cost	959	1,358

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

	Notional face Value 2011 \$m	Net fair Value 2011 \$m	Credit Exposure 2011 \$m
<i>Fair Values</i>			
Interest rate contracts	-	-	-
Forward exchange contracts	28	14	-
Futures contracts	-	-	-
Commodity contracts	-	-	-
Total	28	14	-

	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	-	-	-
Total	20	21	-

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

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:

	2011 \$m	2010 \$m
Financial Assets		
Cash and cash equivalents	1,338	1,255
Receivables and advances	7,901	7,676
Investments, loans and placements	11,783	11,211
Shares and other equity	1,214	1,029
Other financial assets	52	36
Financial Liabilities		
Advances and borrowings	29,159	26,596
Deposits held and payables measured at amortised cost	4,762	4,355

Financial assets and liabilities exclude GST receivable/payable to the Australian Taxation Office but include other statutory receivables relating to taxation and territorial revenue.

	Notional face Value 2011 \$m	Net fair Value 2011 \$m	Credit Exposure 2011 \$m
<i>Fair Values</i>			
Interest rate contracts	9,729	-187	-101
Forward exchange contracts	1,183	12	-
Futures contracts	51	-	-
Commodity contracts	421	-	-1
Total	11,385	-175	-102

	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	-	-
Total	6,370	235	250

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government

Interest rate risk exposure

The public sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2011 are as follows:

	Floating interest rate \$m	Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
Financial assets					
Cash and deposits	531	127	39	698	4.2
Receivables ^(a)	8	34	2,371	2,413	4.4
Investments, loans and placements	23	4,686	4	4,713	5.0
Advances paid:					
Non-government schools	-	184	-	184	7.9
Other	-	-	510	510	6.7
Total financial assets	561	5,031	2,925	8,517	
Financial liabilities					
Deposits held	5	246	133	384	5.0
Advances received	-	-	468	468	-
Borrowings	279	5,296	1	5,577	5.6
Payables	1	-	574	575	-
Total financial liabilities	285	5,542	1,177	7,004	

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 Australian Taxation Office (statutory receivable) and National Tax Equivalent Regimes.

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government (Cont.)

Interest rate risk exposure

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

	Floating interest rate \$m	Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
Financial assets					
Cash and deposits	258	164	165	586	3.1
Receivables ^(a)	6	-	1,852	1,858	4.1
Investments, loans and placements	105	5,068	2	5,174	4.2
Advances paid:					
Non-government schools	-	184	-	184	8.0
Other	-	-	524	524	6.5
Total financial assets	368	5,416	2,542	8,326	
Financial liabilities					
Deposits held	469	147	67	683	3.8
Advances received	-	-	482	482	-
Borrowings	218	4,096	1	4,315	5.4
Payables ^(b)	3	6	666	675	-
Total financial liabilities	689	4,249	1,216	6,155	

(a) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable) and National Tax Equivalent Regimes.

(b) The amount of payables excludes National Tax Equivalent Regimes.

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

Interest rate risk exposure

The public sector's exposure to interest rate risk and the effective interest rate by class of recognised financial asset and financial liability at 30 June 2011 are as follows:

	Floating interest rate \$m	Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
Financial assets					
Cash and deposits	888	407	44	1,338	4.5
Receivables ^(a)	43	54	3,653	3,750	4.1
Investments, loans and placements	958	10,821	5	11,783	5.0
Advances paid:					
Homebuyers	3,929	-	-	3,929	6.4
Non-government schools	-	184	-	184	7.9
Other	-	-	39	39	-
Shares and other equity	-	-	1,214	1,214	-
Other financial assets	-	-	52	52	-
Total financial assets	5,817	11,465	5,007	22,289	
Financial liabilities					
Financial liabilities	4	159	66	229	5.0
Deposits held	-	468	-	468	4.5
Advances received	-	28,687	4	28,690	5.5
Payables ^(a)	49	-	4,484	4,533	-
Total financial liabilities	53	29,314	4,554	33,920	

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 Australian Taxation Office (statutory receivable).

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector (Cont.)

Interest rate risk exposure

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

	Floating interest rate \$m	Fixed interest rate \$m	Non-interest bearing \$m	Total carrying amount \$m	Weighted average effective interest rate %
Financial assets					
Cash and deposits	620	450	186	1,255	3.8
Receivables ^(a)	32	50	3,247	3,329	5.5
Investments, loans and placements	537	10,491	184	11,211	4.5
Advances paid:					
Homebuyers	-	4,126	-	4,125	5.7
Non-government schools	-	184	-	184	8.0
Other	-	-	38	38	-
Shares and other equity	-	-	1,029	1,029	-
Other financial assets	-	-	36	36	-
Total financial assets	1,189	15,298	4,721	21,208	
Financial liabilities					
Financial liabilities	2	127	72	201	4.2
Deposits held	-	482	-	482	5.1
Advances received	-	26,114	1	26,114	5.0
Payables	235	-	3,919	4,154	0.9
Total financial liabilities	237	26,723	3,992	30,951	

(a) The amount of receivables excludes GST recoverable from Australian Taxation Office (statutory receivable).

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

General Government

	2011					2010 ^(a)				
	Carrying amount \$m	-1% change		+1% change		Carrying amount \$m	-1% change		+1% change	
		Profit \$m	Equity \$m	Profit \$m	Equity \$m		Profit \$m	Equity \$m	Profit \$m	Equity \$m
<i>Interest rate sensitivity analysis</i>										
Financial Assets										
Cash and cash equivalents	698	-7	-7	7	7	586	-4	-4	4	4
Receivables	2,413	-	-	-	-	1,858	-	-	-	-
Other financial assets	5,407	-49	-49	49	49	5,881	-54	-54	54	54
Financial Liabilities										
Payables	575	-	-	-	-	675	-	-	-	-
Borrowings	5,577	-56	-56	56	56	4,315	-43	-43	43	43
Other financial liabilities	852	-3	-3	3	3	1,165	-6	-6	6	6
Total Increase/-Decrease		-114	-114	114	114		-107	-107	107	107

(a) Outcomes at 30 June 2010 restated to be comparative with current year disclosure

NOTE 30: FINANCIAL INSTRUMENTS (CONT.)

Total Public Sector

	2011					2010 ^(a)				
	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
Financial Assets										
Cash and cash equivalents	1,338	-13	-13	13	13	1,255	-11	-11	11	11
Receivables	3,750	-	-	-	-	3,329	-	-	-	-
Other financial assets	17,201	-159	-159	159	159	16,623	-153	-153	153	153
Financial Liabilities										
Payables	4,533	-	-	-	-	4,154	-2	-2	2	2
Borrowings	28,690	-287	-287	287	287	26,114	-261	-261	261	261
Other financial liabilities	697	-6	-6	6	6	683	-6	-6	6	6
Total Increase/-Decrease		-465	-465	465	465		-434	-434	434	434

(a) Outcomes at 30 June 2010 restated to be comparative with current year disclosure.

NOTE 31: OTHER DISAGGREGATED INFORMATION

(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.

NOTE 31: 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
RESULTS FROM TRANSACTIONS										
REVENUE										
Taxation	6,763	6,324	-	-	-	-	-299	-297	6,463	6,026
Current grants and subsidies	8,003	8,228	1,947	1,861	5	3	-1,952	-1,864	8,003	8,228
Capital grants	1,336	1,978	96	177	-	-	-96	-177	1,336	1,978
Sales of goods and services	1,754	1,635	13,614	13,057	831	774	-604	-561	15,595	14,905
Interest Income	321	227	281	203	1,708	1,205	-1,341	-1,001	970	633
Revenue from public corporations										
Dividends	687	570	-	-	-	-	-687	-570	-	-
Tax equivalent income	379	350	-	-	-	-	-379	-350	-	-
Royalty income	4,213	2,324	-	-	-	-	-	-	4,213	2,324
Other	454	405	518	421	4	1	-83	-26	892	801
<i>Total</i>	<i>23,909</i>	<i>22,039</i>	<i>16,456</i>	<i>15,720</i>	<i>2,548</i>	<i>1,983</i>	<i>-5,441</i>	<i>-4,847</i>	<i>37,472</i>	<i>34,895</i>
EXPENSES										
Employee Expenses										
Salaries	8,829	8,284	973	883	39	36	-	-	9,841	9,203
Superannuation										
Concurrent costs	841	793	93	82	4	3	-	-	938	878
Superannuation interest cost	317	338	-	-	-	-	-	-	317	338
Other employee costs	367	323	48	43	2	2	-147	-129	269	238
Depreciation and amortisation	896	848	1,524	1,430	14	14	-	-	2,435	2,292
Services and contracts	1,501	1,523	735	598	2	2	-5	-11	2,234	2,112
Other gross operating expenses	3,723	2,959	10,381	10,201	902	744	-619	-586	14,387	13,318
Other interest	297	187	972	790	1,582	1,142	-1,341	-1,001	1,510	1,116
Dividends and tax equivalents	-	-	367	306	12	44	-379	-350	-	-
Current transfers	4,928	4,882	707	779	3	4	-2,115	-2,024	3,524	3,642
Capital transfers	606	1,071	273	2	-	-	-96	-177	783	897
<i>Total</i>	<i>22,306</i>	<i>21,208</i>	<i>16,074</i>	<i>15,113</i>	<i>2,559</i>	<i>1,991</i>	<i>-4,701</i>	<i>-4,277</i>	<i>36,238</i>	<i>34,036</i>
NET OPERATING BALANCE	1,604	831	382	606	-11	-8	-741	-570	1,234	859

NOTE 31: 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>Other economic flows</i>										
Net gains on assets/liabilities	18	228	112	173	122	106	-	-	252	506
Net actuarial gains - superannuation	-112	-169	-23	-25	1	1	-	-	-135	-193
Provision for doubtful debts	-25	-32	-26	-25	-	-	-	-	-51	-57
All other	-	-	-	-	-	-	-	-	-	-
<i>Total other economic flows</i>	-119	27	63	122	122	107	-	-	67	256
OPERATING RESULT	1,485	858	445	728	111	99	-741	-570	1,301	1,115
<i>Other non-owner movements in equity</i>										
Revaluations	2,499	-2,055	-11	805	22	83	-	-	2,510	-1,168
Gains recognised directly in equity	-4	-5	304	307	87	93	-	-	387	396
Changes in accounting policy/correction of prior period errors	-28	117	211	186	-22	36	-	-	161	339
Change in net worth of the public corporations sectors	408	1,768	-	-	-	-	-408	-1,768	-	-
All other	-	-	-	-	-	-	-	-	-	-
<i>Total other non-owner movements in equity</i>	2,874	-176	504	1,298	88	212	-408	-1,768	3,058	-433
<i>Movements in owner equity</i>										
Dividends	-	-	-684	-558	-57	-12	741	570	-	-
Capital injections	-	-	824	665	-	-	-824	-665	-	-
<i>Total movements in owner equity</i>	-	-	140	106	-57	-12	-83	-94	-	-
TOTAL CHANGE IN NET WORTH	4,359	682	1,089	2,133	142	299	-1,232	-2,432	4,359	682
KEY FISCAL AGGREGATES										
NET OPERATING BALANCE	1,604	831	382	606	-11	-8	-741	-570	1,234	859
<i>Less Net acquisition of non-financial assets</i>										
Purchase of non-financial assets	2,870	2,974	3,643	3,855	9	9	-41	-10	6,482	6,828
Changes in inventories	-4	-4	352	1,335	-	-	-	-	348	1,331
Other movement in non-financial assets	55	-72	-326	85	-	-	-	-	-271	13
<i>less:</i>										
Sales of non-financial assets	158	161	528	637	-	-	-40	-9	646	789
Depreciation	896	848	1,524	1,430	14	14	-	-	2,435	2,292
<i>Total net acquisition of non-financial assets</i>	1,867	1,889	1,617	3,207	-5	-5	-	-	3,479	5,091
NET LENDING-BORROWING	-264	-1,058	-1,235	-2,601	-6	-2	-741	-570	-2,245	-4,232

NOTE 31: 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	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m	2011 \$m	2010 \$m
ASSETS										
<i>Financial assets</i>										
Cash and deposits	698	586	786	1,118	14	38	-160	-486	1,338	1,255
Advances paid	694	708	-	-	3,929	4,125	-471	-485	4,152	4,347
Investments, loans and placements	4,713	5,174	4,362	4,476	29,162	26,101	-26,453	-24,540	11,783	11,211
Receivables	2,413	2,042	1,155	1,016	852	956	-670	-545	3,750	3,469
Investment property	9	8	26	25	498	431	-	-	533	464
Shares and other equity										
Investments in other public sector entities - equity method	42,882	42,474	-	-	-	-	-42,882	-42,474	-	-
Investments in other public sector entities - direct injections	4,899	4,075	-	-	-	-	-4,899	-4,075	-	-
Investments in other entities	-	-	41	34	1,173	995	-	-	1,214	1,029
Other financial assets	-	-	903	741	52	36	-903	-741	52	36
<i>Total financial assets</i>	<i>56,307</i>	<i>55,067</i>	<i>7,273</i>	<i>7,410</i>	<i>35,680</i>	<i>32,681</i>	<i>-76,438</i>	<i>-73,347</i>	<i>22,821</i>	<i>21,811</i>
<i>Non-financial assets</i>										
Land	39,038	37,890	13,966	12,941	121	96	-	-	53,125	50,927
Property, plant and equipment	34,366	31,056	43,820	42,868	230	233	-	-	78,415	74,158
Biological assets	2	2	333	327	-	-	-	-	335	330
Inventories										
Land inventories	102	102	1,627	1,507	-	-	-	-	1,728	1,609
Other inventories	64	68	3,387	3,035	-	-	-	-	3,451	3,102
Intangibles	447	408	370	325	10	10	-	-	827	743
Non-current assets held for sale	52	49	29	15	-	-	-	-	81	64
Other	218	155	168	147	4	4	-35	-	355	306
<i>Total non-financial assets</i>	<i>74,288</i>	<i>69,730</i>	<i>63,699</i>	<i>61,165</i>	<i>364</i>	<i>344</i>	<i>-35</i>	<i>-</i>	<i>138,316</i>	<i>131,238</i>
TOTAL ASSETS	130,594	124,797	70,973	68,575	36,044	33,025	-76,473	-73,347	161,138	153,049

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

Balance Sheet as at 30 June (Cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
LIABILITIES										
Deposits held	384	683	5	5	-	-	-160	-486	229	201
Advances received	468	482	468	482	3	3	-471	-486	468	482
Borrowings	5,577	4,315	17,938	17,190	31,628	29,149	-26,453	-24,540	28,690	26,114
Unfunded superannuation	7,306	7,249	126	126	10	10	-	-	7,442	7,386
Other employee benefits	2,512	2,296	355	321	8	8	-	-	2,876	2,625
Payables	575	675	4,166	3,726	121	28	-329	-274	4,533	4,155
Other liabilities	1,569	1,253	1,583	1,484	2,823	2,518	-1,279	-1,013	4,696	4,241
TOTAL LIABILITIES	18,391	16,953	24,642	23,334	34,593	31,717	-28,692	-26,798	48,934	45,205
NET ASSETS	112,203	107,844	46,330	45,241	1,450	1,308	-47,781	-46,549	112,203	107,844
<i>Of which:</i>										
Contributed equity	-	-	4,899	4,075	-	-	-4,899	-4,075	-	-
Accumulated surplus	10,833	9,367	18,625	18,416	1,232	1,110	65	65	30,755	28,958
Other reserves	101,371	98,478	22,806	22,750	218	198	-42,947	-42,539	81,449	78,887
NET WORTH	112,203	107,844	46,330	45,241	1,450	1,308	-47,781	-46,549	112,203	107,844

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

Statement of Changes in Equity for the year ended 30 June

	Equity at 1 July 2010 \$m	Total Comprehensive Result \$m	Contributed capital \$m	Dividends \$m	Other \$m	Equity at 30 June 2011 \$m
General Government Sector						
Accumulated surplus/(deficit)	9,367	1,485	-	-	-19	10,833
Reserves	56,004	2,499	-	-	-14	58,489
Accumulated net gain on equity investments in other sector entities	42,474	408	-	-	-	42,882
	107,844	4,392	-	-	-32	112,203
Public Non Financial Corporations sector						
Contributed equity	4,075	-	824	-	-	4,899
Accumulated surplus/(deficit)	18,416	445	-	-684	448	18,625
Reserves	22,750	-11	-	-	67	22,806
	45,241	434	824	-684	515	46,330
Public Financial Corporations sector						
Contributed Equity	-	-	-	-	-	-
Accumulated surplus/(deficit)	1,110	111	-	-57	67	1,232
Reserves	198	22	-	-	-1	218
	1,308	133	-	-57	66	1,450
Public Corporation net assets held by general government	-46,549	-600	-824	741	-549	-47,781
Total Public Sector	107,844	4,359	-	-	-	112,203

NOTE 31: 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>										
<i>Cash received</i>										
Taxes received	6,662	6,329	-	-	-	-	-351	-337	6,311	5,991
Grants and subsidies received	9,372	10,113	1,859	1,884	5	3	-1,865	-1,887	9,372	10,113
Receipts from sales of goods and services	1,808	1,767	13,775	13,076	872	808	-605	-518	15,851	15,134
Interest receipts	316	203	267	183	1,655	1,181	-1,283	-921	955	646
Dividends and tax equivalents	1,067	882	25	-	-	-	-1,092	-882	-	-
Other	5,638	3,558	1,312	1,108	119	108	-376	-277	6,693	4,499
<i>Total cash received</i>	<i>24,863</i>	<i>22,853</i>	<i>17,239</i>	<i>16,252</i>	<i>2,652</i>	<i>2,101</i>	<i>-5,572</i>	<i>-4,823</i>	<i>39,182</i>	<i>36,382</i>
<i>Cash Paid</i>										
Wages, salaries and supplements, and superannuation	-9,853	-9,221	-1,069	-992	-43	-39	-	-	-10,965	-10,251
Payments for goods and services	-5,793	-4,594	-10,515	-10,551	-691	-670	954	763	-16,045	-15,052
Interest paid	-302	-146	-943	-790	-1,427	-962	1,283	921	-1,389	-976
Grants and subsidies paid	-5,219	-5,364	-569	-615	-	-1	1,882	1,905	-3,905	-4,076
Dividends and tax equivalents	-	-	-324	-354	-12	-1	336	355	-	-
Other payments	-1,381	-1,582	-1,884	-1,429	-166	-146	360	351	-3,070	-2,805
<i>Total cash paid</i>	<i>-22,547</i>	<i>-20,907</i>	<i>-15,303</i>	<i>-14,731</i>	<i>-2,339</i>	<i>-1,818</i>	<i>4,816</i>	<i>4,295</i>	<i>-35,374</i>	<i>-33,160</i>
<i>NET CASH FLOWS FROM OPERATING ACTIVITIES</i>	<i>2,316</i>	<i>1,946</i>	<i>1,935</i>	<i>1,521</i>	<i>312</i>	<i>283</i>	<i>-756</i>	<i>-527</i>	<i>3,808</i>	<i>3,223</i>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>										
Cash flows from investments in non-financial assets										
Purchase of non-financial assets	-2,870	-2,974	-3,643	-3,855	-9	-9	41	10	-6,482	-6,828
Sales of non-financial assets	158	161	528	637	-	-	-40	-9	646	789
<i>Total cash flows from investments in non-financial assets</i>	<i>-2,712</i>	<i>-2,813</i>	<i>-3,115</i>	<i>-3,217</i>	<i>-9</i>	<i>-8</i>	<i>-</i>	<i>-</i>	<i>-5,836</i>	<i>-6,038</i>
Cash flows from investments in financial assets										
<i>Cash received</i>										
For policy purposes	14	19	-	-	-	-	-4	-	9	19
For liquidity purposes	85	83	421	268	4,631	4,091	-9	-12	5,129	4,430
<i>Cash paid</i>										
For policy purposes	-780	-659	-	-	-	-	772	639	-8	-19
For liquidity purposes	-5	-2	-416	-273	-5,774	-4,802	9	12	-6,186	-5,065
<i>Total cash flows from investments in financial assets</i>	<i>-687</i>	<i>-559</i>	<i>6</i>	<i>-5</i>	<i>-1,143</i>	<i>-711</i>	<i>767</i>	<i>639</i>	<i>-1,057</i>	<i>-635</i>
<i>NET CASH FLOWS FROM INVESTING ACTIVITIES</i>	<i>-3,399</i>	<i>-3,371</i>	<i>-3,109</i>	<i>-3,222</i>	<i>-1,152</i>	<i>-720</i>	<i>767</i>	<i>639</i>	<i>-6,893</i>	<i>-6,674</i>

NOTE 31: OTHER DISAGGREGATED INFORMATION (CONT.)

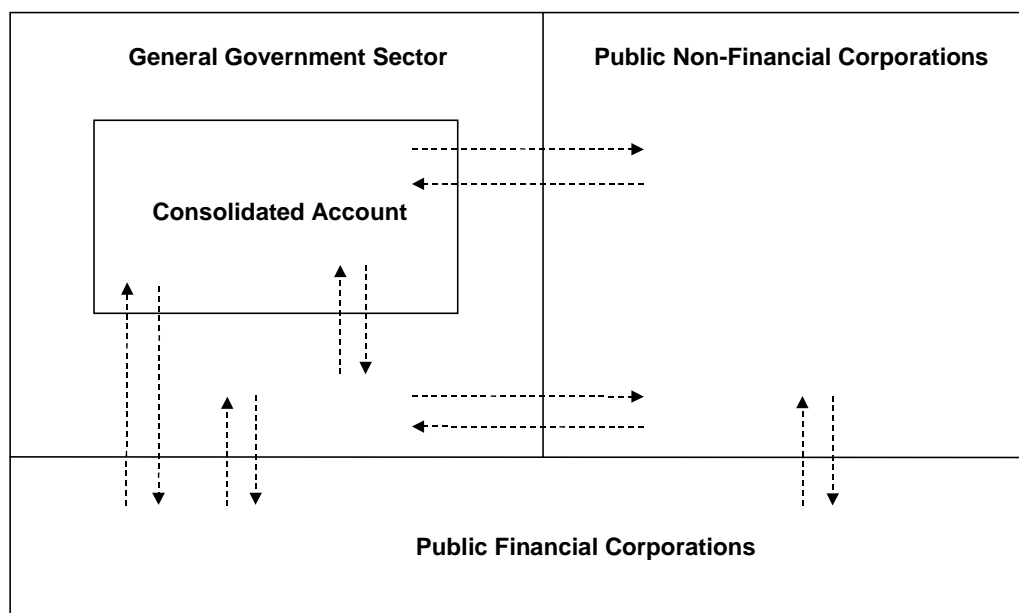
Cash Flow Statement for the year ended 30 June (cont.)

	General Government		Public Non-Financial Corporations		Public Financial Corporations		Inter-sector Eliminations		Total Public Sector	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<i>CASH FLOWS FROM FINANCING ACTIVITIES</i>										
<i>Cash received</i>										
Advances received	14	14	5	-	-	-	-19	-14	-	-
Borrowings	1,298	2,754	19,857	42,892	44,746	64,785	-40,203	-86,704	25,697	23,727
Deposits received	-	-	-	-	-	-	-	-	-	-
Other financing receipts	32	32	806	676	-	-	-768	-639	70	68
<i>Total cash receipts from financing activities</i>	<i>1,344</i>	<i>2,799</i>	<i>20,668</i>	<i>43,567</i>	<i>44,746</i>	<i>64,785</i>	<i>-40,991</i>	<i>-87,357</i>	<i>25,767</i>	<i>23,795</i>
<i>Cash paid</i>										
Advances paid	-14	-14	-19	-14	-	-	19	14	-14	-14
Borrowings repaid	-93	-299	-18,989	-40,942	-44,154	-63,573	40,203	86,704	-23,033	-18,111
Deposits paid	-	-	-	-	-	-	-	-	-	-
Other financing payments	-81	-49	-64	-46	-	-	1	-0	-144	-95
Dividends paid	-	-	-728	-515	-28	-12	756	527	-	-
<i>Total payments for financing activities</i>	<i>-188</i>	<i>-362</i>	<i>-19,800</i>	<i>-41,517</i>	<i>-44,183</i>	<i>-63,585</i>	<i>40,979</i>	<i>87,245</i>	<i>-23,191</i>	<i>-18,219</i>
<i>NET CASH FLOWS FROM FINANCING ACTIVITIES</i>	<i>1,155</i>	<i>2,438</i>	<i>868</i>	<i>2,050</i>	<i>563</i>	<i>1,200</i>	<i>-11</i>	<i>-112</i>	<i>2,576</i>	<i>5,576</i>
Net increase in cash and cash equivalents	72	1,012	-305	349	-276	764	-	-	-510	2,125
Cash and cash equivalents at the beginning of the year	5,346	4,334	1,430	1,081	2,336	1,573	-	-1	9,112	6,987
Cash and cash equivalents at the end of the year	5,418	5,346	1,125	1,430	2,060	2,336	-	-	8,602	9,112
KEY FISCAL AGGREGATES										
Net cash flows from operating activities	2,316	1,946	1,935	1,521	312	283	-756	-527	3,808	3,223
Net cash flows from investing in non-financial assets	-2,712	-2,813	-3,115	-3,217	-9	-8	-	-	-5,836	-6,038
Dividends paid	-	-	-728	-515	-28	-12	756	527	-	-
Cash surplus/-deficit	-397	-867	-1,907	-2,212	275	263	-	-	-2,029	-2,816

NOTE 32: COMPOSITION OF SECTORS

The following diagram shows the financial relationship between sectors within which agencies have been classified by the ABS and which are included 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
Agricultural Produce Commission	Heritage Council of Western Australia
Botanic Gardens and Parks Authority	Health and Disability Services Complaints Office ^(a)
Building and Construction Industry Training Board	Independent Market Operator
Central Institute of Technology	Keep Australia Beautiful Council (W.A.)
Challenger Institute of Technology	Kimberley TAFE
Chemistry Centre (W.A.)	Kimberley Development Commission
Commissioner for Children and Young People	Law Reform Commission of Western Australia
Commissioner of Equal Opportunity	Legal Aid Commission of Western Australia
Commissioner of Main Roads	Legal Costs Committee
Corruption and Crime Commission	Local Health Authorities Analytical Committee
Country High School Hostels Authority	Mental Health Commission
Curriculum Council	Mid-West Development Commission
C.Y. O'Connor Institute ^(a)	Minerals and Energy Research Institute of Western Australia
Department for Child Protection	Office of Energy
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
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	Office of the Parliamentary Inspector of the Corruption and Crime Commission
Department of Education Services	Office of the Public Sector Standards Commissioner ^(a)
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 Indigenous Affairs	Perth Theatre Trust
Department of Local Government	Pilbara Development Commission
Department of Mines and Petroleum	Pilbara TAFE
Department of Planning	Polytechnic West
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	Rural Business Development Corporation
Department of Transport	Salaries and Allowances Tribunal
Department of the Attorney General	Screen West (Inc.)
Department of the Legislative Assembly	Small Business Development Corporation
Department of the Legislative Council	South West Development Commission
Department of the Premier and Cabinet	South West Institute of Technology ^(a)
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 ^(a)
Disability Services Commission	The Anzac Day Trust
Durack Institute of Technology	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 20 May 2010 presentation of the 2010-11 State Budget.

General Government (cont.)

West Coast Institute of Training
 Western Australia Police
 Western Australian Alcohol and Drug Authority
 Western Australian Building Management Authority
 Western Australian Electoral Commission
 Western Australian Energy Disputes Arbitrator
 Western Australian Greyhound Racing Association
 Western Australian Health Promotion Foundation
 Western Australian Institute of Sport

Western Australian Land Information Authority
 Western Australian Meat Industry Authority
 Western Australian Planning Commission
 Western Australian Sports Centre Trust
 Western Australian Tourism Commission
 Wheatbelt Development Commission
 WorkCover Western Australia Authority
 Zoological Parks Authority

Public Non-Financial Corporations

Albany Port Authority
 Animal Resources Centre
 Armadale Redevelopment Authority
 Broome Port Authority
 Bunbury Port Authority
 Bunbury Water Board
 Busselton Water Board
 Dampier Port Authority
 East Perth Redevelopment Authority
 Electricity Generation Corporation (Verve Energy)
 Electricity Networks Corporation (Western Power)
 Electricity Retail Corporation (Synergy)
 Esperance Port Authority
 Forest Products Commission
 Fremantle Port Authority
 Geraldton Port Authority

Gold Corporation and its subsidiaries
 Housing Authority
 Lotteries Commission
 Metropolitan Cemeteries Board
 Midland Redevelopment Authority
 Perth Market Authority
 Port Hedland Port Authority
 Potato Marketing Corporation of Western Australia
 Public Transport Authority of Western Australia
 Racing and Wagering Western Australia
 Regional Power Corporation (Horizon Power)
 Rottnest Island Authority
 Subiaco Redevelopment Authority
 Water Corporation
 Western Australian Coastal Shipping Commission
 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

Agencies Outside the State 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

NOTE 33: BUDGETARY INFORMATION

Explanations of significant variances between actual results for 2010-11 and the original budget (brought-down in May 2010) for the general government sector and the total public sector are included in Chapter 1 of this publication.

NOTE 34: KEY TECHNICAL TERMS USED IN THE FINANCIAL REPORT

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, this aggregate measures the net economic 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 Government Finance Statistics 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 Government Finance Statistics 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, commercials 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.

APPENDIX 2

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

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
TAXATION						
Payroll tax	2,303	2,458	2,636	2,604	2,628	170
Property taxes						
Land tax	528	527	528	515	521	-5
Transfer Duty	1,552	1,602	1,254	1,167	1,226	-376
Landholder Duty	87	58	46	38	47	-11
Total duty on transfers	1,639	1,660	1,300	1,205	1,273	-387
Other stamp duties	-	-	-	-	-	-
Metropolitan Region Improvement Tax	78	79	79	77	78	-2
Emergency Services Levy	169	204	201	201	205	1
Loan guarantee fees	28	28	25	25	23	-5
Total other property taxes	275	312	306	304	306	-6
Taxes on provision of goods and services						
Lotteries Commission	130	133	133	134	126	-7
Video lottery terminals	-	1	1	1	-	-
Casino Tax	92	92	112	92	90	-2
Betting tax	32	36	33	33	34	-2
Other	-	-	-	20	20	20
Total taxes on gambling	254	262	279	279	270	8
Insurance Duty	404	433	431	440	442	9
Other	24	22	22	26	26	4
Total taxes on insurance	428	455	453	466	468	13
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	332	361	350	343	338	-24
Permits - Oversize Vehicles and Loads	5	4	5	5	6	2
Motor Vehicle recording fee	43	45	45	45	45	-
Motor Vehicle registrations	516	541	546	546	557	16
Total motor vehicle taxes	895	951	946	939	946	-6
Other taxes on use of goods and performance of activities	-	-	-	350	350	350
Total Taxation	6,324	6,626	6,447	6,662	6,763	137
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST Grants	3,590	3,374	3,270	3,165	3,158	-216
North West Shelf grants	897	928	869	898	933	5
Compensation for Commonwealth crude oil excise arrangements	50	57	48	49	61	4
Grants Through the State						
Schools assistance – non-government schools	769	861	712	770	776	-85
Local government financial assistance grants	136	143	110	137	148	4
Local government roads	90	95	72	90	98	3
First Home Owners' Boost	168	-	26	30	29	29
Other	-	25	25	-	-	-25
National Specific Purpose Payment Agreement Grants						
National Health Care	1,136	1,228	1,230	1,230	1,224	-4
National Schools	329	352	353	353	357	5
National Agreement for Skills and Workforce Development	132	135	135	135	135	-
National Disability Services	78	94	95	95	94	-
National Affordable Housing	125	127	127	127	127	-
Nation Building and Jobs Plan						
Schools	70	-	-	-	-	-
Housing	20	-	-	-	-	-
Transport	5	-	-	-	-	-
Other Grants/National Partnerships						
Health	318	325	368	460	473	147
Housing	23	16	16	16	6	-10
Transport	3	50	66	84	84	33
Other	290	282	350	394	300	19
Total Current Grants and Subsidies	8,228	8,092	7,869	8,032	8,003	-88

Note: Columns may not add due to rounding.

Table 2.1 (cont)

OPERATING REVENUE

General Government

	2009-10		2010-11			Variation on Budget \$m (4) - (1)
	Actual	Budget	MYR	Estimated	Actual	
	\$m	Estimate \$m (1)	Revision \$m (2)	Outturn \$m (3)	\$m (4)	
CAPITAL GRANTS						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	309	27	215	280	230	204
<i>Nation Building and Jobs Plan</i>						
Schools	651	479	443	443	437	-41
Housing	368	155	155	155	155	-
Transport	5	-	-	-	-	-
<i>Other Grants/National Partnerships</i>						
Housing	180	85	96	96	101	16
Transport	239	195	201	156	174	-21
Other	226	329	350	275	238	-92
Total Capital Grants	1,978	1,269	1,460	1,406	1,336	66
SALES OF GOODS AND SERVICES						
WA Health	350	358	368	368	389	31
Department of Education	188	159	161	161	166	7
Department of Transport	155	163	163	163	169	6
Department of Training and Workforce Development	17	43	43	42	53	10
State Training Providers	113	116	114	116	115	-1
Western Australian Land Information Authority	99	124	110	100	101	-23
Department of the Attorney General	70	82	79	80	75	-7
Department of Corrective Services	22	21	21	20	29	8
Department of Environment and Conservation	81	103	101	102	105	2
Department of Commerce	48	47	55	57	55	8
Department of Fisheries	25	28	28	28	30	1
Department of Culture and the Arts	25	27	29	30	35	7
Western Australia Police	33	26	28	36	38	12
All Other	409	359	457	416	394	35
Total Sales of Goods and Services	1,635	1,656	1,756	1,718	1,754	98
INTEREST INCOME	227	253	288	309	321	68
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	570	661	720	696	687	26
Tax Equivalent Regime	350	377	337	359	379	2
Total Revenue from Public Corporations	920	1,038	1,057	1,055	1,066	28
ROYALTY INCOME	2,324	3,271	4,045	4,159	4,213	942
OTHER						
Lease Rentals	76	67	67	78	83	16
Fines	136	179	194	150	133	-46
Revenue not elsewhere counted	193	139	187	194	238	98
Total Other	405	386	448	422	454	68
GRAND TOTAL	22,039	22,591	23,373	23,764	23,909	1,318

Note: Columns may not add due to rounding.

Table 2.2

OPERATING REVENUE **Total Public Sector**

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
TAXATION						
<i>Payroll tax</i>	2,241	2,426	2,586	2,555	2,560	134
Property taxes						
<i>Land tax</i>	484	480	482	468	477	-3
Transfer Duty	1,551	1,602	1,254	1,167	1,226	-376
Landholder Duty	87	58	46	38	47	-11
<i>Total duty on transfers</i>	1,639	1,660	1,300	1,205	1,273	-387
Other stamp duties	-	-	-	-	1	1
Metropolitan Region Improvement Tax	78	79	79	77	78	-1
Emergency Services Levy	165	201	201	201	201	-
Loan guarantee fees	1	2	2	2	1	-1
<i>Total other property taxes</i>	245	283	282	280	281	-2
Taxes on provision of goods and services						
Lotteries Commission	-	-	-	-	-	-
Video lottery terminals	-	1	1	1	-	-1
Casino Tax	92	92	112	92	90	-2
Betting tax	-	-	-	-	-	-
Other	-	-	-	20	20	20
<i>Total taxes on gambling</i>	92	93	113	113	110	17
Insurance Duty	404	433	431	440	442	9
Other	23	22	22	26	26	4
<i>Total taxes on insurance</i>	428	455	453	466	468	13
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	331	361	350	343	338	-23
Permits - Oversize Vehicles and Loads	4	4	5	5	6	2
Motor Vehicle recording fee	43	45	45	45	45	-
Motor Vehicle registrations	515	541	546	546	557	16
<i>Total motor vehicle taxes</i>	895	951	946	939	946	-5
Other taxes on use of goods and performance of activities	-	-	-	350	350	350
Total Taxation	6,026	6,348	6,162	6,375	6,463	115
CURRENT GRANTS AND SUBSIDIES						
<i>General Purpose Grants</i>						
GST Grants	3,590	3,374	3,270	3,165	3,158	-216
North West Shelf grants	897	928	869	898	933	5
Compensation for Commonwealth crude oil excise arrangements	50	57	48	49	61	4
<i>Grants Through the State</i>						
Schools assistance - non-government schools	769	861	712	770	776	-85
Local government financial assistance grants	136	143	110	137	148	4
Local government roads	90	95	72	90	98	3
First Home Owners' Boost	168	-	26	30	29	29
Other	-	25	25	-	-	-25
<i>National Specific Purpose Payment Agreement Grants</i>						
National Health Care	1,136	1,228	1,230	1,230	1,224	-4
National Schools	329	352	353	353	357	5
National Agreement for Skills and Workforce Development	132	135	135	135	135	-
National Disability Services	78	94	95	94	94	-
National Affordable Housing	125	127	127	127	127	-
<i>Nation Building and Jobs Plan</i>						
Schools	70	-	-	-	-	-
Housing	20	-	-	-	-	-
Transport	5	-	-	-	-	-
<i>Other Grants/National Partnerships</i>						
Health	318	325	368	460	473	147
Housing	23	16	16	16	6	-10
Transport	2	50	66	84	84	33
Other	290	282	350	394	300	19
Total Current Grants and Subsidies	8,228	8,092	7,869	8,032	8,003	-88

Note: Columns may not add due to rounding.

Table 2.2 (cont)

OPERATING REVENUE **Total Public Sector**

	2009-10		2010-11			Variation on Budget \$m (4) - (1)
	Actual	Budget Estimate	MYR Revision	Estimated Outturn	Actual	
	\$m	\$m (1)	\$m (2)	\$m (3)	\$m (4)	
CAPITAL GRANTS						
<i>Grants Through the State</i>						
Schools assistance – non-government schools	309	27	215	280	230	204
<i>Nation Building and Jobs Plan</i>						
Schools	651	479	443	443	437	-41
Housing	368	155	155	155	155	-
Transport	5	-	-	5	-	-
<i>Other Grants/National Partnerships</i>						
Housing	180	85	96	96	101	16
Transport	232	195	201	156	174	-21
Other	233	329	350	271	238	-92
Total Capital Grants	1,978	1,269	1,460	1,406	1,336	66
SALES OF GOODS AND SERVICES	14,905	17,748	15,496	15,692	15,595	-2,153
INTEREST INCOME	633	783	854	890	970	187
ROYALTY INCOME	2,324	3,271	4,045	4,159	4,213	942
OTHER						
Lease Rentals	76	67	67	78	83	16
Fines	139	179	194	151	136	-43
Revenue not elsewhere counted	587	519	617	639	673	154
Total Other	801	765	878	868	892	126
GRAND TOTAL	34,895	38,277	36,765	37,423	37,472	-805

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 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 Notes to the Financial Statements, 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, along with outcome information for the State's Loan Council Allocation (detailed in this appendix).

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION ^(a)
General Government

Table 3.1

	2009-10	2010-11			Actual \$m	Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)		
EXPENSES						
<i>General Public Services</i>	428	654	728	584	395	-259
Government superannuation benefits	288				122	
Other general public services	140				272	
<i>Public Order and Safety</i>	2,459	2,584	2,614	2,647	2,716	132
Police and fire protection services	1,083				1,251	
Police services	836				972	
Fire protection services	247				280	
Law courts and legal services	702				737	
Prisons and corrective services	648				701	
Other public order and safety	25				27	
<i>Education</i>	5,651	5,651	5,401	5,716	5,699	49
Primary and secondary education	4,826				4,678	
Primary education	2,667				2,589	
Secondary education	2,159				2,089	
Primary and secondary education nec.	-				-	
Tertiary education	539				570	
University education	29				22	
Technical and further education	510				547	
Tertiary education nec.	-				-	
Pre-school education and education not definable by level	185				346	
Pre-school education	119				157	
Special education	66				189	
Other education not definable by level	-				-	
Transportation of students	101				106	
Transportation of non-urban school children	101				106	
Transportation of other students	-				-	
Education nec.	-				-	
<i>Health</i>	5,028	5,440	5,530	5,593	5,546	106
Acute care institutions	3,271				3,608	
Admitted patient services in acute care institutions	2,579				2,669	
Non-admitted patient services in acute care institutions	692				939	
Mental health institutions	161				188	
Nursing homes for the aged	62				80	
Community health services	783				868	
Community mental health	260				288	
Patient transport	114				137	
Other community health services	409				444	
Public health services	218				225	
Pharmaceuticals, medical aids and appliances	421				461	
Health research	36				40	
Health administration nec.	75				77	

Note: Columns may not add due to rounding.

Table 3.1 (cont.)
(a)

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION
General Government

	2009-10	2010-11			Actual \$m (4)	Variation on Budget \$m (4) - (1)
	Actual \$m (1)	Budget Estimate \$m (2)	MYR Revision \$m (3)	Estimated Outturn \$m (3)		
<i>Social Security and Welfare</i>	1,263	1,488	1,458	1,465	1,504	16
Social security	-				-	
Welfare services	1,263				1,504	
Family and child welfare services	439				536	
Welfare services for the aged	301				331	
Welfare services for people with a disability	489				542	
Welfare services nec.	35				95	
Social security and welfare nec.	-				-	
<i>Housing and Community Amenities</i>	1,982	1,615	1,791	1,730	1,611	-4
Housing and community development	1,191				796	
Housing	739				318	
Aboriginal community development	85				5	
Other community development	367				473	
Water supply	588				588	
Sanitation and protection of the environment	102				102	
Other community amenities	101				125	
<i>Recreation and Culture</i>	695	681	735	738	739	57
Recreation facilities and services	421				451	
National parks and wildlife	223				231	
Recreation facilities and services nec.	198				220	
Cultural facilities and services	183				196	
Broadcasting and film production	12				13	
Recreation and culture nec.	79				79	
<i>Fuel and Energy</i>	312	336	325	459	442	106
Fuel affairs and services	-				-	
Gas	-				-	
Fuel affairs and services nec.	-				-	
Electricity and other energy	291				420	
Electricity	291				420	
Other energy	-				-	
Fuel and energy nec.	21				21	
<i>Agriculture, Forestry, Fishing and Hunting</i>	354	384	385	394	346	-39
Agriculture	260				247	
Forestry, fishing and hunting	95				99	
<i>Mining and mineral resources other than fuels; manufacturing; and construction</i>	161	187	183	193	176	-11
Mining and mineral resources other than fuels	134				142	
Manufacturing	-				-	
Construction	26				34	

Note: Columns may not add due to rounding.

Table 3.1 (cont.)
(a)

SPENDING BY GOVERNMENT PURPOSE CLASSIFICATION
General Government

	2009-10	2010-11				Variation on Budget \$m (4) - (1)
	Actual \$m	Budget Estimate \$m (1)	MYR Revision \$m (2)	Estimated Outturn \$m (3)	Actual \$m (4)	
<i>Transport and Communications</i>	1,535	1,688	1,640	1,673	1,692	4
Road transport	894				1,021	
Road maintenance	322				633	
Road rehabilitation/Aboriginal community road transport service	151				90	
Road construction	290				137	
Road transport nec.	131				160	
Water transport	25				23	
Urban water transport services	-				-	
Other water transport services	25				23	
Rail transport	82				148	
Urban rail transport services	-				-	
Non-urban rail transport freight services	35				102	
Non-urban rail transport passenger services	48				46	
Air transport	19				18	
Pipelines	-				-	
Other transport	515				481	
Multi-mode urban transport	515				481	
Other transport nec.	-				-	
Communications	-				-	
<i>Other Economic Affairs</i>	678	910	971	912	667	-243
Storage, saleyards and markets	3				4	
Tourism and area promotion	144				123	
Labour and employment affairs	319				337	
Vocational training	239				250	
Other labour and employment affairs	80				87	
Other economic affairs	212				204	
<i>Other Purposes</i>	662	936	842	875	773	-163
Public debt transactions	525				614	
General purpose inter-government transactions	136				148	
Natural disaster relief	2				12	
Other purposes nec.	-				-	
TOTAL EXPENSES	21,208	22,305	22,614	22,980	22,306	1
PURCHASES OF NON-FINANCIAL ASSETS						
General public services	193	286	282	310	253	-33
Public order and safety	209	482	442	358	294	-188
Education	916	1,033	1,076	647	650	-384
Health	471	856	983	885	801	-55
Social security and welfare	55	64	81	76	57	-7
Housing and community amenities	126	225	224	181	103	-122
Recreation and culture	210	252	250	206	152	-100
Fuel and energy	2	3	3	9	8	5
Agriculture, forestry, fishing and hunting	13	31	30	24	15	-16
Mining and mineral resources (other than fuels), manufacturing and construction	1	2	2	1	2	-
Transport and communications	621	554	548	440	425	-129
Other economic affairs	157	151	205	120	110	-41
Other purposes	-	-	-375	-125	-	-
TOTAL PURCHASES OF NON-FINANCIAL ASSETS	2,974	3,938	3,752	3,131	2,870	-1,068

(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 position¹.

Western Australia recorded an LCA deficit of \$1,690 million in 2010-11, significantly lower than the \$4,489 million deficit forecast in the 2010-11 Budget.

The lower LCA deficit was largely driven by lower than expected cash deficits across the total non-financial public sector (down \$2,028 million). This was largely driven by the lower than expected \$397 million general government sector cash deficit (\$1,623 million lower than the budget forecast). A lower than forecast public non-financial corporations sector cash deficit (\$1,907 million, down \$405 million on the budget forecast) also contributed to the lower LCA deficit outcome. These movements are discussed in more detail in Chapter 1 of this report.

The LCA memorandum items reduced the State's LCA cash deficit by a further \$654 million, an \$810 million turnaround on the original budget expectation. This was primarily due to lower Keystart home lending activity (down \$742 million), reflecting a bring forward of demand into 2009-10 as a result of the Commonwealth's temporary First Home Owners Boost stimulus initiative. Buyer activity in the Perth real estate market has softened considerably in 2010-11.

The \$2,799 million variance in the LCA exceeded the applicable tolerance limit of \$600 million for 2010-11.

2010-11 LOAN COUNCIL ALLOCATIONS
Western Australia

Table 3.2

	Nomination ^(a) \$m	Budget Estimate \$m (1)	Estimated Outturn \$m (2)	Actual \$m (3)	Variation on Budget \$m (3)-(1)
General government cash surplus/deficit	1,896	2,019	1,462	397	-1,623
Public non-financial Corporations sector cash surplus/deficit	2,106	2,312	2,410	1,907	-405
<i>Total non-financial public sector cash surplus/deficit</i>	<i>4,002</i>	<i>4,332</i>	<i>3,872</i>	<i>2,304</i>	<i>-2,028</i>
Acquisitions under finance leases and similar arrangements	3	3	1	41	38
<i>GFS cash surplus/deficit</i>	<i>4,005</i>	<i>4,334</i>	<i>3,873</i>	<i>2,345</i>	<i>-1,989</i>
Less: Non-financial public sector net cash flows from investments in financial assets for policy purposes	-	-	-	-	-
Plus: Memorandum items	157	155	59	-654	-810
Loan Council Allocation	4,162	4,489	3,932	1,690	-2,799
<i>Tolerance Limit^(b)</i>	<i>600</i>				

(a) 2009-10 Government Mid-year Financial Projections Statement, released 17 December 2009.

(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.

¹ For the purposes of LCAs, deficits are positive and surpluses are negative.

Policy Decisions Affecting Spending

This appendix outlines the agency impact of policy decisions on general government expenses and total public sector infrastructure spending between the 2010-11 Budget cut-off date (of 22 April 2010) and 30 June 2011.

The policy decisions listed in the following table have been discussed in detail in related publications released since the 2010-11 State Budget. These disclosures¹ include:

- Appendix 3: *Major Spending Changes Since Budget* of the 2010-11 *Government Mid-year Financial Projections Statement*, released on 17 December 2010; and
- Chapter 5: *General Government Expenses* and Chapter 6: *Asset Investment* of the 2011-12 State Budget Paper 3: *Economic and Fiscal Outlook*, presented to Parliament on 19 May 2011.

Details of decisions taken since the 2010-11 Budget can be obtained from the documents listed above.

¹ These publications are available from the Department of Treasury website (www.treasury.wa.gov.au).

Table 4.1

**SPENDING POLICY DECISIONS TAKEN SINCE
THE 2010-11 BUDGET**

GENERAL GOVERNMENT EXPENSES	\$m
Agriculture and Food	1.5
Attorney General	11.5
Culture and the Arts	3.2
Communities	0.3
Commerce	0.9
Economic Regulation Authority	2.1
Environment and Conservation	0.2
Fisheries	2.4
Gascoyne Development Commission	2.0
Great Southern Development Commission	1.2
Health	3.5
Heritage Council of Western Australia	4.5
Kimberley Development Commission	0.3
Local Government	0.1
Main Roads	5.1
Mental Health Commission	-12.8
Mines and Petroleum	1.0
Office of Energy	-5.0
Office of the Environmental Protection Authority	1.5
Peel Development Commission	1.0
Pilbara Development Commission	- (a)
Planning	0.3
Premier and Cabinet	1.5
Public Transport Authority ^(b)	- (a)
Racing, Gaming and Liquor	7.4
Regional Development and Lands	7.7
Rural Business Development Corporation	4.5
Salaries and Allowances Tribunal	- (a)
Small Business Development Corporation	0.5
South West Development Commission	0.7
Sport and Recreation	10.0
State Development	0.1
Synergy ^(b)	-5.9
Transport	2.6
Treasury and Finance	10.6
Water Corporation ^(c)	- (a)
Western Australia Police	21.3
Western Australian Land Authority ^(b)	5.7
Western Australian Planning Commission	6.9
Western Australian Tourism Commission	1.3
TOTAL EXPENSE POLICY DECISIONS	99.7

(a) Amounts less than \$50,000.

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

(c) In the 2010-11 mid-year review, a subsidy payment of \$150,000 was budgeted to be provided to the Water Corporation for the Pilbara desalination plant. This decision was reversed in the 2011-12 Budget.

Note: Columns may not add due to rounding.

**SPENDING POLICY DECISIONS TAKEN SINCE
THE 2010-11 BUDGET**

Table 4.1 (cont.)

TOTAL PUBLIC SECTOR INFRASTRUCTURE SPENDING ^(d)	\$m
Bunbury Port Authority	2.4
Corrective Services	-53.7
Dampier Port Authority	1.4
Governor's Establishment	0.2
Health	40.6
Housing Authority	25.0
Independent Market Operator	4.1
Premier and Cabinet	3.4
Public Transport Authority	39.2
Racing, Gaming and Liquor	0.6
Regional Development and Lands	6.9
Salaries and Allowances Tribunal	0.1
The National Trust of Australia (W.A.)	1.0
Treasury and Finance	2.7
Water Corporation	1.0
Western Australia Police	0.3
Western Australian Land Authority	7.7
Western Australian Planning Commission	0.4
Western Power	77.4
Western Power – Provisions	28.5
TOTAL INFRASTRUCTURE SPENDING DECISIONS	189.1

(d) Infrastructure policy decisions are reflected in State financial disclosures as changes to the 'purchase of non-financial assets'. They add or detract from the State's Asset Investment Program.

Quarterly Financial Results – June 2011

This appendix completes the quarterly data series for the 2010-11 year.

June 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, quarterly outcomes for June 2011 may include one-off movements in items relative to previous reports, to move them into line with final audited outcomes.

General Government

Three Months to 30 June 2011

The general government sector recorded a \$458 million operating surplus for the three months to 30 June 2011, compared with an \$816 million surplus for the same period in 2009-10.

Revenue for the three months to 30 June 2011 totalled \$6,122 million, down \$353 million (or 5.5%) compared with the same period the previous year. This mainly reflects the combined effects of:

- higher royalty income (up \$369 million), primarily due to higher June quarter production volumes and prices for iron ore royalties, partially offset by the effect of the higher exchange rate prevailing throughout the year;
- higher taxation revenue (up \$139 million), reflecting:
 - higher payroll tax collections (up \$111 million), due to growth in both employment and wages;

- higher transfer duty collections (up \$16 million), largely due to a change in revenue recognition applying from 1 March 2011 (discussed in Chapter 1); and
- higher collections from motor vehicle licences (up \$13 million), due mainly to an increase in the number of registered vehicles;
- lower Commonwealth grants (down \$863 million), primarily due to:
 - lower grants for government and non-government schools (down \$221 million), reflecting the unwinding of the Commonwealth's stimulus spending;
 - lower GST grants (down \$348 million), due to the effect of weaker consumer spending on the national pool of GST collections, and a decline in Western Australia's share of that pool;
 - lower housing grants (down \$193 million), mainly due to the winding down in the Commonwealth's *Investment in Social Housing* stimulus program;
 - lower North West Shelf petroleum grants (down \$106 million), due to the impact of accruals (i.e. timing changes) on the 2010 quarter; and
 - higher health funding (up \$154 million), mainly attributable to the new National Health Reform Program, elective surgery waiting list reduction plan and the National Healthcare Agreement.

Expenses for the quarter ended 30 June 2011 totalled \$5,664 million, broadly similar to the same quarter last year. This includes the net effect of:

- higher 'other' gross operating expenses (up \$676 million), mainly due to the net effect of the following :
 - \$572 million in services purchased from non-government agencies which was previously classified under current transfers¹;
 - \$186 million in operating lease accommodation expense which was classified under services and contracts expense last year; and
 - lower school support services expenses (down \$97 million), mainly due to the winding down of Commonwealth stimulus spending (for National Schools Pride Funding for maintenance and minor works);
- lower capital transfers (down \$368 million), due mainly to:
 - the unwinding of the Commonwealth's stimulus spending on non-government schools (down \$221 million);
 - the transfer of land to Yawuru Aboriginal Group in the June quarter of 2010 (\$81 million);

¹ Services purchased from non-government agencies that were previously recognised as grants include payments by WA Health and the Mental Health Commission. The nature of the transactions more closely aligns with a contractual service arrangement than a grant arrangement, and reflects new service arrangements under the Government's 2011-12 Budget initiative to develop a sustainable not-for-profit sector.

- lower appropriations to the Housing Authority relating to Remote Indigenous Housing programs (down \$45 million), following the end of specific initiatives in 2009-10 to address overcrowding, homelessness, poor housing conditions and housing shortages; and
- lower First Home Owner Grants (down \$30 million), due to a slower housing market in 2010-11 and the pull-forward effect on first home owner activity in 2009-10 as a result of the Commonwealth's Boost stimulus initiative;
- lower current transfers (down \$283 million), due mainly to the classification of services purchased from non-government organisations mentioned above, partly offset by higher subsidy payments to Synergy (in support of higher electricity costs);
- lower services and contracts expense (down \$231 million), mainly reflecting the reclassification of accommodation lease expenses (see above) and lower recurrent spending on roadworks; and
- higher salaries costs (up \$168 million), due to higher pay rates and staff numbers across the public sector, particularly in the health and education sectors (which account for 88% of the increase).

A cash deficit of \$26 million was recorded for the June 2011 quarter, reflecting a net cash inflow from operating activities of \$782 million and a net cash outflow for capital investment of \$808 million.

Total Public Sector

Three Months to 30 June 2011

The total public sector recorded a \$334 million operating deficit for the June 2011 quarter, compared to the \$46 million operating surplus recorded for the same quarter in 2009-10. Revenue totalled \$10,368 million, down \$1,997 million (or 16.1%) on the same period in 2009-10, while expenses were down \$1,617 million (or 13.1%) at \$10,702 million. This is primarily due to a change in the accounting treatment of third party gold inventories through the Gold Corporation's refinery operations².

A cash deficit of \$785 million was recorded for the three months to 30 June 2011, compared to the \$1,014 million cash deficit recorded for the same period the previous year. This included a net cash inflow from operating activities of \$833 million (\$89 million lower than the June 2010 quarter) and a net cash outflow for capital investment of \$1,618 million (\$319 million lower than the outcome recorded in the same period a year earlier).

² The Gold Corporation acquired a 100% interest in a gold refinery in March 2010, following dissolution of a joint venture arrangement with AGR Matthey.

Table 5.1

GENERAL GOVERNMENT **Operating Statement**

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
<i>Revenue</i>				
Taxation	1,513	6,763	1,374	6,324
Current grants and subsidies	1,867	8,003	2,077	8,228
Capital grants	274	1,336	927	1,978
Sales of goods and services	443	1,754	452	1,635
Interest income	80	321	85	227
Revenue from public corporations				
Dividends from other sector entities	488	687	463	570
Tax equivalent income	79	379	99	350
Royalty income	1,265	4,213	896	2,324
Other	113	454	102	405
<i>Total</i>	6,122	23,909	6,475	22,039
<i>Expenses</i>				
Salaries	2,340	8,829	2,172	8,284
Superannuation				
Concurrent costs	224	841	208	793
Superannuation interest cost	17	317	33	338
Other employee costs	117	367	100	323
Depreciation and amortisation	244	896	234	848
Services and contracts	292	1,501	523	1,523
Other gross operating expenses	1,511	3,723	835	2,959
Other interest	82	297	65	187
Current transfers	772	4,928	1,055	4,882
Capital transfers	64	606	432	1,071
<i>Total</i>	5,664	22,306	5,658	21,208
NET OPERATING BALANCE	458	1,604	816	831
<i>Other economic flows</i>				
Net gains on assets/liabilities	-4	18	241	228
Net actuarial gains - superannuation	-112	-112	-169	-169
Provision for doubtful debts	-23	-25	-32	-32
All other	-	-	-	-
<i>Total other economic flows</i>	-140	-119	40	27
OPERATING RESULT	318	1,485	856	858
<i>All other movements in equity</i>				
Revaluations	1,350	2,499	-2,384	-2,055
Gains recognised directly in equity	2	-4	3	-5
Changes in accounting policy/correction of prior period errors	24	-28	88	117
Change in net worth of the public corporations sectors	-1,396	408	388	1,768
All other	-	-	-	-
<i>Total all other movements in equity</i>	-20	2,874	-1,905	-176
TOTAL CHANGE IN NET WORTH	298	4,359	-1,049	682
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	458	1,604	816	831
Less <i>Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	853	2,870	939	2,974
Changes in inventories	-5	-4	-5	-4
Other movement in non-financial assets	48	55	-75	-72
<i>less:</i>				
Sales of non-financial assets	44	158	94	161
Depreciation	244	896	234	848
<i>Total net acquisition of non-financial assets</i>	607	1,867	531	1,889
NET LENDING/-BORROWING	-149	-264	286	-1,058

Note: Columns may not add due to rounding.

Table 5.2

GENERAL GOVERNMENT **Operating Revenue**

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	692	2,628	581	2,303
Property taxes				
<i>Land tax</i>	-1	521	-7	528
Transfer Duty	358	1,226	342	1,552
Landholder Duty	11	47	21	87
<i>Total duty on transfers</i>	369	1,273	363	1,639
Other stamp duties	1	-	-	-
Metropolitan Region Improvement Tax	-	78	-	78
Emergency Services Levy	18	205	15	169
Loan guarantee fees	9	23	7	28
<i>Total other property taxes</i>	27	306	21	275
Taxes on provision of goods and services				
Lotteries Commission	32	126	33	130
Video lottery terminals	-	-	-	-
Casino Tax	21	90	24	92
Betting tax	8	34	8	32
Other	-	20	-	-
<i>Total taxes on gambling</i>	61	270	65	254
Insurance Duty	107	442	100	404
Other	5	26	5	24
<i>Total taxes on insurance</i>	113	468	105	428
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	87	338	94	332
Permits - Oversize Vehicles and Loads	3	6	2	5
Motor Vehicle recording fee	12	45	11	43
Motor Vehicle registrations	151	557	138	516
<i>Total motor vehicle taxes</i>	253	946	245	895
Other taxes on use of goods and performance of activities	-	350	-	-
Total Taxation	1,513	6,763	1,374	6,324
CURRENT GRANTS AND SUBSIDIES				
General Purpose Grants				
GST grants	690	3,158	1,038	3,590
North West Shelf grants	230	933	336	897
Compensation for Commonwealth crude oil excise arrangements	21	61	15	50
Grants through the State				
Schools assistance – non-government schools	11	776	11	769
Local government financial assistance grants	28	148	25	136
Local government roads	18	98	17	90
First Home Owners' Boost	1	29	33	168
Other	-	-	-	-
National Specific Purpose Payment Agreement Grants				
National Healthcare	302	1,224	284	1,136
National Schools	92	357	82	329
National Agreement for Skills and Workforce Development	34	135	33	132
National Disability Services	23	94	20	78
National Affordable Housing	32	127	31	125
Nation Building and Jobs Plan				
Schools	-	-	-	70
Housing	-	-	5	20
Transport	-	-	5	5
Other Grants/National Partnerships				
Health	343	473	92	318
Housing	6	6	-	23
Transport	61	84	-14	3
Other	-23	300	63	290
Total Current Grants and Subsidies	1,867	8,003	2,077	8,228

Note: Columns may not add due to rounding.

Table 5.2 (cont)

GENERAL GOVERNMENT

Operating Revenue

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CAPITAL GRANTS				
Grants through the State				
Schools assistance – non-government schools	-72	230	149	309
Nation Building and Jobs Plan				
Schools	10	437	183	651
Housing	65	155	207	368
Transport	-	-	1	5
Other Grants/National Partnerships				
Housing	53	101	101	180
Transport	119	174	152	239
Other	99	238	133	226
Total Capital Grants	274	1,336	927	1,978
SALES OF GOODS AND SERVICES	443	1,754	452	1,635
INTEREST INCOME	80	321	85	227
REVENUE FROM PUBLIC CORPORATIONS				
Dividends	488	687	463	570
Tax Equivalent Regime	79	379	99	350
Total Revenue from Public Corporations	567	1,066	561	920
ROYALTY INCOME	1,265	4,213	896	2,324
OTHER				
Lease Rentals	19	83	16	76
Fines	34	133	29	136
Revenue not elsewhere counted	60	238	57	193
Total Other	113	454	102	405
GRAND TOTAL	6,122	23,909	6,475	22,039

Note: Columns may not add due to rounding.

Table 5.3

GENERAL GOVERNMENT **Cash Flow Statement**

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received	1,626	6,662	1,633	6,329
Grants and subsidies received	2,201	9,372	2,911	10,113
Receipts from sales and goods and services	444	1,808	490	1,767
Interest receipts	96	316	90	203
Dividends and tax equivalents	622	1,067	472	882
Other receipts	1,401	5,638	941	3,558
<i>Total cash received</i>	6,390	24,863	6,538	22,853
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-2,410	-9,853	-2,525	-9,221
Payments for goods and services	-1,841	-5,793	-1,155	-4,594
Interest paid	-102	-302	-71	-146
Grants and subsidies paid	-917	-5,219	-1,528	-5,364
Dividends and tax equivalents	-	-	-	-
Other payments	-338	-1,381	-387	-1,582
<i>Total cash paid</i>	-5,608	-22,547	-5,665	-20,907
NET CASH FLOWS FROM OPERATING ACTIVITIES	782	2,316	873	1,946
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-853	-2,870	-939	-2,974
Sales of non-financial assets	44	158	94	161
<i>Total cash flows from investments in financial assets</i>	-808	-2,712	-844	-2,813
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	1	14	6	19
For liquidity purposes	49	85	23	83
<i>Cash paid</i>				
For policy purposes	-169	-780	-53	-659
For liquidity purposes	-3	-5	-1	-2
<i>Total cash flows from investments in financial assets</i>	-122	-687	-26	-559
NET CASH FLOWS FROM INVESTING ACTIVITIES	-931	-3,399	-870	-3,371
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	14	14	14	14
Borrowings	718	1,298	904	2,754
Deposit received	-	-	-	-
Other financing receipts	9	32	7	32
<i>Total cash received</i>	741	1,344	925	2,799
<i>Cash paid</i>				
Advances paid	-14	-14	-14	-14
Borrowings repaid	-22	-93	-38	-299
Deposits paid	-	-	-	-
Other financing payments	-8	-81	-9	-49
<i>Total cash paid</i>	-44	-188	-61	-362
NET CASH FLOWS FROM FINANCING ACTIVITIES	697	1,155	864	2,438
Net increase in cash and cash equivalents	548	72	866	1,012
Cash and cash equivalents at beginning of the period	4,871	5,346	4,480	4,334
Cash and cash equivalents at end of the period	5,418	5,418	5,346	5,346
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	782	2,316	873	1,946
Net cash flows from investing in non-financial assets	-808	-2,712	-844	-2,813
Cash surplus/-deficit	-26	-397	28	-867

Note: Columns may not add due to rounding.

Table 5.4

TOTAL PUBLIC SECTOR

Operating Statement

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
RESULTS FROM TRANSACTIONS				
<i>Revenue</i>				
Taxation	1,433	6,463	1,288	6,026
Current grants and subsidies	1,867	8,003	2,077	8,228
Capital grants	274	1,336	927	1,978
Sales of goods and services	5,033	15,595	6,791	14,905
Interest income	237	970	165	633
Royalty income	1,265	4,213	896	2,324
Other	258	892	220	801
<i>Total revenue</i>	<i>10,368</i>	<i>37,472</i>	<i>12,365</i>	<i>34,895</i>
<i>Expenses</i>				
Salaries	2,591	9,841	2,387	9,203
Superannuation				
Concurrent costs	249	938	227	878
Superannuation interest cost	17	317	33	338
Other employee costs	93	269	79	238
Depreciation and amortisation	613	2,435	631	2,292
Services and contracts	622	2,234	711	2,112
Other gross operating expenses	5,738	14,387	6,784	13,318
Other interest	385	1,510	332	1,116
Current transfers	209	3,524	793	3,642
Capital transfers	184	783	342	897
<i>Total expenses</i>	<i>10,702</i>	<i>36,238</i>	<i>12,319</i>	<i>34,036</i>
NET OPERATING BALANCE	-334	1,234	46	859
<i>Other economic flows</i>				
Net gains on assets/liabilities	120	252	377	506
Net actuarial gains - superannuation	-135	-135	-193	-193
Provision for doubtful debts	-32	-51	-44	-57
All other	-	-	-	-
<i>Total other economic flows</i>	<i>-47</i>	<i>67</i>	<i>139</i>	<i>256</i>
OPERATING RESULT	-381	1,301	185	1,115
<i>All other movements in equity</i>				
Revaluations	603	2,510	-1,410	-1,168
Gains recognised directly in equity	35	387	75	396
Changes in accounting policy/correction of prior period errors	41	161	101	339
All other	-	-	-	-
<i>Total all other movements in equity</i>	<i>679</i>	<i>3,058</i>	<i>-1,234</i>	<i>-433</i>
TOTAL CHANGE IN NET WORTH	298	4,359	-1,049	682
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	-334	1,234	46	859
<i>Less Net acquisition of non-financial assets</i>				
Purchase of non-financial assets	1,823	6,482	2,208	6,828
Changes in inventories	-76	348	1,203	1,331
Other movement in non-financial assets	-237	-271	-17	13
<i>less:</i>				
Sales of non-financial assets	205	646	272	789
Depreciation	613	2,435	631	2,292
<i>Total net acquisition of non-financial assets</i>	<i>692</i>	<i>3,479</i>	<i>2,492</i>	<i>5,091</i>
NET LENDING/-BORROWING	-1,025	-2,245	-2,446	-4,232

Note: Columns may not add due to rounding.

Table 5.5

TOTAL PUBLIC SECTOR Operating Revenue

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
TAXATION				
Taxes on employers' payroll and labour force				
<i>Payroll tax</i>	674	2,560	551	2,241
Property taxes				
<i>Land tax</i>	-14	477	-14	484
Transfer Duty	358	1,226	341	1,551
Landholder Duty	11	47	21	87
<i>Total duty on transfers</i>	369	1,273	362	1,639
Other stamp duties	1	1	-	-
Metropolitan Region Improvement Tax	-	78	-	78
Emergency Services Levy	17	201	14	165
Loan guarantee fees	-	1	-	1
<i>Total other property taxes</i>	18	281	13	245
Taxes on provision of goods and services				
Lotteries Commission	-	-	-	-
Video lottery terminals	-	-	-	-
Casino Tax	21	90	24	92
Betting tax	-	-	-	-
Other	-	20	-	-
<i>Total taxes on gambling</i>	21	110	24	92
Insurance Duty	107	442	100	404
Other	5	26	4	23
<i>Total taxes on insurance</i>	113	468	105	428
Taxes on use of goods and performance of activities				
Vehicle Licence Duty	87	338	93	331
Permits - Oversize Vehicles and Loads	3	6	2	4
Motor Vehicle recording fee	12	45	11	43
Motor Vehicle registrations	151	557	138	515
<i>Total motor vehicle taxes</i>	253	946	245	895
<i>Other taxes on use of goods and performance of activities</i>	-	350	-	-
Total Taxation	1,433	6,463	1,288	6,026
CURRENT GRANTS AND SUBSIDIES				
General Purpose Grants				
GST grants	690	3,158	1,038	3,590
North West Shelf grants	230	933	336	897
Compensation for Commonwealth crude oil excise arrangements	21	61	15	50
Grants through the State				
Schools assistance – non-government schools	11	776	11	769
Local government financial assistance grants	28	148	25	136
Local government roads	18	98	17	90
First Home Owners' Boost	1	29	33	168
Other	-	-	-	-
National Specific Purpose Payment Agreement Grants				
National Healthcare	302	1,224	284	1,136
National Schools	92	357	82	329
National Agreement for Skills and Workforce Development	34	135	33	132
National Disability Services	23	94	20	78
National Affordable Housing	32	127	31	125
Nation Building and Jobs Plan				
Schools	-	-	-	70
Housing	-	-	5	20
Transport	-	-	5	5
Other Grants/National Partnerships				
Health	343	473	92	318
Housing	6	6	-	23
Transport	61	84	-14	3
Other	-23	300	63	290
Total Current Grants and Subsidies	1,867	8,003	2,077	8,228

Note: Columns may not add due to rounding.

Table 5.5 (cont)

TOTAL PUBLIC SECTOR Operating Revenue

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CAPITAL GRANTS				
Grants through the State				
Schools assistance – non-government schools	-72	230	149	309
Nation Building and Jobs Plan				
Schools	10	437	183	651
Housing	65	155	207	368
Transport	-	-	1	5
Other Grants/National Partnerships				
Housing	53	101	101	180
Transport	119	174	152	239
Other	99	238	133	226
Total Capital Grants	274	1,336	927	1,978
SALES OF GOODS AND SERVICES	5,033	15,595	6,791	14,905
INTEREST INCOME	237	970	165	633
ROYALTY INCOME	1,265	4,213	896	2,324
OTHER				
Lease Rentals	19	83	16	76
Fines	35	136	29	139
Revenue not elsewhere counted	204	673	174	587
Total Other	258	892	220	801
GRAND TOTAL	10,368	37,472	12,365	34,895

Note: Columns may not add due to rounding.

Table 5.6

TOTAL PUBLIC SECTOR Cash Flow Statement

	2010-11		2009-10	
	Three Months to 30 June \$m	Actual \$m	Three Months to 30 June \$m	Actual \$m
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash received</i>				
Taxes received	1,443	6,311	1,427	5,991
Grants and subsidies received	2,201	9,372	2,911	10,113
Receipts from sales and goods and services	5,174	15,851	6,853	15,134
Interest receipts	256	955	215	646
Dividends and tax equivalents	-	-	-	-
Other receipts	1,726	6,693	1,172	4,499
<i>Total cash received</i>	<i>10,801</i>	<i>39,182</i>	<i>12,578</i>	<i>36,382</i>
<i>Cash paid</i>				
Wages, salaries and supplements, and superannuation	-2,676	-10,965	-2,791	-10,251
Payments for goods and services	-5,826	-16,045	-6,776	-15,052
Interest paid	-419	-1,389	-368	-976
Grants and subsidies paid	-248	-3,905	-1,003	-4,076
Dividends and tax equivalents	-	-	-	-
Other payments	-799	-3,070	-717	-2,805
<i>Total cash paid</i>	<i>-9,967</i>	<i>-35,374</i>	<i>-11,656</i>	<i>-33,160</i>
NET CASH FLOWS FROM OPERATING ACTIVITIES	833	3,808	922	3,223
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash flow from investment in non-financial assets</i>				
Purchase of non-financial assets	-1,823	-6,482	-2,208	-6,828
Sales of non-financial assets	205	646	272	789
<i>Total cash flows from investments in financial assets</i>	<i>-1,618</i>	<i>-5,836</i>	<i>-1,937</i>	<i>-6,038</i>
<i>Cash flows from investments in financial assets</i>				
<i>Cash received</i>				
For policy purposes	1	9	6	19
For liquidity purposes	1,724	5,129	1,086	4,430
<i>Cash paid</i>				
For policy purposes	-1	-8	-2	-19
For liquidity purposes	-733	-6,186	-1,007	-5,065
<i>Total cash flows from investments in financial assets</i>	<i>991</i>	<i>-1,057</i>	<i>83</i>	<i>-635</i>
NET CASH FLOWS FROM INVESTING ACTIVITIES	-627	-6,893	-1,853	-6,674
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash received</i>				
Advances received	-	-	-	-
Borrowings	5,596	25,697	5,912	23,727
Deposit received	-	-	-	-
Other financing receipts	33	70	27	68
<i>Total cash received</i>	<i>5,629</i>	<i>25,767</i>	<i>5,939</i>	<i>23,795</i>
<i>Cash paid</i>				
Advances paid	-14	-14	-14	-14
Borrowings repaid	-5,924	-23,033	-3,667	-18,111
Deposits paid	-	-	-	-
Other financing payments	-18	-144	-31	-95
<i>Total cash paid</i>	<i>-5,956</i>	<i>-23,191</i>	<i>-3,711</i>	<i>-18,219</i>
NET CASH FLOWS FROM FINANCING ACTIVITIES	-327	2,576	2,228	5,576
Net increase in cash and cash equivalents	-121	-510	1,297	2,125
Cash and cash equivalents at beginning of the period	8,724	9,112	7,815	6,987
Cash and cash equivalents at end of the period	8,603	8,603	9,112	9,112
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	833	3,808	922	3,223
Net cash flows from investing in non-financial assets	-1,618	-5,836	-1,937	-6,038
Cash surplus/-deficit	-785	-2,029	-1,014	-2,816

Note: Columns may not add due to rounding.

APPENDIX 6

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 2011 was \$254 million lower than the balance at 30 June 2010. This reflects a \$920 million increase in the Consolidated Account deficit, partly offset by a \$665 million increase in the balances of TSPAs.

PUBLIC LEDGER BALANCES AT 30 JUNE			Table 6.1
	2011 \$m	2010 \$m	
THE PUBLIC LEDGER			
Consolidated Account ^(a)	-5,385	-4,465	
Treasurer's Special Purpose Accounts	7,430	6,765	
Treasurer's Advance Account – Net Advances	-7	-8	
TOTAL	2,038	2,292	

(a) The balance of the Consolidated Account at 30 June 2011 includes cash and non-cash balances. Non-cash appropriations of \$5,557 million at 30 June 2011 (30 June 2010: \$4,781 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 \$172 million at 30 June 2011 (30 June 2010: \$317 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 2011 was \$5,385 million, an increase of \$920 million on the accumulated deficit a year earlier. This included \$5,557 million in agency Holding Account balances, associated with accrual (non-cash) appropriations for depreciation and leave entitlements, with these accrued balances increasing by \$776 million during 2010-11.

In cash terms, the Consolidated Account recorded a surplus of \$172 million at 30 June 2011. This compares with the \$317 million cash surplus recorded at 30 June 2010.

The Consolidated Account borrowed \$1,180 million during the year to 30 June 2011 (down from \$2,650 million the previous year), in support of the State's Asset Investment Program.

Table 6.2

CONSOLIDATED ACCOUNT TRANSACTIONS

	2011 \$m	2010 \$m
REVENUE		
<i>Operating Activities</i>		
Taxation	5,200	5,317
Commonwealth Grants	6,176	6,846
Government Enterprises	1,071	885
Revenue from other agencies	5,490	3,162
Other	275	207
<i>Total Operating Activities</i>	<i>18,212</i>	<i>16,417</i>
<i>Financing Activities</i>		
Repayments of Recoverable Advances	8	10
Transfers from:		
Public Bank Account Interest Earned Account	100	3
Bankwest Pension Trust	2	2
Other Receipts	1	1
Borrowings	1,180	2,650
<i>Total Financing Activities</i>	<i>1,291</i>	<i>2,666</i>
TOTAL REVENUE	19,503	19,083
EXPENDITURE		
<i>Recurrent</i>		
Authorised by Other Statutes	1,582	1,375
Appropriation Act (No. 1)	15,776	14,530
Recurrent Expenditure under the Treasurer's Advance	486	819
<i>Total Recurrent Expenditure</i>	<i>17,844</i>	<i>16,724</i>
<i>Investing Activities</i>		
Authorised by Other Statutes	119	82
Appropriation Act (No. 2)	2,443	2,803
Investing Expenditure under the Treasurer's Advance	16	94
<i>Total Investing Activities</i>	<i>2,578</i>	<i>2,979</i>
<i>Financing Activities</i>		
Loan repayments	-	-
Other financing	1	-
<i>Total Financing Activities</i>	<i>1</i>	<i>-</i>
TOTAL EXPENDITURE	20,423	19,703
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-920	-620
Consolidated Account Balance		
Opening balance at 1 July	-4,465	-3,844
Closing balance at 30 June	-5,385	-4,465
Of which:		
Appropriations payable	-5,557	-4,781
Cash balance at 30 June	172	317

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 \$665 million increase in TSPA balances during 2010-11 largely reflects movements in agency Holding Accounts (which increased by a net \$776 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 balance of the Royalties for Regions Special Purpose Account increased by \$254 million during 2010-11, while the balance of the Fiona Stanley Hospital Construction Account decreased by \$353 million (representing spending on construction of the new hospital, net of interest revenue earned on the balance of the funds held in the account during the year).

The following table summarises the position of TSPAs at 30 June 2010 and 2011.

TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE		
	2011 \$m	2010 \$m
Agency Holding Accounts	5,557	4,781
Fiona Stanley Hospital Construction Account	809	1,162
Royalties for Regions Special Purpose Account	670	416
Other Special Purpose Accounts	394	406
TREASURER'S SPECIAL PURPOSE ACCOUNTS AT 30 JUNE	7,430	6,765

Table 6.3

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 \$555.5 million was authorised by section 29 of the FMA for the year ended 30 June 2011. This compares with a \$1,150.0 million limit authorised for the preceding year.

Of the \$555.5 million authorised limit, \$512.6 million was drawn down in 2010-11, comprising \$501.8 million against increases in recurrent and capital appropriations (see Table 6.5), \$7.1 million at 30 June 2011 in the form of net recoverable advances (see Table 6.4) and \$3.7 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

	2011 \$m	2010 \$m
AUTHORISED LIMIT	555.5	1,150.0
Total Drawn Against Treasurer's Advance Account	512.6	928.1
<i>Comprising:</i>		
Net recoverable advances as at 30 June (see below)	7.1	7.6
Overdrawn Special Purpose Account ^(b)	3.7	6.8
Excesses and New Items (see Table 6.5)		
- recurrent	486.3	819.3
- capital	15.5	94.4
NET RECOVERABLE ADVANCES		
Public Sector Standards Commissioner – CEO selection	-	0.5
Western Australian Electoral Commission	-	0.2
Electoral Boundaries Distribution	-(a)	-
Energy Smart Government Program	0.4	0.5
Energy Disputes Arbitrator	0.7	0.5
Local Government Elections	0.3	-
Inspector of Custodial Services	-	0.3
Suitors Fund	1.8	1.5
Programmed Building Maintenance	-	0.1
Sport and Recreation	1.9	2.0
Transport	2.0	2.0
TOTAL RECOVERABLE TREASURER'S ADVANCES	7.1	7.6

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

(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 27 of the FMA.

Table 6.5

TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2011

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance		Revised Appropriation \$m	Drawn against Treasurer's Advance \$m
			New Items \$m	Excesses \$m		
Recurrent Appropriations						
<i>Legislative Council</i>						
Item 1: Delivery of Services	3.9	-0.1	-	0.2	4.0	0.2
<i>Parliamentary Services</i>						
Item 3: Delivery of Services	13.0	0.1	-	-	13.1	-
<i>Parliamentary Commissioner for Administrative Investigations</i>						
Item 4: Delivery of Services	4.9	-	-	0.9	5.8	0.9
<i>Premier and Cabinet</i>						
Item 5: Delivery of Services	105.9	2.8	-	-	108.7	-
<i>Public Sector Commission</i>						
Item 6: Delivery of Services	18.0	2.6	-	-	20.7	-
<i>Public Sector Standards Commission</i>						
Item 8: Delivery of Services	4.6	-2.6	-	-	2.0	-
<i>Treasury and Finance</i>						
Item 11: Delivery of Services	208.1	-0.3	-	28.4	236.2	28.4
Item 12: Electricity Retail Corporation	203.0	-	-	136.8	339.8	121.5
Item 23: Payroll Tax	100.0	-	-	16.0	116.0	0.4
Item 26: Provision for District Allowances	11.6	-11.6	-	-	-	-
Item 29: Refund of Past Years Revenue						
Collections - All Other	43.6	-	-	15.0	58.6	-
Item 32: State Property - Emergency Services	14.0	-	-	0.7	14.7	0.7
<i>Levy</i>						
Item 34: All Other Grants, Subsidies and Transfer Payments	7.7	-	-	8.0	15.7	5.8
<i>Health</i>						
Item 39: Delivery of Services	859.5	2.8	-	-	862.3	-
Item 40: Contribution to Hospital Fund	3,355.7	4.4	-	25.7	3,385.8	24.4
<i>Indigenous Affairs</i>						
Item 41: Delivery of Services	30.1	0.6	-	-	30.7	-
<i>Mines and Petroleum</i>						
Item 42: Delivery of Services	64.4	-(b)	-	-	64.4	-
<i>Fisheries</i>						
Item 44: Delivery of Services	30.4	0.1	-	2.0	32.5	2.0
<i>Western Australian Electoral Commission</i>						
Item 45: Delivery of Services	5.2	-	-	1.6	6.8	1.6
<i>Kimberley Development Commission</i>						
Item 50: Delivery of Services	1.9	-(b)	-	0.3	2.2	0.3

Table 6.5 (cont)

TRANSFERS, EXCESSES AND NEW ITEMS For the twelve months to 30 June 2011

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Drawn against Treasurer's Advance \$m
			New Items \$m	Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Pilbara Development Commission</i>						
Item 53: Delivery of Services	3.0	.(b)	-	-	3.0	-
<i>Western Australian Land Information Authority</i>						
Item 56: Delivery of Services	25.8	.(b)	-	7.7	33.5	7.7
<i>Education</i>						
Item 57: Delivery of Services	3,019.1	2.2	-	80.8	3,102.1	80.8
<i>Country High School Hostels Authority</i>						
Item 61: Delivery of Services	5.2	.(b)	-	-	5.3	-
<i>Transport</i>						
Item 63: Delivery of Services	139.4	-2.4	-	5.5	142.5	5.5
<i>Commissioner of Main Roads</i>						
Item 65: Delivery of Services	162.8	0.2	-	-	163.0	-
<i>Public Transport Authority of Western Australia</i>						
Item 66: Delivery of Services	753.8	-4.8	-	-	749.0	-
<i>Disability Services Commission</i>						
Item 67: Delivery of Services	434.7	-2.2	-	0.4	432.9	0.4
<i>Western Australia Police</i>						
Item 68: Delivery of Services	1,000.4	0.7	-	3.2	1,004.3	3.2
<i>Fire and Emergency Services Authority of Western Australia</i>						
Item 69: Delivery of Services	24.5	0.1	-	129.6	154.2	129.6
<i>Sport and Recreation</i>						
Item 70: Delivery of Services	25.2	-	-	4.0	29.2	4.0
<i>Racing, Gaming and Liquor</i>						
Item 73: Delivery of Services	2.9	-	-	0.4	3.3	0.4
Item 74: Administered Grants, Subsidies and Other Transfer Payments	82.5	-	-	8.6	91.1	5.7
<i>Planning</i>						
Item 75: Delivery of Services	31.5	7.5	-	5.5	44.5	5.3
<i>Art Gallery of Western Australia</i>						
Item 78: Delivery of Services	4.0	-	-	0.8	4.8	0.8
<i>Perth Theatre Trust</i>						
Item 80: Delivery of Services	3.9	-	-	1.9	5.8	1.9
<i>Western Australian Museum</i>						
Item 81: Delivery of Services	5.3	-	-	2.7	8.0	2.7
<i>Training and Workforce Development</i>						
Item 83: Delivery of Services	425.7	1.0	-	-	426.7	-
<i>Attorney General</i>						
Item 84: Delivery of Services	304.3	-4.7	-	16.4	316.0	16.4
<i>Commissioner for Equal Opportunity</i>						
Item 86: Delivery of Services	3.1	-	-	0.2	3.3	0.2
<i>Office of the Information Commissioner</i>						
Item 90: Delivery of Services	1.4	-	-	-	1.4	-

Table 6.5 (cont)

TRANSFERS, EXCESSES AND NEW ITEMS

For the twelve months to 30 June 2011

	Budget \$m	Transfers ^(a) \$m	Treasurer's Advance			Drawn against Treasurer's Advance \$m
			New Items \$m	Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Corrective Services</i>						
Item 91: Delivery of Services	593.8	0.9	-	24.8	619.5	23.9
<i>Child Protection</i>						
Item 93: Delivery of Services	393.9	1.0	-	6.7	401.6	6.7
<i>Communities</i>						
Item 94: Delivery of Services	151.4	1.7	-	-	153.1	-
<i>Water</i>						
Item 96: Delivery of Services	73.2	-(b)	-	-	73.2	-
Item 97: Administered Grants, Subsidies and Other Transfer Payments	1.4	-	-	-(b)	1.4	-(b)
<i>Local Government</i>						
Item 99: Delivery of Services	21.3	-0.6	-	-	20.7	-
<i>Agriculture and Food</i>						
Item 103: Delivery of Services	156.7	0.2	-	-	156.9	-
<i>Rural Business Development Corporation</i>						
Item 105: Delivery of Services	0.2	-	-	4.5	4.7	4.5
<i>Environment and Conservation</i>						
Item 106: Delivery of Services	182.7	0.4	-	-	183.1	-
<i>Office of the Environmental Protection Authority</i>						
Item 108: Delivery of Services	12.0	-	-	0.3	12.3	0.3
Total Recurrent		-	-	539.6		486.3
Capital Appropriations						
<i>Governor's Establishment</i>						
New Item: Capital Appropriation	-	-	0.2	-	0.2	0.2
<i>Treasury and Finance</i>						
Item 118: Capital Appropriation	96.6	-	-	11.5	108.1	11.5
Item 123: Forest Products Commission	0.1	-	-	3.0	3.1	2.9
<i>Transport</i>						
Item 138: Capital Appropriation	12.9	0.4	-	-	13.3	-
<i>Planning</i>						
Item 145: Capital Contribution	11.7	-0.4	-	-	11.3	-
<i>National Trust of Australia (W.A.)</i>						
Item 158: Capital Appropriation	0.4	-	-	1.0	1.4	1.0
Total Capital		-	0.2	15.5		15.5
TOTAL		-	0.2	555.1		501.8

(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 2010-11:

- \$0.1 million from the Legislative Council to the Parliamentary Services Department for the transfer of responsibility and the associated funding for the Electronic Document Records Management System Project Manager function;
- \$2.1 million from the Department of the Premier and the Cabinet to the Department for Communities for the transfer of the Social Innovation Grants program;
- \$0.1 million from the Department of the Premier and Cabinet to the Department of the Attorney General for the transfer of the non-government legislative drafting services function;
- \$0.3 million from the Department of Treasury and Finance to the Department of Education for the transfer of the i-procurement function;
- \$0.1 million from the Department for Child Protection to the Department of the Attorney General for the burial of unclaimed bodies under the Bereavement Assistance Program;
- \$2.6 million from the Office of the Public Sector Standards Commissioner to the Public Sector Commission for the transfer of all functions and operations of the Office;
- \$4.9 million from the Public Transport Authority to the Department of Transport for the transfer of the multi-modal public transport planning function;
- \$7.5 million from the Department of Transport to the Department of Planning for the transfer of corporate services;
- \$0.4 million from the Department of Planning to the Department of Transport for office refurbishment and sustainability initiatives;
- \$0.5 million from Western Australia Police to the Department of Indigenous Affairs for the transfer of the Aboriginal Wardens Scheme;
- \$0.4 million from the Department of Communities to the Department for Child Protection for the Ngala Overnight Stay Service;
- \$2.2 million from the Disability Services Commission to WA Health to meet the operational cost of rehabilitation and support services provided by the Brightwater Care Group;
- \$0.6 million from the Department of Local Government to WA Health for the transfer of funding for the Integrated Service Centres program;
- \$5.0 million from the Department of the Attorney General to the Department of the Premier and Cabinet for the transfer of Office of Native Title functions;

- \$22,000 from the Department of Treasury and Finance to the Western Australian Land Information Authority for the transfer of a Procurement Support Officer; and
- \$11.6 million from the Department of Treasury and Finance to various agencies for the provision for District Allowance payments. The table below details District Allowance transfers by agency for 2010-11.

Table 6.6

PROVISION FOR DISTRICT ALLOWANCE

Item	Agency	Transfer from Appropriation
		\$'000
11	Treasury and Finance	40
38	Pilbara Development Commission	37
40	Health	4,369
41	Indigenous Affairs	50
42	Mines and Petroleum	31
44	Fisheries	63
50	Kimberley Development Commission	36
57	Education	1,935
61	Country High School Hostels Authority	45
63	Transport	112
65	Commissioner of Main Roads	227
67	Disability Services Commission	29
68	Western Australia Police	1,226
69	Fire and Emergency Services Authority of Western Australia	56
83	Training and Workforce Development	980
84	Attorney General	173
91	Corrective Services	906
93	Child Protection	680
96	Water	47
103	Agriculture and Food	182
106	Environment and Conservation	367
	Total	11,591

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. Unless otherwise stated below, the approved funding was drawn in full by 30 June 2011.

Legislative Council

Item 1: **Net Amount Appropriated to Deliver Services** (\$0.2 million) to effectively provide Procedural and Committee services to meet the needs of the Legislative Council, and Members.

Parliamentary Commissioner for Administrative Investigations

Item 4: **Net Amount Appropriated to Deliver Services** (\$0.9 million) primarily to meet additional operational costs arising from an increased number of complaints and accommodation requirements.

Governor's Establishment

New Item: **Capital Appropriation** (\$0.2 million) for the restoration of the Government House boundary wall.

Treasury and Finance

Item 11: **Net Amount Appropriated to Deliver Services** (\$28.4 million). The following table summarises the key issues contributing to supplementary funding of the Department's appropriation in 2010-11.

SUPPLEMENTARY FUNDING		Table 6.7
Treasury and Finance		
		\$m
Government Office Accommodation Master Plan		19.6
Shared Services Corporate Reform Project		5.9
Accommodation Increase for the Office of Shared Services		1.0
Office of State Revenue – Duty Assessment Valuations		0.9
Office of State Revenue – Appeal and Legal Costs		0.5
Delivering Community Services in Partnership Policy		0.4
Hale House		0.3
Salary Funding Escalation		0.2
50% Salary Saving – 2010 Voluntary Separation Scheme		-0.3
TOTAL		28.4

Note: Column may not add due to rounding.

Items Administered by Department of Treasury and Finance

Item 12: **Electricity Retail Corporation** (\$136.8 million) to fund additional operating subsidy and feed-in tariff requirements in the 2010-11 financial year. Of the \$136.8 million approved excess, \$121.5 million was drawn against the Treasurer's Advance. This outcome reflects the impact of higher operating subsidy costs as a result of increases in the cost of electricity, paid in respect of electricity tariffs which are below cost, and the introduction of the feed-in tariff.

Item 23: **Payroll Tax** (\$16.0 million) for additional eligible payroll tax rebates during 2010-11, as part of the one-off rebate scheme implemented in the 2009-10 Budget. Of the \$16.0 million approved excess, \$0.4 million was drawn against the Treasurer's Advance, with the shortfall due to lower than expected outstanding eligible claims.

Item 29: **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. However, none of the \$15.0 million approved excess was drawn against the Treasurer's Advance, with lower than expected eligible claims being approved by 30 June 2011.

Item 32: **State Property – Emergency Services** (\$0.7 million) for an increase in the Emergency Services Levy assessed on State-owned properties for 2010-11.

Item 34: **All Other Grants, Subsidies and Transfer Payments** (\$8.0 million) for the Consolidated Account share (\$5.0 million) of funding for the Toodyay Bushfire Financial Assistance Package (the balance of the \$10 million fund was provided by Western Power) and Interest on Public Moneys Held in Participation Trust Fund Accounts (\$3.0 million). Of the \$8.0 million approved excess, \$5.8 million was drawn against the Treasurer's Advance with the shortfall mainly due to lower than expected interest payments on the balances of public moneys.

Item 118: **Capital Appropriation** (\$11.5 million), including a \$4.1 million reimbursement for funds previously returned to the Consolidated Account in line with the Government's cash management policy¹, accommodation at Hale House (\$2.7 million), and additional software licences, systems supports/upgrades and work in support of agencies rolled-in to Shared Services during the year (\$4.7 million).

Item 123: **Forest Products Commission** (\$3.0 million) to facilitate restructuring of the Forest Products Commission. Of the \$3.0 million approved excess, \$2.9 million was drawn against the Treasurer's Advance.

Health

Item 40: **Contribution to Hospital Fund** (\$25.7 million). The following table summarises the key issues contributing to supplementary funding of the Department's appropriation in 2010-11.

SUPPLEMENTARY FUNDING		Table 6.8
Health		
	\$m	
Enterprise Bargaining Agreement (Doctors, Nurses, Health Support Workers and Engineers)	23.5	
Pre-Riskcover Medico Legal	3.6	
Employee Entitlements	2.3	
Funding Source Change – Recurrent to Capital	-0.7	
Hospital Services Recashflow	-1.1	
Voluntary Separation Scheme – Salary Savings	-1.8	
TOTAL	25.7	
Note: Column may not add due to rounding.		

Of the \$25.7 million approved excess, \$24.4 million was drawn against the Treasurer's Advance. The shortfall was due to lower costs met from this item (including depreciation and employee entitlements), which were instead met from Item 39: *Net Amount Appropriated to Deliver Services*.

¹ Agency cash holdings are generally managed to a '5% of appropriation' working capital limit. This can be exceeded when an agency is in receipt of restricted cash (e.g. Commonwealth tied grants). Otherwise, excess cash can be returned to the Consolidated Account.

Fisheries

Item 44: **Net Amount Appropriated to Deliver Services** (\$2.0 million) consisting of \$2.4 million to respond to immediate threats of invasive marine pests in Western Australia, partially offset by savings of \$0.4 million from a reduction in staff numbers as part of the 2010 voluntary separation process.

Western Australian Electoral Commission

Item 45: **Net Amount Appropriated to Deliver Services** (\$1.6 million) to meet unavoidable cost pressures arising from a major review of the *Electoral Act 1907*, the Electoral Roll Maintenance System redevelopment, costs arising from the Armadale By-Election in October 2010, and for increased accommodation lease costs.

Kimberley Development Commission

Item 50: **Net Amount Appropriated to Deliver Services** (\$0.3 million) for the Warmun Aboriginal Community Re-Establishment Taskforce.

Western Australian Land Information Authority

Item 56: **Net Amount Appropriated to Deliver Services** (\$7.7 million) to address a significant reduction in external revenue as a result of weaker than expected activity in the Perth property market.

Education

Item 57: **Net Amount Appropriated to Deliver Services** (\$80.8 million). The following table summarises the key issues contributing to supplementary funding of the Department's appropriation in 2010-11.

SUPPLEMENTARY FUNDING		Table 6.9
Education		
	\$m	
Structural Realignment of the Department of Education Budget	103.9	
Additional Funding for Education Assistants – WAIRC EBA Decision	5.8	
2011 Growth in Student Numbers	4.8	
Accrued Employee Entitlements – Actuarial Adjustment	2.7	
Empowering School Communities – Voluntary Separation Scheme	1.8	
Annual Salaries Escalation – CPI Based	1.3	
Relocation of Centre for Inclusive Schooling	0.9	
Independent Review of School Resource Allocation Model	0.5	
2010 Voluntary Separation Scheme – Employee Benefits Savings	-1.8	
Depreciation Adjustments – Asset Investment Program Recashflowing	-39.1	
TOTAL	80.8	

Note: Column may not add due to rounding.

Transport

Item 63: **Net Amount Appropriated to Deliver Services** (\$5.5 million), mainly to address a shortfall in advertising revenue (\$4.5 million) and increased long service leave costs (\$0.7 million).

Disability Services Commission

Item 67: **Net Amount Appropriated to Deliver Services** (\$0.4 million) for an increase in depreciation expenditure and salary costs (\$0.5 million), partially offset by voluntary separation savings (\$0.1 million).

Western Australia Police

Item 68: **Net Amount Appropriated to Deliver Services** (\$3.2 million). The following table summarises the key issues contributing to supplementary funding of the Western Australia Police appropriation in 2010-11.

SUPPLEMENTARY FUNDING		Table 6.10
Police		
	\$m	
Commonwealth Heads of Government Meeting 2011	3.2	
Post Separation Medical Benefits	2.0	
Enhanced Speed Enforcement Program	1.2	
Voluntary Separations	-0.3	
Deferral of:		
Expenditure for Mount Magnet Police Station to Forward Estimates	-0.6	
Expenditure for Fitzroy Police Station to Forward Estimates	-0.8	
Expenditure for Perth Police Complex to Forward Estimates	-1.5	
TOTAL	3.2	

Note: Column may not add due to rounding.

Fire and Emergency Services Authority

Item 69: **Net Amount Appropriated to Deliver Services** (\$129.6 million) for Western Australian Natural Disaster Relief and Recovery Arrangements (\$119.5 million), bushfire suppression (\$8.1 million) and the State Emergency Service response and recovery arrangements (\$3.8 million), partially offset by miscellaneous savings across the Authority's services (\$1.8 million).

Sport and Recreation

Item 70: **Net Amount Appropriated to Deliver Services** (\$4.0 million), consisting of \$5.0 million to upgrade the Barbagello Raceway complex to enable Western Australia to host an annual round of the V8 Supercar Championship Series, partially offset by a \$1.0 million reduction in depreciation due to revaluation of the Department's assets.

Racing, Gaming and Liquor

Item 73: **Net Amount Appropriated to Deliver Services** (\$0.4 million) for expenditure related to the implementation of the *Liquor Control Amendment Bill 2010*.

Item 74: **Administered Grants, Subsidies and Other Transfer Payments** (\$8.6 million) for the Racecourse Infrastructure Fund (\$5.0 million), Problem Gambling Programs (\$2.0 million) and the Racing and Wagering WA Tax Incentive (\$1.6 million). Of the \$8.6 million approved excess, \$5.7 million was drawn against the Treasurer's Advance, reflecting an offsetting decrease of \$2.8 million in the GST gambling tax rebates paid by the agency.

Planning

Item 75: **Net Amount Appropriated to Deliver Services** (\$5.5 million) to fund corporate services costs of \$4.3 million on behalf of the Department of Transport, and a \$1.2 million shortfall in revenue from subdivision assessment applications and other planning services as a result of the downturn in property market activity. Of the \$5.5 million approved excess, \$5.3 million was drawn against the Treasurer's Advance, with the shortfall reflecting a \$0.2 million appropriation benefit from the voluntary separation scheme.

Culture and the Arts

Item 78: **Art Gallery of Western Australia** (\$0.8 million) for additional short-term funding to address an operating deficit arising as a result of cost pressures such as insurance premiums and maintenance expenses.

Item 80: **Perth Theatre Trust** (\$1.9 million) to meet the operational, management and depreciation costs associated with the operation of the Albany Entertainment Centre.

Item 81: **Western Australian Museum** (\$2.7 million) for additional short-term funding to address an operating deficit arising as a result of cost pressures such as insurance premiums and maintenance expenses.

Attorney General

Item 84: **Net Amount Appropriated to Deliver Services** (\$16.4 million). The following table summarises the key issues contributing to supplementary funding of the Department's appropriation in 2010-11.

SUPPLEMENTARY FUNDING		Table 6.11
Attorney General		
	\$m	
Ex-Gratia Payments	6.3	
Retrospective Remuneration Agreement with Copyright Agency Limited	3.1	
Court Security and Custodial Services	2.0	
Microsoft Licensing Costs	1.9	
Accused Defendants Costs Increased Payments	1.7	
Accommodation Rental Increases	1.3	
Civil Court Fees Adjustment	1.1	
Legal Aid Commission – Expensive Cases	0.8	
Act of Grace and Mesothelioma Payments	0.4	
Other	0.2	
Reflow of Bell Resources Appeal	-0.3	
Enhanced Fines Enforcement Registry Measurers – Deferral Beyond 30 June 2011	-0.8	
Enhanced Speed Enforcement Program	-1.3	
TOTAL	16.4	

Note: Column may not add due to rounding.

Commissioner for Equal Opportunity

Item 86: **Net Amount Appropriated to Deliver Services** (\$0.2 million) for higher than expected accommodation costs.

Corrective Services

Item 91: **Net Amount Appropriated to Deliver Services** (\$24.8 million), mainly due to the recruitment of additional prison officers, higher numbers of juvenile detainees, and higher contract costs. Of the \$24.8 million approved excess, \$23.9 million was drawn against the Treasurer's Advance. The shortfall reflects \$0.9 million for District Allowances that was subsequently transferred from Treasury (see Table 6.6 earlier in this appendix).

Child Protection

Item 93: **Net Amount Appropriated to Deliver Services** (\$6.7 million) for High Need Placements (\$4.0 million), Emergency Management Services (\$2.3 million) and the reinstatement of savings due to the deferral of transitioning human resources functions to the Office of Shared Services (\$0.4 million).

Water

Item 97: **Administered Grants, Subsidies and Other Transfer Payments** (\$22,000) for the maintenance of pipelines and other assets transferred from the Water Corporation to the Gascoyne Water Cooperative and the Ord Irrigation Cooperative.

Rural Business Development Corporation

Item 105: **Net Amount Appropriated to Deliver Services** (\$4.5 million) for the provision of assistance to farmers affected by the 2010 dry season.

Office of the Environmental Protection Authority

Item 108: **Net Amount Appropriated to Deliver Services** (\$0.3 million) for expenditure relating to enhanced project assessment (\$0.2 million) and a change in funding source and increase in classification of the General Manager's position (\$0.1 million).

National Trust of Australia

Item 158: **Capital Appropriation** (\$1.0 million) for restorative work and a new toilet block at the Old Perth Boy's School site.

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