



2011-12

Quarterly Financial Results Report

December 2011



2011-12

**Quarterly Financial
Results Report**

DECEMBER 2011

2011–12 Quarterly Financial Results Report
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**QUARTERLY FINANCIAL RESULTS REPORT
Six Months Ended 31 December 2011**

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Foreword

This *Quarterly Financial Results Report* (QFRR) provides financial results for the Western Australian public sector for the six months to 31 December 2011.

Care should be exercised in extrapolating the likely outcome for the 2011-12 year based on the quarterly results to date, particularly in light of the seasonal and other timing factors that impact the State's finances. For example, the timing of grant revenue (from the Commonwealth), grant payments, and goods and services purchases and sales by agencies can be volatile, making comparisons between quarterly reporting periods difficult.

The focus of the State Budget is the general government sector net operating balance. The presentation in this report is consistent to that used in the 2011-12 *Government Mid-year Financial Projections Statement* (mid-year review) released on 28 December 2011 and with the 2011-12 State Budget (released 19 May 2011).

The financial statements in this report have been prepared in accordance with applicable Australian Accounting Standards including AASB 134: *Interim Financial Reporting* and AASB 1049: *Whole of Government and General Government Sector Financial Reporting*.

This report also includes Appendix 3: *Public Ledger* which summarises information on the Consolidated Account, Treasurer's Special Purpose Accounts and the Treasurer's Advance.

Information presented in this QFRR is not audited.

Overview

Summary

Positive financial outcomes were recorded by the Western Australian public sector during the six months to 31 December 2011.

The general government sector recorded an operating surplus of \$772 million for the first six months of 2011-12. This compares with a \$1,106 million surplus reported for the same period in 2010-11.

- General government revenue in the first six months of 2011-12 grew by 4.1% compared with the same period last year, mainly driven by higher mining royalties (particularly for iron ore), payroll tax and revenue from public corporations. There is also a one-off revenue impact from the transfer of the functions and assets of the Real Estate and Business Agents Supervisory Board and the Settlement Agents Supervisory Board into government¹. These impacts are partially offset by lower grants from the Commonwealth.
- General government expenses grew by 7.5%, reflecting growth in salaries costs in the health, police and education sectors, and higher agency operating costs, partially offset by lower current and capital transfers.

Total public sector net worth increased by \$146 million over the six months to 31 December 2011, to stand at \$112.4 billion. This largely reflects the increase in holdings of physical assets and inventories, partially offset by an increase in the value of unfunded superannuation liabilities (due mainly to the valuation effect of volatility in financial markets) and budgeted increases in borrowings in support of the State's Asset Investment Program.

At \$13.0 billion, total public sector net debt at 31 December 2011 was \$934 million higher than the \$12.0 billion recorded at 30 June 2011. This is in line with projected growth in net debt reflected in the 2011-12 mid-year review.

¹ These external Boards were wound up with the Department of Commerce assuming these roles from 1 July 2011 as part of the State Government's commitment to reduce the number of statutory boards and committees. Abolition of the boards will result in a more streamlined operating structure with a single regulator across a number of operational areas, and better integration with generalist laws such as the Australian Consumer Law. The assets transferred to the general government sector include moneys held in trust and funds supporting the regulation of the real estate and settlement agent industries in Western Australia.

General Government Sector

The general government sector recorded an operating surplus of \$772 million for the six months to 31 December 2011, \$334 million lower than the \$1,106 million surplus reported for the same period in 2010-11.

SUMMARY OF GENERAL GOVERNMENT FINANCES Western Australia

Table 1

	2011-12			2010-11		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	447	772	209	1,153	1,106	1,604
Net worth		112,350	114,131		110,702	112,203
Increase in cash balances	322	-923	-692	40	-569	72
<i>Memorandum items</i>						
Net lending	-124	-490	-2,837	705	273	-264
Net debt		1,239	3,539		-446	236
Cash position	30	-744	-2,550	501	-121	-397

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

Revenue

Revenue for the six months to 31 December 2011 totalled \$12,776 million, \$502 million (or 4.1%) higher than the first six months of 2010-11. This increase mainly reflects the net effect of:

- higher royalty income (up \$423 million, or 21.8%), as a result of higher production volumes and prices for iron ore, partially offset by the effect of a stronger Australian dollar;
- higher 'other revenue' (up \$140 million), primarily due to the transfer of the functions and assets of the Real Estate and Business Agents Supervisory Board and the Settlement Agents Supervisory Board to the Department of Commerce²;
- lower Commonwealth grants (down \$94 million), due mainly to the combined effect of:
 - lower funding for education and training (down \$262 million) and for non-government schools (down \$224 million), due to the winding down of the Commonwealth's *Building the Education Revolution* stimulus program;
 - higher GST grants (up \$128 million), primarily due to a combination of a higher national GST pool (relative to the same time last year) and Western Australia's slightly larger share of the pool in 2011-12;
 - higher road funding under the *Nation Building Program* (up \$126 million);

² See earlier footnote.

- higher grants for the health and disabilities sectors (up \$95 million), primarily for the *National Healthcare Agreement* (up \$45 million) and the *National Health Reform Agreement* (up \$12 million); and
- funding for the Commonwealth Heads of Government Meeting (\$43 million), which was held in Perth in October 2011;
- lower taxation revenue (down \$65 million), primarily reflecting:
 - a one-off contribution (received in 2010-11) from Rio Tinto and BHP Billiton in response to changes to State Agreement Acts³ (down \$350 million);
 - higher payroll tax collections (up \$221 million), due to growth in wages and employment;
 - higher insurance duty (up \$20 million), due to growth in insurance premiums and sales; and
 - higher motor vehicle licences (up \$18 million), mainly attributable to growth in the number of registered vehicles; and
- higher revenue collections from public corporations (up \$60 million), mainly due to final dividend outcomes for 2010-11 (announced after 30 June 2011), partly offset by timing changes for tax equivalent revenue.

Expenses

Expenses for the six months to 31 December 2011 totalled \$12,004 million, up \$835 million (or 7.5%) on the same period in 2010-11. The outcome primarily reflects:

- higher salaries (up \$406 million), due to higher pay rates including Enterprise Bargaining Agreement increases for education staff, and increased staff numbers particularly in the health, police and education sectors (accounting for 74% of the total increase);
- higher ‘services and contracts’ and ‘other gross operating’ expenses (up \$808 million), mainly due to:
 - higher not-for-profit sector funding (up \$558 million) of which \$405 million relates to spending classified as current transfers in previous years⁴;
 - higher patient support costs for the health sector (up \$51 million) to cater for pharmaceutical, medical, surgical and diagnostic supplies, and increased patient transport costs;
 - higher private sector contract costs for the health sector (up \$24 million) and higher information technology costs for Western Australia Police (up \$14 million);

³ In June 2010, the State Government announced an agreement with major iron ore producers to reform a number of State Agreement Acts. The Government announced in December 2010 that Rio Tinto’s and BHP Billiton’s \$350 million contribution related to these reforms will be used to fund construction of the New Children’s Hospital.

⁴ The reclassification of spending follows the Government’s not-for-profit sector funding initiative announced in the 2011-12 Budget. This initiative included the immediate rollout from 1 July 2011 of \$87 million in support of contract costs (a 15% increase) together with a \$102 million increase in related payments, mainly for growth funding.

- higher school expenses, including for repairs, maintenance and other operating costs (up \$66 million); and
- changes in the timing of purchases of goods and services across the general government sector; and
- lower current and capital transfers (down \$450 million), due largely to the reclassification of not-for-profit sector funding noted above (down \$405 million), and the net effect of:
 - lower on-passed non-government school grants (down \$212 million), mainly due to the end of stimulus initiatives (noted earlier);
 - the impact of a one-off payroll tax rebate for eligible employers in 2010-11, announced in the 2009-10 State Budget (down \$97 million);
 - higher operating subsidy payments to Synergy (up \$93 million);
 - higher funding for indigenous and community housing programs (up \$86 million);
 - the timing of on-passed Commonwealth grants to local governments (up \$58 million); and
 - higher grant payments under the *WA Natural Disaster Relief and Recovery Arrangement* associated with declared disasters in Western Australia (up \$26 million).

Balance Sheet

General government sector net worth (i.e. total assets less total liabilities) increased by \$147 million in the six months to 31 December 2011, to stand at \$112.4 billion. This increase is mainly due to the net impact of a \$1.1 billion increase in holdings of physical assets (reflecting infrastructure spending as part of the Asset Investment Program), a \$1.5 billion increase in unfunded superannuation liabilities (due to changes in the discount rates used to value these liabilities, reflecting the effect of volatile global financial market conditions on bond rates)⁵, and an increase in the value of the general government sector's ownership interest in the public corporation sectors (up \$0.8 billion), mainly due to the operating surpluses recorded by these sectors during the period, and general government sector equity contributions supporting infrastructure investment (discussed below).

General government sector net debt increased by \$1.0 billion during the first six months to 31 December 2011, to total \$1.2 billion. This outcome is consistent with higher net debt forecasts (included in the 2011-12 State Budget) in support of the State's infrastructure investment program.

⁵ Long term government bond rates are used by the actuary in year-end valuations of unfunded superannuation liabilities. Bond rates declined in the December 2011 quarter. A decrease in the bond rate means that unfunded liabilities increase in value (and vice versa). The quarterly impact of these changes is estimated by Treasury.

Cash Flow

A cash deficit of \$744 million was recorded for the six months ended 31 December 2011. This was a \$623 million increase on the cash deficit for the same period last year and includes the impact of:

- the operating cash equivalent of the surplus outcome discussed above (down \$299 million); and
- an increase of \$340 million in infrastructure spending compared to the six months to 31 December 2010 (this mainly reflects increased spending on health infrastructure (up \$280 million) including works on the Fiona Stanley Hospital, the Queen Elizabeth II Medical Centre, the New Children's Hospital and the State Rehabilitation Service Development, and the completion of works on *Building the Education Revolution* projects).

Total Public Sector⁶

The total public sector recorded an operating surplus of \$870 million for the six months to 31 December 2011. This is \$635 million lower than the surplus recorded in the same period in 2010-11, and includes the general government sector surplus discussed earlier, and operating surplus outcomes for the State's public corporations.

SUMMARY OF TOTAL PUBLIC SECTOR FINANCES Western Australia

Table 2

	2011-12			2010-11		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
Net operating balance	345	870	214	1,111	1,505	1,234
Net worth		112,350	114,131		110,702	112,203
Increase in cash balances	49	-135	-980	-172	-725	-510
<i>Memorandum items</i>						
Net lending	-353	-1,446	-4,211	-129	-552	-2,245
Net debt		12,960	16,582		10,341	12,026
Cash position	-444	-1,000	-4,548	-26	-647	-2,029

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

Operating Statement

The total public sector operating surplus for the first six months of 2011-12 includes the combined impact of:

- the \$772 million general government sector operating surplus (see earlier discussion);
- a public non-financial corporations sector operating surplus of \$271 million, \$113 million higher than the surplus recorded by the sector for the same period in 2010-11; and
- an operating surplus of \$42 million for the public financial corporations sector, \$260 million lower than the surplus recorded in the same period last year, mainly due to lower net investment income and an increase in claims expenses for the Insurance Commission of Western Australia.

Balance Sheet

The value of the total public sector balance sheet is identical to that of the general government sector in terms of net worth (discussed earlier). This is because the net worth of the public corporations is recognised as an investment asset of the general government sector.

⁶ The total public sector (also known as the whole-of-government) consolidates the general government sector (discussed in the previous section), the public non-financial corporations sector (which includes entities such as the electricity utilities, Water Corporation, ports and the Public Transport Authority), and the public financial corporations sector (including agencies such as the Western Australian Treasury Corporation and the Insurance Commission of Western Australia).

Total public sector net debt increased by \$934 million during the first six months of 2011-12, to stand at \$13.0 billion at 31 December 2011. This outcome reflects the impact of the State's substantial infrastructure investment program and is in line with higher net debt projections for the year, reflected in the recent mid-year review.

Cash Flow

A cash deficit of \$1,000 million was recorded for the six months ended 31 December 2011, \$353 million higher than the \$647 million deficit for the same period in 2010-11. This reflects:

- net cash outflows from operations, down \$544 million, in line with the lower (accrual) operating surplus discussed above; and
- infrastructure spending totalling \$3,109 million for the first six months to 31 December 2011, \$139 million lower than the same period last year. This reflects the completion of Stage 1 of the Southern Seawater Desalination Plant, and the winding back of the Community Housing Building program as Commonwealth stimulus initiatives draw to a conclusion.

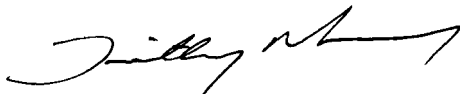
Interim Financial Statements

Statement of Responsibility

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

In our opinion, the statements are a true and fair presentation of the operating statements and cash flows of these sectors for the six months ended 31 December 2011 and of the balance sheets of these reporting entities at 31 December 2011. The statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and where there is no conflict with these standards, they are also consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*.

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



TIMOTHY MARNEY
UNDER TREASURER



MAGDALENA WITTEK
A/ASSISTANT DIRECTOR
FINANCIAL REPORTING

24 February 2012

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Table 1.1

GENERAL GOVERNMENT OPERATING STATEMENT
For the six months ended 31 December 2011

	Note	2011-12			2010-11		Actual ^(b) \$m
		Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
<i>Results from Transactions</i>							
REVENUE							
Taxation		1,772	3,818	6,976	2,283	3,883	6,763
Current grants and subsidies		2,205	4,370	8,819	2,026	4,033	8,003
Capital grants		210	389	870	394	820	1,336
Sales of goods and services		442	941	1,842	427	896	1,754
Interest Income		72	153	313	78	162	321
Dividends from other sectors		215	215	737	61	61	687
Tax equivalent income		86	159	429	171	253	379
Royalty income		1,232	2,360	4,579	1,073	1,937	4,213
Other		133	370	548	139	230	454
Total	2	6,367	12,776	25,112	6,653	12,274	23,909
EXPENSES							
Salaries		2,393	4,734	9,466	2,192	4,328	8,829
Superannuation							
Concurrent costs		229	450	899	209	412	841
Superannuation interest cost		57	134	294	101	206	317
Other employee costs		101	197	388	88	165	367
Depreciation and amortisation		236	471	955	214	428	896
Services and contracts		472	821	1,801	419	779	1,501
Other gross operating expenses		1,163	2,277	4,691	645	1,511	3,723
Other interest		88	174	346	77	142	297
Current transfers	3	1,097	2,509	5,456	1,368	2,747	4,928
Capital transfers	3	84	237	608	188	449	606
Total		5,920	12,004	24,903	5,500	11,169	22,306
NET OPERATING BALANCE	4	447	772	209	1,153	1,106	1,604
<i>Other economic flows</i>							
Net gains on assets/liabilities		7	10	82	6	7	18
Net actuarial gains - superannuation		-404	-1,503	-1,133	-	-	-112
Provision for doubtful debts		-1	-2	-	-	-2	-25
All other		-	-	-	-	-	-
Total other economic flows		-398	-1,495	-1,051	6	5	-119
OPERATING RESULT		49	-723	-843	1,159	1,111	1,485
<i>All other movements in equity</i>							
Revaluations		256	680	2,329	404	660	2,499
Gains recognised directly in equity		-6	-13	-1	-	-6	-4
Changes in accounting policy/correction of prior period errors		-15	-228	-763	65	-18	-28
Change in net worth of the public corporations sectors		162	430	1,205	137	1,112	408
All other		-	-	-	-	-	-
Total all other movements in equity		397	869	2,771	607	1,748	2,874
TOTAL CHANGE IN NET WORTH		446	146	1,928	1,766	2,858	4,359
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	447	772	209	1,153	1,106	1,604
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		836	1,663	4,161	691	1,323	2,870
Changes in inventories		-1	3	5	3	3	-4
Other movement in non-financial assets		13	152	68	3	5	55
<i>less:</i>							
Sales of non-financial assets		40	85	235	34	69	158
Depreciation		236	471	955	214	428	896
Total net acquisition of non-financial assets		571	1,262	3,045	448	833	1,867
NET LENDING/-BORROWING	4	-124	-490	-2,837	705	273	-264

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

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

Table 1.2

GENERAL GOVERNMENT BALANCE SHEET
As at 31 December 2011

	Note	2011-12		2010-11	
		31 Dec \$m	Estimated Outturn ^(a) \$m	31 Dec \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		556	775	521	698
Advances paid		697	681	714	694
Investments, loans and placements	5	4,159	3,853	4,496	4,713
Receivables	6	2,645	2,312	2,166	2,413
Investment property		9	9	-	9
Shares and other equity					
Investments in other public sector entities - equity method		43,312	44,087	43,586	42,882
Investments in other public sector entities - direct injections		5,294	5,321	4,564	4,899
Investments in other entities		-	-	-	-
Other financial assets		-	-	-	-
Total financial assets		56,672	57,039	56,048	56,307
<i>Non-financial assets</i>					
Land		39,440	39,836	38,431	39,038
Property, plant and equipment		35,423	38,596	31,929	34,366
Biological assets		2	2	2	2
Inventories					
Land inventories		100	100	104	102
Other inventories		67	69	70	64
Intangibles		468	437	423	447
Non-current assets held for sale		50	46	57	52
Other		232	158	190	218
Total non-financial assets		75,782	79,244	71,207	74,288
TOTAL ASSETS		132,453	136,282	127,254	130,594
LIABILITIES					
Deposits held		466	261	564	384
Advances received		468	454	482	468
Borrowings	7	5,805	8,221	4,328	5,577
Unfunded superannuation		8,777	8,299	7,256	7,306
Other employee benefits		2,587	2,633	2,343	2,512
Payables		532	605	295	575
Other liabilities		1,468	1,678	1,284	1,569
TOTAL LIABILITIES		20,103	22,151	16,552	18,391
NET ASSETS		112,350	114,131	110,702	112,203
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		9,864	10,376	10,452	10,833
Other reserves		102,485	103,756	100,251	101,371
NET WORTH	4	112,350	114,131	110,702	112,203
MEMORANDUM ITEMS					
<i>Net financial worth</i>		36,568	34,888	39,496	37,916
<i>Net financial liabilities</i>		12,037	14,520	8,654	9,865
<i>Net debt</i>					
Gross debt liabilities		6,739	8,936	5,374	6,429
less: liquid financial assets		5,412	5,309	5,732	6,105
less: convergence differences impacting net debt		88	88	88	88
Net debt		1,239	3,539	-446	236

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

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

Table 1.3

GENERAL GOVERNMENT STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2011</i>	10,833	101,371	112,203
Net Operating Balance	772	-	772
Revaluations	-	680	680
Change in net worth of the other sectors	-	430	430
All other	-1,741	5	-1,736
Balance as at 31 December 2011	9,864	102,485	112,350

For the six months ended 31 December 2010

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2010</i>	9,367	98,478	107,844
Net Operating Balance	1,106	-	1,106
Revaluations	-	660	660
Change in net worth of the other sectors	-	975	975
All other	-21	138	117
Balance as at 31 December 2010	10,452	100,251	110,702

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

Table 1.4

GENERAL GOVERNMENT CASH FLOW STATEMENT
For the six months ended 31 December 2011

	Note	2011-12			2010-11		Actual ^(b) \$m
		Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		1,960	3,544	6,982	2,202	3,639	6,662
Grants and subsidies received		2,416	4,696	9,608	2,410	4,826	9,372
Receipts from sales of goods and services		492	1,004	1,884	396	866	1,808
Interest receipts		66	142	305	69	143	316
Dividends and tax equivalents		371	467	1,176	214	318	1,067
Other		1,661	3,260	6,038	1,519	2,807	5,638
Total cash received		6,964	13,112	25,993	6,810	12,600	24,863
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-2,563	-5,211	-10,662	-2,291	-4,865	-9,853
Payments for goods and services		-1,889	-3,581	-6,941	-1,298	-2,780	-5,793
Interest paid		-83	-158	-315	-69	-128	-302
Grants and subsidies paid		-1,259	-2,667	-5,577	-1,658	-2,996	-5,219
Dividends and tax equivalents		-	-	-	-	-	-
Other		-344	-760	-1,121	-337	-699	-1,381
Total cash paid		-6,139	-12,278	-24,616	-5,653	-11,467	-22,547
NET CASH FLOWS FROM OPERATING ACTIVITIES		825	834	1,377	1,157	1,133	2,316
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-836	-1,663	-4,161	-691	-1,323	-2,870
Sales of non-financial assets		40	85	235	34	69	158
Total cash flows from investments in non-financial assets		-795	-1,578	-3,927	-656	-1,254	-2,712
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		2	2	-	2	10	14
For liquidity purposes		-	-	-	22	37	85
<i>Cash paid</i>							
For policy purposes		-111	-397	-686	-328	-498	-780
For liquidity purposes		-	-1	-11	-2	-2	-5
Total cash flows from investments in financial assets		-110	-395	-697	-306	-454	-687
NET CASH FLOWS FROM INVESTING ACTIVITIES		-905	-1,973	-4,623	-963	-1,708	-3,399
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	14	-	-	14
Borrowings		265	279	2,768	-139	46	1,298
Deposits received		-	-	-	-	-	-
Other financing receipts		7	15	32	7	15	32
Total cash received		272	294	2,815	-132	60	1,344
<i>Cash paid</i>							
Advances paid		-	-	-14	-	-	-14
Borrowings repaid		142	-38	-148	-10	-23	-93
Deposits paid		-	-	-	-	-	-
Other financing payments		-13	-40	-98	-13	-32	-81
Total cash paid		129	-78	-260	-22	-54	-188
NET CASH FLOWS FROM FINANCING ACTIVITIES		401	216	2,554	-154	6	1,155
Net increase in cash and cash equivalents		322	-923	-692	40	-569	72
Cash and cash equivalents at the beginning of the year		4,174	5,418	5,418	4,737	5,346	5,346
Cash and cash equivalents at the end of the year		4,496	4,496	4,726	4,777	4,777	5,418
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		825	834	1,377	1,157	1,133	2,316
Net cash flows from investing in non-financial assets		-795	-1,578	-3,927	-656	-1,254	-2,712
Cash surplus/-deficit	4	30	-744	-2,550	501	-121	-397

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 Annual Report on State Finances, released 22 September 2011.

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

Table 1.5

TOTAL PUBLIC SECTOR OPERATING STATEMENT
For the six months ended 31 December 2011

	Note	2011-12			2010-11		Actual ^(b) \$m
		Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
<i>Results from Transactions</i>							
REVENUE							
Taxation		1,689	3,657	6,658	2,201	3,728	6,463
Current grants and subsidies		2,205	4,370	8,819	2,026	4,033	8,003
Capital grants		210	389	870	394	820	1,336
Sales of goods and services		3,880	8,632	17,664	2,995	7,244	15,595
Interest Income		229	478	1,081	234	476	970
Royalty income		1,232	2,360	4,579	1,073	1,937	4,213
Other		209	544	943	245	448	892
Total	2	9,654	20,431	40,614	9,169	18,684	37,472
EXPENSES							
Salaries		2,670	5,292	10,548	2,435	4,832	9,841
Superannuation							
Concurrent costs		255	503	1,002	232	461	938
Superannuation interest cost		57	134	294	101	206	317
Other employee costs		73	142	267	62	118	269
Depreciation and amortisation		670	1,301	2,574	603	1,213	2,435
Services and contracts		672	1,229	2,475	562	1,055	2,234
Other gross operating expenses		3,724	8,182	17,144	2,440	5,891	14,387
Other interest		389	807	1,737	356	747	1,510
Current transfers	3	728	1,775	3,868	1,066	2,196	3,524
Capital transfers	3	72	196	491	202	461	783
Total		9,309	19,560	40,400	8,058	17,179	36,238
NET OPERATING BALANCE	4	345	870	214	1,111	1,505	1,234
<i>Other economic flows</i>							
Gains on net assets		50	79	227	28	102	252
Net actuarial gains - superannuation		-411	-1,526	-1,133	-	-	-135
Provision for doubtful debts		-6	-9	-17	-3	-12	-51
All other		-	-	-	-	-	-
Total other economic flows		-367	-1,455	-923	25	90	67
OPERATING RESULT		-21	-585	-709	1,136	1,595	1,301
<i>All other movements in equity</i>							
Revaluations		452	611	3,093	523	767	2,510
Gains recognised directly in equity		9	476	-46	10	335	387
Changes in accounting policy/correction of prior period errors		6	-355	-410	98	161	161
All other		-	-	-	-	-	-
Total all other movements in equity		467	732	2,637	630	1,264	3,058
TOTAL CHANGE IN NET WORTH		446	146	1,928	1,766	2,858	4,359
KEY FISCAL AGGREGATES							
NET OPERATING BALANCE	4	345	870	214	1,111	1,505	1,234
<i>Less Net acquisition of non-financial assets</i>							
Purchase of non-financial assets		1,612	3,109	7,877	1,719	3,248	6,482
Changes in inventories		-92	682	41	287	336	348
Other movement in non-financial assets		1	167	95	-11	-24	-271
<i>less:</i>							
Sales of non-financial assets		153	341	1,012	153	290	646
Depreciation		670	1,301	2,574	603	1,213	2,435
Total net acquisition of non-financial assets		699	2,316	4,426	1,240	2,057	3,479
NET LENDING/-BORROWING	4	-353	-1,446	-4,211	-129	-552	-2,245

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

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

Table 1.6

TOTAL PUBLIC SECTOR BALANCE SHEET
As at 31 December 2011

	Note	2011-12		2010-11	
		31 Dec \$m	Estimated Outturn ^(a) \$m	31 Dec \$m	Actual ^(b) \$m
ASSETS					
<i>Financial assets</i>					
Cash and deposits		1,245	1,293	1,195	1,338
Advances paid		3,880	4,757	4,298	4,152
Investments, loans and placements	5	12,295	7,988	11,475	11,783
Receivables	6	3,879	3,750	3,252	3,750
Investment property		534	558	490	533
Equity - investments in other entities		1,120	1,289	1,210	1,214
Other financial assets		48	52	60	52
Total financial assets		23,002	19,687	21,980	22,821
<i>Non-financial assets</i>					
Land		53,589	54,133	52,004	53,125
Property, plant and equipment		80,141	84,844	75,853	78,415
Biological assets		346	337	348	335
Inventories					
Land inventories		1,786	1,748	1,667	1,728
Other inventories		4,133	3,491	3,438	3,451
Intangibles		869	726	768	827
Non-current assets held for sale		88	73	78	81
Other		355	350	439	355
Total non-financial assets		141,307	145,703	134,595	138,316
TOTAL ASSETS		164,309	165,389	156,575	161,138
LIABILITIES					
Deposits held		122	69	199	229
Advances received		468	454	482	468
Borrowings	7	29,878	30,185	26,716	28,690
Unfunded superannuation		8,924	8,409	7,379	7,442
Other employee benefits		2,939	3,000	2,676	2,876
Payables		5,287	4,494	4,331	4,533
Other liabilities		4,342	4,647	4,090	4,696
TOTAL LIABILITIES		51,960	51,258	45,872	48,934
NET ASSETS		112,350	114,131	110,702	112,203
<i>Of which:</i>					
Contributed equity		-	-	-	-
Accumulated surplus		30,170	30,890	31,004	30,755
Other reserves		82,180	83,241	79,699	81,449
NET WORTH	4	112,350	114,131	110,702	112,203
MEMORANDUM ITEMS					
<i>Net financial worth</i>		-28,957	-31,571	-23,892	-26,113
<i>Net financial liabilities</i>		30,077	32,860	25,102	27,327
<i>Net debt</i>					
Gross debt liabilities		30,468	30,708	27,397	29,387
less: liquid financial assets		17,420	14,038	16,968	17,273
less: convergence differences impacting net debt		88	88	88	88
Net debt		12,960	16,582	10,341	12,026

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

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

Table 1.7

TOTAL PUBLIC SECTOR STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2011</i>	30,755	81,449	112,203
Net Operating Balance	870	-	870
Revaluations	-	611	611
All other	-1,455	120	-1,335
Balance as at 31 December 2011	30,170	82,180	112,350

For the six months ended 31 December 2010

	Accumulated surplus/deficit \$m	Reserves \$m	Total Equity \$m
<i>Balance as at 1 July 2010</i>	28,958	78,887	107,844
Net Operating Balance	1,505	-	1,505
Revaluations	-	767	767
All other	541	45	586
Balance as at 31 December 2010	31,004	79,699	110,702

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

Table 1.8

TOTAL PUBLIC SECTOR CASH FLOW STATEMENT
For the six months ended 31 December 2011

	Note	2011-12			2010-11		
		Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual ^(b) \$m
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash received</i>							
Taxes received		1,890	3,426	6,615	2,125	3,520	6,311
Grants and subsidies received		2,416	4,696	9,608	2,410	4,826	9,372
Receipts from sales of goods and services		3,923	9,211	17,735	2,814	7,469	15,851
Interest receipts		222	480	1,099	234	463	955
Other receipts		1,882	3,803	6,913	1,730	3,331	6,693
Total cash received		10,333	21,615	41,969	9,313	19,609	39,182
<i>Cash paid</i>							
Wages, salaries and supplements, and superannuation		-2,878	-5,848	-11,902	-2,556	-5,431	-10,965
Payments for goods and services		-4,173	-9,474	-18,672	-3,020	-7,390	-16,045
Interest paid		-428	-757	-1,724	-381	-643	-1,389
Grants and subsidies paid		-738	-1,756	-4,040	-1,205	-2,456	-3,905
Other payments		-1,100	-2,011	-3,316	-612	-1,377	-3,070
Total cash paid		-9,317	-19,847	-39,654	-7,773	-17,298	-35,374
NET CASH FLOWS FROM OPERATING ACTIVITIES		1,016	1,768	2,316	1,540	2,312	3,808
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash flows from investments in non-financial assets</i>							
Purchase of non-financial assets		-1,612	-3,109	-7,877	-1,719	-3,248	-6,482
Sales of non-financial assets		153	341	1,012	153	290	646
Total cash flows from investments in non-financial assets		-1,459	-2,768	-6,864	-1,566	-2,958	-5,836
<i>Cash flows from investments in financial assets</i>							
<i>Cash received</i>							
For policy purposes		2	2	-	2	5	9
For liquidity purposes		1,500	3,527	2,030	1,309	2,100	5,129
<i>Cash paid</i>							
For policy purposes		-2	-3	-	-2	-5	-8
For liquidity purposes		-1,267	-2,770	-2,809	-2,150	-3,336	-6,186
Total cash flows from investments in financial assets		233	757	-779	-842	-1,236	-1,057
NET CASH FLOWS FROM INVESTING ACTIVITIES		-1,226	-2,011	-7,643	-2,408	-4,194	-6,893
CASH FLOWS FROM FINANCING ACTIVITIES							
<i>Cash received</i>							
Advances received		-	-	-	-	-	-
Borrowings		5,426	11,086	24,506	6,332	12,450	25,697
Deposits received		-	-	-	-	-	-
Other financing receipts		11	20	52	13	27	70
Total cash received		5,437	11,106	24,558	6,345	12,477	25,767
<i>Cash paid</i>							
Advances paid		-	-	-14	-	-	-14
Borrowings repaid		-5,154	-10,942	-20,075	-5,618	-11,251	-23,033
Deposits paid		-	-	-	-	-	-
Other financing payments		-24	-57	-122	-31	-68	-144
Total cash paid		-5,178	-10,999	-20,211	-5,649	-11,319	-23,191
NET CASH FLOWS FROM FINANCING ACTIVITIES		259	108	4,347	696	1,158	2,576
Net increase in cash and cash equivalents		49	-135	-980	-172	-725	-510
Cash and cash equivalents at the beginning of the year		8,418	8,602	8,602	8,559	9,112	9,112
Cash and cash equivalents at the end of the year		8,467	8,467	7,621	8,387	8,387	8,602
KEY FISCAL AGGREGATES							
Net cash flows from operating activities		1,016	1,768	2,316	1,540	2,312	3,808
Net cash flows from investing in non-financial assets		-1,459	-2,768	-6,864	-1,566	-2,958	-5,836
Cash surplus/-deficit	4	-444	-1,000	-4,548	-26	-647	-2,029

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Statement

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

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

(b) The Reporting Entity

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

The total public sector includes the general government sector and the public corporations sector (which seek to recover the majority of costs of their operations through user charges and other revenue sources).

The general government sector consists of those agencies and Crown entities that provide services that are predominantly funded from central revenue.

(c) Basis of Preparation

The financial statements for the six months ended 31 December 2011 have been prepared in accordance with Australian Accounting Standards, in particular AASB 134: *Interim Financial Reporting*, and AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and other authoritative pronouncements of the AASB.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited Consolidated Financial Statements for the year ended 30 June 2011, presented in Appendix 1 of the *2010-11 Annual Report on State Finances (ARSF)* released on 22 September 2011. The accounting policies adopted in this publication are consistent with those outlined in the 2010-11 ARSF. The specific accounting policies of the Government of Western Australia are described in Note 3: *Summary of Significant Accounting Policies* in Appendix 1 of the 2010-11 ARSF.

The Interim Financial Statements are presented in Australian dollars and all amounts are rounded to the nearest million dollars (\$m). As a consequence, columns/rows may not add due to rounding.

(d) Unaudited Data

The Interim Financial Statements are not subject to audit.

NOTE 2: OPERATING REVENUE

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

NOTE 3: 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 total public sector.

TRANSFER EXPENSES^(a)

	General Government					
	2011-12			2010-11		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(b)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(c)
	\$m	\$m	\$m	\$m	\$m	\$m
CURRENT TRANSFERS						
Local Government	67	160	475	36	82	246
Local Government on-passing	29	96	153	55	93	149
Private and Not-for-profit sector	244	797	1,856	588	1,273	1,779
Private and Not-for-profit sector on-passing	241	425	770	225	402	776
Other sectors of Government	516	1,031	2,203	464	895	1,979
Total Current Transfers	1,097	2,509	5,456	1,368	2,747	4,928
CAPITAL TRANSFERS						
Local Government	14	21	175	8	18	57
Local Government on-passing	19	63	101	37	60	98
Private and Not-for-profit sector	30	55	173	32	72	126
Private and Not-for-profit sector on-passing	9	32	40	92	278	230
Other sectors of Government	12	66	119	19	21	96
Total Capital Transfers	84	237	608	188	449	606
	Total Public Sector					
	2011-12			2010-11		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(b)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(c)
		\$m	\$m	\$m	\$m	\$m
CURRENT TRANSFERS						
Local Government	68	160	475	36	84	247
Local Government on-passing	29	96	153	55	93	149
Private and Not-for-profit sector	396	1,088	2,453	746	1,602	2,319
Private and Not-for-profit sector on-passing	238	422	770	225	402	776
Other sectors of Government	-3	8	17	3	14	33
Total Current Transfers	728	1,775	3,868	1,066	2,196	3,524
CAPITAL TRANSFERS						
Local Government	14	21	176	9	19	59
Local Government on-passing	19	63	101	37	60	98
Private and Not-for-profit sector	30	79	173	64	103	396
Private and Not-for-profit sector on-passing	9	32	40	92	278	230
Other sectors of Government	-	-	-	-	-	-
Total Capital Transfers	72	196	491	202	461	783

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

(b) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(c) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

NOTE 4: CONVERGENCE DIFFERENCES

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

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

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Net Operating Balance

	2011-12			2010-11		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual \$m
<u>General government</u>						
AASB1049 net operating balance	447	772	209	1,153	1,106	1,604
Plus GFS revenue adjustments	-	-	-	-	-	-
Total GFS adjustments to AASB 1049 net operating balance	-	-	-	-	-	-
GFS net operating balance	447	772	209	1,153	1,106	1,604
<u>Total public sector</u>						
AASB1049 net operating balance	345	870	214	1,111	1,505	1,234
Plus GFS revenue adjustments	-	-	-	-	-	-
Less GFS expense adjustments						
Capitalised interest	11	26	45	14	29	55
Total GFS expense adjustments	11	26	45	14	29	55
Total GFS adjustments to AASB 1049 net operating balance	-11	-26	-45	-14	-29	-55
GFS net operating balance	334	844	170	1,097	1,476	1,179

AASB 1049 TO GFS CONVERGENCE DIFFERENCES Net Lending/- Borrowing

	2011-12			2010-11		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual \$m
<u>General government</u>						
AASB1049 net lending/-borrowing	-124	-490	-2,837	705	273	-264
Plus Net operating balance convergence differences (noted above)	-	-	-	-	-	-
GFS net lending/-borrowing	-124	-490	-2,837	705	273	-264
<u>Total public sector</u>						
AASB1049 net lending/-borrowing	-353	-1,446	-4,211	-129	-552	-2,245
Plus Net operating balance convergence differences (noted above)	-11	-26	-45	-14	-29	-55
GFS net lending/-borrowing	-365	-1,472	-4,256	-143	-581	-2,300

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Net Worth

	2011-12		2010-11	
	Six Months to 31 Dec \$m	Estimated Outturn \$m	Six Months to 31 Dec \$m	Actual \$m
<u>General government</u>				
AASB1049 net worth	112,350	114,131	110,702	112,203
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts				
General government sector	191	189	182	191
Impact on public corporations net worth	23	30	22	24
<i>Total GFS net worth adjustments</i>	303	307	292	303
GFS net worth	112,653	114,438	110,995	112,506
<u>Total public sector</u>				
AASB1049 net worth	112,350	114,131	110,702	112,203
<i>Plus</i>				
Dampier to Bunbury Natural Gas Pipeline loan asset	88	88	88	88
Provision for doubtful debts	215	218	204	215
<i>Total GFS net worth adjustments</i>	234	307	223	303
GFS net worth	112,653	114,438	110,926	112,506

AASB 1049 TO GFS CONVERGENCE DIFFERENCES

Cash Surplus/-Deficit

	2011-12			2010-11		
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Actual \$m
<u>General government</u>						
AASB1049 cash surplus/-deficit	30	-744	-2,550	501	-121	-397
Less Acquisitions under finance leases and similar arrangements	1	3	1	2	4	41
GFS cash surplus/-deficit	29	-747	-2,551	499	-125	-437
<u>Total public sector</u>						
AASB1049 cash surplus/-deficit	-444	-1,000	-4,548	-26	-647	-2,029
Less Acquisitions under finance leases and similar arrangements	-	67	73	2	4	41
GFS cash surplus/-deficit	-444	-1,067	-4,621	-28	-651	-2,070

NOTE 5: INVESTMENTS, LOANS AND PLACEMENTS

General Government				
	2011-12		2010-11	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	4,139	3,839	4,430	4,695
Government securities	8	7	56	8
Total	4,147	3,846	4,486	4,703
<i>Loans and advances</i>				
Loans	9	7	10	9
Financial Assets held for trading/available for sale	3	-	-	-
Total	12	7	10	9
Total	4,159	3,853	4,496	4,713

Total Public Sector				
	2011-12		2010-11	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
<i>Investments</i>				
Term deposits	9,664	6,570	9,645	9,692
Government securities	120	102	182	150
Total	9,783	6,672	9,827	9,842
<i>Loans and advances</i>				
Loans	2,112	1,076	1,426	1,588
Financial Assets held for trading/available for sale	400	240	222	354
Total	2,512	1,316	1,648	1,941
Total	12,295	7,988	11,475	11,783

NOTE 6: RECEIVABLES

General Government				
	2011-12		2010-11	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	2,837	2,495	2,348	2,604
Provision for impairment of receivables	-191	-183	-182	-191
Total	2,645	2,312	2,166	2,413

Total Public Sector				
	2011-12		2010-11	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Accounts Receivable	4,094	3,965	3,456	3,965
Provision for impairment of receivables	-215	-215	-204	-215
Total	3,879	3,750	3,252	3,750

NOTE 7: BORROWINGS

General Government				
	2011-12		2010-11	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	-	-	8	-
Finance leases	307	455	278	308
Borrowings	5,498	7,764	4,041	5,267
Total	5,805	8,221	4,328	5,577

Total Public Sector				
	2011-12		2010-11	
	31 Dec \$m	Estimated Outturn \$m	31 Dec \$m	Actual \$m
Bank overdrafts	3	7	10	7
Finance leases	1,008	1,002	928	952
Borrowings	28,868	29,176	25,778	27,731
Total	29,878	30,185	26,716	28,690

NOTE 8: DETAILS OF AGENCIES CONSOLIDATED

The agencies included in these financial statements were detailed in Note 32, Composition of Sectors in the 2010-11 *Annual Report on State Finances*. Changes since that date include:

- with effect from 1 July 2011, the operations and net assets of the Real Estate and Business Agents Supervisory Board and the Settlement Agents Supervisory Board, which were previously external to government, have been incorporated into the Department of Commerce. Changes to the Boards are a consequence of legislative change under the *Acts Amendments (Fair Trading) Act 2010* (which give effect to national uniform Australian consumer law and a standard set of investigative powers under Western Australian consumer protection legislation);
- with effect from 1 July 2011, the Department of Treasury and Finance has disaggregated to become the Department of Treasury and the Department of Finance;
- with effect from 14 October 2011, the designation of Pilbara TAFE has been altered to Pilbara Institute;
- with effect from 14 October 2011, the designation of Kimberley TAFE has been altered to Kimberley Training Institute; and
- with effect from 7 December 2011, the Agricultural Practices Board ceased to exist following the repeal of the *Agricultural Practices (Disputes) Act 1995*.

NOTE 9: CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the release of the 2010-11 *Annual Report on State Finances*.

APPENDIX 2

Operating Revenue

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

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

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

Table 2.1

GENERAL GOVERNMENT
Operating Revenue

	2011-12			2010-11		
	Three Months to 31 Mar \$m	Nine Months to 31 Mar \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Mar \$m	Nine Months to 31 Mar \$m	Actual ^(b) \$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	756	1,530	3,032	652	1,306	2,628
Property taxes						
<i>Land tax</i>	153	544	549	389	515	521
Transfer Duty	298	588	1,246	307	601	1,226
Landholder Duty	9	27	45	19	31	47
<i>Total duty on transfers</i>	307	615	1,291	326	632	1,273
Other stamp duties	-	-	-	-	-	-
Metropolitan Region Improvement Tax	45	84	84	69	78	78
Emergency Services Levy	68	147	216	56	135	205
Loan guarantee fees	9	12	27	7	12	23
<i>Total other property taxes</i>	121	243	326	132	225	306
Taxes on provision of goods and services						
Lotteries Commission	35	69	138	34	67	126
Video lottery terminals	-	-	1	-	-	-
Casino Tax	26	55	115	25	47	90
Betting tax	9	18	36	9	18	34
Other	-	-	-	20	20	20
<i>Total taxes on gambling</i>	70	143	289	87	152	270
Insurance Duty	116	245	472	108	225	442
Other	5	12	21	9	16	26
<i>Total taxes on insurance</i>	121	256	493	117	241	468
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	88	174	355	84	168	338
Permits - Oversize Vehicles and Loads	1	3	5	1	1	6
Motor Vehicle recording fee	11	22	47	11	22	45
Motor Vehicle registrations	144	289	588	133	270	557
<i>Total motor vehicle taxes</i>	243	487	995	230	462	946
Other taxes on use of goods and performance of activities	-	-	-	350	350	350
Total Taxation	1,772	3,818	6,976	2,283	3,883	6,763
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	896	1,796	3,573	827	1,667	3,158
North West Shelf grants	227	469	995	232	475	933
Compensation for Commonwealth crude oil excise arrangements	20	38	55	12	23	61
Grants through the State						
Schools assistance – non-government schools	241	425	770	225	403	776
Local government financial assistance grants	29	96	153	55	92	148
Local government roads	19	63	101	37	61	98
First Home Owners' Boost	-	-	1	6	25	29
Other	-	-	25	-	-	-
National Specific Purpose Payment Agreement Grants						
National Healthcare	330	660	1,308	307	615	1,224
National Schools	95	190	387	15	103	357
National Agreement for Skills and Workforce Development	35	69	140	-5	29	135
National Disability Services	27	55	124	-13	11	94
National Affordable Housing	32	65	128	-21	11	127
Other Grants/National Partnerships						
Health	93	187	448	80	166	473
Housing	1	-	17	52	52	6
Transport	1	17	69	10	22	84
Other	159	241	525	209	277	300
Total Current Grants and Subsidies	2,205	4,370	8,819	2,026	4,033	8,003

GENERAL GOVERNMENT
Operating Revenue

Table 2.1 (cont.)

	2011-12			2010-11		Actual ^(b) \$m
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
CAPITAL GRANTS						
Grants through the State						
Schools assistance – non-government schools	9	32	40	-	186	230
Nation Building and Jobs Plan						
Schools	-	40	40	172	351	437
Housing	-	-	20	60	60	155
Other Grants/National Partnerships						
Housing	31	61	106	5	9	101
Transport	200	283	347	11	45	174
Other	-29	-27	317	145	168	238
Total Capital Grants	210	389	870	393	820	1,336
SALES OF GOODS AND SERVICES	442	941	1,842	427	896	1,754
INTEREST INCOME	72	153	313	78	162	321
REVENUE FROM PUBLIC CORPORATIONS						
Dividends	215	215	737	61	61	687
Tax Equivalent Regime	86	159	429	170	253	379
Total Revenue from Public Corporations	301	374	1,166	231	314	1,066
ROYALTY INCOME	1,232	2,360	4,579	1,074	1,937	4,213
OTHER						
Lease Rentals	20	46	80	22	42	83
Fines	42	80	171	33	67	133
Revenue not elsewhere counted	71	243	296	84	121	238
Total Other	133	370	548	139	230	454
GRAND TOTAL	5,426	12,776	25,112	6,652	12,274	23,909

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

Note: Columns may not add due to rounding.

Table 2.2

**TOTAL PUBLIC SECTOR
Operating Revenue**

	2011-12			2010-11		
	Three Months to 31 Dec	Six Months to 31 Dec	Estimated Outturn ^(a)	Three Months to 31 Dec	Six Months to 31 Dec	Actual ^(b)
	\$m	\$m	\$m	\$m	\$m	\$m
TAXATION						
Taxes on employers' payroll and labour force						
<i>Payroll tax</i>	737	1,494	2,962	634	1,273	2,560
Property taxes						
<i>Land tax</i>	142	521	501	378	492	477
Transfer Duty	298	588	1,246	307	601	1,226
Landholder Duty	9	27	45	19	31	47
<i>Total duty on transfers</i>	307	615	1,291	326	632	1,273
Other stamp duties	-	-	-	-	-	1
Metropolitan Region Improvement Tax	45	84	84	69	78	78
Emergency Services Levy	68	143	216	53	132	201
Loan guarantee fees	-	-	1	-	-	1
<i>Total other property taxes</i>	113	227	301	123	211	281
Taxes on provision of goods and services						
Lotteries Commission	-	-	-	-	-	-
Video lottery terminals	-	-	1	-	-	-
Casino Tax	26	55	115	25	47	90
Betting tax	-	-	-	-	-	-
Other	-	-	-	20	20	20
<i>Total taxes on gambling</i>	26	55	116	45	67	110
Insurance Duty	116	245	472	108	225	442
Other	5	12	21	9	16	26
<i>Total taxes on insurance</i>	121	256	493	117	241	468
Taxes on use of goods and performance of activities						
Vehicle Licence Duty	88	174	355	84	168	338
Permits - Oversize Vehicles and Loads	1	3	5	1	1	6
Motor Vehicle recording fee	11	22	47	11	22	45
Motor Vehicle registrations	144	289	588	133	270	557
<i>Total motor vehicle taxes</i>	243	487	995	229	462	946
Other taxes on use of goods and performance of activities	-	-	-	350	350	350
Total Taxation	1,689	3,657	6,658	2,201	3,728	6,463
CURRENT GRANTS AND SUBSIDIES						
General Purpose Grants						
GST grants	896	1,796	3,573	827	1,667	3,158
North West Shelf grants	227	469	995	232	475	933
Compensation for Commonwealth crude oil excise arrangements	20	38	55	12	23	61
Grants through the State						
Schools assistance – non-government schools	241	425	770	225	403	776
Local government financial assistance grants	29	96	153	55	92	148
Local government roads	19	63	101	37	61	98
First Home Owners' Boost	-	-	1	6	25	29
Other	-	-	25	-	-	-
National Specific Purpose Payment Agreement Grants						
National Healthcare	330	660	1,308	307	615	1,224
National Schools	95	190	387	15	103	357
National Agreement for Skills and Workforce Development	35	69	140	-5	29	135
National Disability Services	27	55	124	-13	11	94
National Affordable Housing	32	65	128	-21	11	127
Other Grants/National Partnerships						
Health	93	187	448	80	166	473
Housing	1	-	17	52	52	6
Transport	1	17	69	10	22	84
Other	159	241	525	209	277	300
Total Current Grants and Subsidies	2,205	4,370	8,819	2,026	4,033	8,003

TOTAL PUBLIC SECTOR
Operating Revenue

Table 2.2 (cont.)

	2011-12			2010-11		Actual ^(b) \$m
	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	Estimated Outturn ^(a) \$m	Three Months to 31 Dec \$m	Six Months to 31 Dec \$m	
CAPITAL GRANTS						
Grants through the State						
Schools assistance – non-government schools	9	32	40	-	186	230
Nation Building and Jobs Plan						
Schools	-	40	40	172	351	437
Housing	-	-	20	60	60	155
Other Grants/National Partnerships						
Housing	31	61	106	5	9	101
Transport	71	154	346	11	45	174
Other	100	102	317	145	168	238
Total Capital Grants	210	389	870	394	820	1,336
SALES OF GOODS AND SERVICES	3,880	8,632	17,664	2,995	7,244	15,595
INTEREST INCOME	229	478	1,081	234	476	970
ROYALTY INCOME	1,232	2,360	4,579	1,073	1,937	4,213
OTHER						
Lease Rentals	20	46	80	22	42	83
Fines	43	82	171	34	69	136
Revenue not elsewhere counted	146	416	692	189	337	673
Total Other	209	544	943	245	448	892
GRAND TOTAL	9,654	20,430	40,614	9,169	18,684	37,472

(a) Consistent with the revised outturn published in the 2011-12 mid-year review, released 28 December 2011.

(b) Consistent with final audited data contained in the 2010-11 *Annual Report on State Finances*, released 22 September 2011.

Note: Columns may not add due to rounding.

APPENDIX 3

Public Ledger

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

Table 3.1 shows that the aggregate balance of the Public Ledger at 31 December 2011 decreased by \$849 million compared with 31 December 2010. This mainly reflects the net impact of a \$2,150 million increase in the Consolidated Account accumulated deficit, partly offset by a \$1,330 million increase in Treasurer's Special Purpose Account balances.

PUBLIC LEDGER BALANCES AT 31 DECEMBER		
	2011	2010
	\$m	\$m
THE PUBLIC LEDGER		
Consolidated Account ^(a)	-7,748	-5,598
Treasurer's Special Purpose Accounts	8,253	6,923
Treasurer's Advance Account – Net Advances	-56	-27
Total	449	1,298

(a) The balance of the Consolidated Account at 31 December 2011 includes non-cash appropriations of \$5,984 million (31 December 2010: \$5,200 million), representing the non-cash cost of agency services. These appropriations are credited to agency holding accounts that are included in the Treasurer's Special Purpose Accounts balance.

Consolidated Account

The *Constitution Act 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, and that payments out of the Account must be appropriated by Parliament.

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

The Consolidated Account recorded an accumulated deficit of \$7,748 million at 31 December 2011. This included \$5,984 million in non-cash Holding Account balances for agencies, associated with accrual (non-cash) appropriations for depreciation and leave entitlements.

In cash terms, the Consolidated Account recorded an accumulated cash deficit of \$1,764 million at 31 December 2011, compared with an accumulated cash deficit of \$398 million at 31 December 2010.

Cash balances vary significantly through the year, depending on the timing of receipts into, and payments from, the Account. December quarter appropriation payments, supporting agency spending discussed elsewhere in this report, were \$1,689 million (or 16.0%) higher than the same period in 2010-11 (see the *Overview* section of this report for a discussion of public sector spending during the first six months of the year).

Table 3.2

CONSOLIDATED ACCOUNT TRANSACTIONS		
For the six months ended 31 December		
	2011	2010
	\$m	\$m
REVENUE		
<i>Operating Activities</i>		
Taxation	3,013	2,779
Commonwealth Grants	3,060	3,284
Government Enterprises	468	316
Revenue from other agencies	2,850	2,807
Other	127	151
<i>Total Operating Activities</i>	9,518	9,337
<i>Financing Activities</i>		
Repayments of Recoverable Advances	7	5
Transfers from:		
Public Bank Account Interest Earned Account	80	50
Bankwest Pension Trust	1	1
Other Receipts	2	1
Borrowings	250	-
<i>Total Financing Activities</i>	340	57
TOTAL REVENUE	9,858	9,394
EXPENDITURE		
<i>Recurrent</i>		
Authorised by Other Statutes	742	671
Appropriation Act (No. 1)	9,473	8,497
Recurrent Expenditure under the Treasurer's Advance	4	1
<i>Total Recurrent Expenditure</i>	10,219	9,169
<i>Investing Activities</i>		
Authorised by Other Statutes	49	41
Appropriation Act (No. 2)	1,951	1,317
Investing Expenditure under the Treasurer's Advance	1	-
<i>Total Investing Activities</i>	2,001	1,358
<i>Financing Activities</i>		
Loan repayments	-	-
Other financing	2	1
<i>Total Financing Activities</i>	2	1
TOTAL EXPENDITURE	12,222	10,528
NET MOVEMENT (REVENUE LESS EXPENDITURE)	-2,364	-1,134
Consolidated Account Balance		
Opening balance at 1 July	-5,385	-4,465
Closing balance at 31 December	-7,748	-5,598
Of which:		
Appropriations payable	-5,984	-5,200
Cash balance at 31 December	-1,764	-398

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.

Relative to 31 December 2010, a \$1,330 million increase in aggregate TSPA balances at 31 December 2011 mainly reflects:

- higher Holding Account balances for accrual appropriations to agencies for depreciation and accrued leave entitlements (up \$784 million);
- an increase in *Royalties for Regions* balances (up \$557 million), mainly due to differences in the timing of royalty receipts paid to the account and payments for approved projects;
- drawdowns of cash reserves set aside for construction of the Fiona Stanley Hospital (\$512 million) as work on the project proceeds; and
- a \$456 million balance in the New Children's Hospital Account, established this year using higher than expected royalty income collected during 2009-10 and 2010-11¹.

TREASURER'S SPECIAL PURPOSE ACCOUNTS

Table 3.3

At 31 December

	2011	2010
	\$m	\$m
Agency Holding Accounts	5,984	5,200
Fiona Stanley Hospital Construction Account	503	1,015
Royalties for Regions Special Purpose Account	891	334
New Children's Hospital Account	456	-
Other Special Purpose Accounts	419	374
TREASURER'S SPECIAL PURPOSE ACCOUNTS	8,253	6,923

¹ A total of \$505 million has been appropriated to this account for construction of the hospital. Amounts totalling \$49 million have been drawn to date for planning and initial site works.

Treasurer's Advance

The Treasurer's Advance allows for short-term 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 limit of \$577.1 million is authorised under section 29 of the FMA for the year ended 30 June 2012, compared with a total of \$555.5 million authorised limit applying at the same time last year.

Of the \$577.1 million authorised limit, \$50.7 million was held in the form of net recoverable advances (see Table 3.4) and \$5.0 million against increases in recurrent and capital appropriations (see Table 3.5) applying at 31 December 2011.

Table 3.4		
TREASURER'S ADVANCE AT 31 DECEMBER		
	2011	2010
	\$m	\$m
AUTHORISED LIMIT	577.1	555.5
<i>Total Drawn Against Treasurer's Advance Account</i>	<i>55.7</i>	<i>28.4</i>
Comprising:		
Net recoverable advances as at 31 December (see below)	50.7	27.1
Excesses and New Items (see Table 3.5)		
- recurrent	4.2	1.2
- capital	0.8	0.1
NET RECOVERABLE ADVANCES		
Building Management and Works	20.0	-
Electoral Boundaries Distribution	1.1	0.3
Energy Smart Government Program	0.4	0.5
Gas Review Board	0.7	0.5
Local Government Elections	2.5	0.1
Programmed Building Maintenance	-	0.1
Sport and Recreation	1.9	1.9
Strategic Projects Office	20.0	-
Suitors Fund	1.8	1.5
Sundry Debtors	0.3	-
Transport	2.0	2.0
Western Australian Health Promotion Foundation	-	20.1
TOTAL RECOVERABLE TREASURER'S ADVANCES	50.7	27.1

Transfers, Excesses and New Items

Table 3.5 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).

TRANSFERS, EXCESSES AND NEW ITEMS						
For the six months to 31 December 2011						
		<u>Treasurer's Advance</u>				Drawn against Treasurer's Advance to date
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Recurrent Appropriations						
<i>Health</i>						
Item 11: Delivery of Services	878.0	15.2	-	-	893.2	-
<i>Western Australian Land Information Authority</i>						
Item 28: Delivery of Services	31.4	0.1	-	-	31.5	-
<i>Treasury</i>						
Item 29: Delivery of Services	75.1	-39.7	-	-	35.4	-
Item 36: Sustainable Funding and Contracting with the Not-for-Profit-Sector	87.8	-82.5	-	-	5.3	-
<i>Attorney General</i>						
Item 50: Delivery of Services	249.2	0.4	-	-	249.6	-
<i>Education</i>						
Item 58: Delivery of Services	3,265.0	1.2	-	-	3,266.2	-
<i>Finance</i>						
Item 63: Delivery of Services	183.1	40.1	-	-	223.2	-
<i>Western Australia Police</i>						
Item 68: Delivery of Services	1,111.5	0.1	-	-	1,111.6	-
<i>Training and Workforce Development</i>						
Item 84: Delivery of Services	469.6	1.2	-	-	470.8	-
<i>Indigenous Affairs</i>						
Item 85: Delivery of Services	35.8	0.7	-	-	36.5	-
<i>Housing Authority</i>						
Item 90: Delivery of Services	103.1	1.3	-	-	104.4	-
<i>Child Protection</i>						
Item 91: Delivery of Services	440.0	8.6	-	-	448.6	-
<i>Communities</i>						
Item 92: Delivery of Services	97.4	2.2	-	30.0	129.6	4.2
<i>Corrective Services</i>						
Item 99: Delivery of Services	635.3	2.3	-	-	637.6	-
<i>Mental Health Commission</i>						
Item 108: Delivery of Services	527.7	6.7	-	-	534.4	-
<i>Disability Services Commission</i>						
Item 109: Delivery of Services	486.7	42.0	-	-	528.7	-
Total Recurrent		-	-	30.0		4.2

(a) Authorised under section 25 of the FMA.

Table 3.5 (cont.)

TRANSFERS, EXCESSES AND NEW ITEMS

For the six months to 31 December 2011

	Treasurer's Advance					Drawn against Treasurer's Advance to date \$m
	Budget \$m	Transfers ^(a) \$m	New Items \$m	Approved Excesses \$m	Revised Appropriation \$m	
Capital Appropriations						
<i>Governor's Establishment</i>						
New item: Capital Appropriation	-	-	0.8	-	0.8	0.8
<i>Treasury</i>						
Item 117: Capital Appropriation	5.7	-5.4	-	-	0.3	-
<i>Finance</i>						
Item 136: Capital Appropriation	144.1	5.4	-	-	149.5	-
Total Capital		-	0.8	-		0.8
TOTAL		-	0.8	30.0		5.0

(a) Authorised under section 25 of the FMA.

Transfers of appropriations between agencies were for the following purposes:

- \$0.1 million from the Department of Education to the Disability Services Commission for the funding and facilitation of services by Rocky Bay Inc. and Therapy Focus Inc.;
- \$45.1 million (including both recurrent and capital appropriations) from the Department of Treasury to the Department of Finance for the transfer of the corporate service functions and information technology projects following disaggregation of the Department of Treasury and Finance from 1 July 2011;
- \$0.5 million from the Department of Health to the Department of Finance for the management of Sunset Hospital (following decommissioning of the facility and transfer of the building between these Departments);
- \$0.1 million from the Department of Treasury to the Western Australian Land Information Authority following the transfer of a procurement support officer; and
- \$82.5 million from the Department of Treasury to various agencies supporting the Government's 2011-12 State Budget initiative for sustainable funding and contracting with the not-for-profit sector.

Table 3.6

**SUSTAINABLE FUNDING AND CONTRACTING
WITH THE NOT-FOR-PROFIT SECTOR**

For the six months to 31 December 2011

Item	Agency	Transfer from Appropriation
		\$m
11	Health	15.7
50	Attorney General	0.4
58	Education	1.3
68	Western Australian Police	0.1
84	Training and Workforce Development	1.2
85	Indigenous Affairs	0.7
90	Housing Authority	1.3
91	Child Protection	8.6
92	Communities	2.2
99	Corrective Services	2.3
108	Mental Health Commission	6.7
109	Disability Services Commission	42.0
Total		82.5

Approved excesses and new items were for the following items.

Communities

Item 92: **Net amount appropriated to deliver services** (\$30.0 million) for higher than anticipated numbers of severe claims under the Redress WA Scheme.

Governor's Establishment

New Item: **Capital Appropriation** (\$0.8 million) for upgrades to the Government House Supper Room as part of preparations for the Commonwealth Heads of Government Meeting held in October 2011.

2011-12 QUARTERLY FINANCIAL RESULTS REPORT

